Santander US P19

Global Corporate Banking

June 2016

Federico Papa – Managing Director - GCB

Executive summary

- GCB has three priorities for the next 3-year cycle:
  - Re-size SBNA franchise to reflect increase in cost of funds, regulatory capital return hurdles and regulatory restrictions
  - Expand fee income business, mostly from SIS platform
  - Improve US profitability while better serving SIS US and Latam business (part of global initiative coded "Project Fair")
- As a result, GCB's profitability in the US (SBNA + SIS) is expected to improve from 4.1% in 2015 to 10.8% in 2019 (prior to any benefits from Project Fair). Excluding indirect costs, GCB reaches an ROE of 13.9% in 2019
- GCB exposure at SBNA will drop 57%, led by unfunded exposure which will drop 68% (driven by Prado). SBNA revenues drop less than exposure (31%) despite increase in FTP.
- Direct costs continue to fall but at a slower pace than in 2016 driven by headcount reductions (21% for the period). Indirect costs are expected to drop in line with lower balances, headcount and overall activity
- No specific provision releases are contemplated for 2016 but an aggregate $ 30 MM release is included in 2017 and 2018 (to be validated by Risk). Total coverage (ACL/Exposure) still stands at a conservative 60 bps.

Agenda

- **GCB Key Priorities and Performance targets – SHUSA level**
- GCB at SBNA
- GCB at SIS
- Additional Initiatives

Key priorities and performance targets at SHUSA

Vision: Transition to a smaller, less capital intensive US franchise while improving overall profitability (ROE)

Key priorities

- Improve GCB Profitability at SBNA
- Maintain a sound risk profile
- Complete the resizing of US clients perimeter
- Continue cost reduction (both direct and indirect expenses)

2019 performance targets

	SBNA	SIS	GCB - US
ROE (excl. indirect expenses)	11.4%	28.9%	13.9%
ROE (*)	9.7%	17.4%	10.8%
ROA (*)	1.3%	-	1.3%
Efficiency	39.5%	68.0%	43.7%
Net Income (mn)	$92.57	$28.78	$121.4
Funded Assets (bn)	$7.01	-	$7.0

- SBNA ROE and ROA assumes Indirect expenses -16% CAGR in line with outstandings decrease.
- SIS ROE based on Target Equity

Agenda

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- **GCB at SBNA**
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Key priorities and performance targets

Vision: Transition to a smaller, less capital intensive US franchise while improving overall profitability (ROE)

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2019 performance targets

ROE (excl. indirect expenses)	11.37%
ROE (*)	9.67%
ROA (*)	1.32%
Efficiency	39%
Net Income (mn)	$92.57
Funded Assets (bn)	$7.01
Unfunded Assets (bn)	$4.76
Avg client rating	BBB/BBB+

* Indirect expenses -16% CAGR in line with outstandings decrease

P19 financial summary

	($ millions)	2015	2016	2017	2018	2019	'16 - '17 YOY	'16 - '19 CAGR
Income statement	Loan & Inv. Spread	172.4	160.1	122.4	103.5	90.3	-24%	-17%
	Deposits Spread	11.7	14.3	10.0	10.0	10.0	-30%	-11%
	Capital Credit	0.0	11.9	29.2	40.4	37.3		
	Other A/L Spread(*)	(10.2)	(7.1)	(9.3)	(14.5)	(15.7)	31%	30%
	Tax Equivalent Adj.	45.0	48.1	21.0	22.5	18.5	-56%	-27%
	Net Interest Income	**218.9**	**227.3**	**173.4**	**161.8**	**140.3**	**-24%**	**-15%**
	Fee income	89.2	76.4	67.7	73.9	71.6	-11%	-2%
	Total revenue	**308.1**	**303.7**	**241.0**	**235.6**	**211.9**	**-21%**	**-11%**
	Direct expenses (**)	(60.9)	(72.7)	(62.0)	(60.2)	(58.6)	-15%	-7%
	Indirect expenses (***)	(47.8)	(42.3)	(37.7)	(29.3)	(25.0)	-11%	-16%
	PPNR	**199.4**	**188.7**	**141.3**	**146.1**	**128.2**	-25%	-12%
	Provisions	(40.9)	(25.1)	31.0	15.9	14.2	-224%	-183%
	PBT	**158.5**	**163.7**	**172.4**	**162.0**	**142.4**	5%	-5%
	Taxes	(55.5)	(57.3)	(60.3)	(56.7)	(49.8)	5%	-5%
	Net income	**$103.0**	**$106.4**	**$112.0**	**$105.3**	**$92.6**	5%	-5%
Balance sheet - AVG	Loans & Investments	$11,309	$11,835	$10,549	$8,203	$7,009	-11%	-16%
	Total exposure	26,736	23,276	18,724	14,712	11,772	-20%	-20%
	Deposits	1,797	1,800	1,382	1,362	1,363	-23%	-9%
	RWA	17,580	16,070	13,432	10,624	8,706	-16%	-18%
	Capital	1,934	1,768	1,477	1,169	958	-16%	-18%
Profitability (% of earning assets)	Net interest income	1.94%	1.92%	1.64%	1.97%	2.00%	-0.28%	0.08%
	Fee income	0.79%	0.65%	0.64%	0.90%	1.02%	0.00%	0.38%
	Revenue	**2.72%**	**2.57%**	**2.29%**	**2.87%**	**3.02%**	**-0.28%**	**0.46%**
	Expenses	-0.96%	-0.97%	-0.95%	-1.09%	-1.19%	0.03%	-0.22%
	Provisions	-0.36%	-0.21%	0.29%	0.19%	0.20%	0.51%	0.41%
	Profit before tax	1.40%	1.38%	1.63%	1.98%	2.03%	0.25%	0.65%
	Net income	**0.91%**	**0.90%**	**1.06%**	**1.28%**	**1.32%**	**0.16%**	**0.42%**

	($ millions)	2015	2016	2017	2018	2019	'16 - '17 YOY	'16 - '19 CAGR
Performance metrics	ROE	5.33%	6.02%	7.58%	9.01%	9.67%	1.6%	3.6%
	ROA	0.91%	0.90%	1.06%	1.28%	1.32%	0.16%	0.42%
	Fee / Revenue	29%	25%	28%	31%	34%	3%	9%
	Efficiency ratio	35%	38%	41%	38%	39%	4%	2%
	Loan / deposit	629%	657%	763%	602%	514%	106%	-143%
	NCO / Loans	0.27%	0.03%	0.09%	0.09%	0.12%	0.05%	0.09%

- ROE at 2019 was calculated under several scenarios, reaching:
  - 9.67% when indirect expenses drop aligned with outstandings CAGR (-16%)
  - 9.13% when drop tied to 50% change in balances (-8% CAGR)
  - 8.5% when indirect expenses kept flat as of Budget 2016

(*) Spreads on various items such as Cash holdings, Equity Method Investments (Route 66, El Centro, and Stephen Ranch), ALLL, etc.
(**) FDIC Insurance based on business estimate, to be revised by Management Control
(***) Indirect expenses as of 2017 calculated based on budget 2016 and drop equivalent to change in outstanding balances

Comparison of P19 to B16 / P18

P19 vs. P18 ($mm & % change)

H/(L)	2016	2017	2018
Deposits	($94)	($513)	($809)
	-4.9%	-27.1%	-37.2%
Loans	($816)	($2,485)	($5,097)
	-7.6%	-21.9%	-42.2%
Net Income	($31)	($32)	($59)
	-22.5%	-22.2%	-35.8%
NII	($19)	($72)	($106)
	-7.6%	-29.2%	-39.7%
Direct Expenses	($8)	$5	$8
	12.9%	-7.1%	-11.9%

Main drivers

- Higher FTP at SBNA affecting origination and revenues
- Higher hurdle rate at SBNA impacting volumes and reducing "sweet spot" for the business
- Asset transfer to SAN SA (Project Prado) reducing SBNA's exposure and revenues
- Expense reduction driven by lower direct expenses (1/3 FTEs less than P18) and also lower indirect expenses (balance sheet reduction at SBNA impacting allocations)

Loan growth - Funded

		2015	Mar-16	2016	2017	2018	2019
ABF - Tax Equtiy Inv.	Starting balance	346	338	329	323	313	302
	Ending balance	338	329	323	313	302	291
Project Finance	Starting balance	1,461	1,668	1,966	2,038	2,313	2,434
	Originations	544	395	1,148	1,000	950	1,000
	Run-off	(337)	(97)	(1,076)	(726)	(828)	(1,044)
	Ending balance	1,668	1,966	2,038	2,313	2,434	2,390
Syndicated	Starting balance	3,325	4,723	4,654	4,701	4,125	3,430
	Originations	1,683	33	500	500	500	500
	Run-off	(285)	(101)	(454)	(1,076)	(1,195)	(2,003)
	Ending balance	4,723	4,654	4,701	4,125	3,430	1,927
GTB	Starting balance	2,252	2,669	2,626	2,941	680	568
	Ending balance	2,669	2,626	2,941	680	568	427
LOANS	Ending balance	10,809	11,269	11,819	8,505	7,709	5,834
AVG Balances	Tax Equity Inv.	342	334	328	318	308	296
	Project Finance	1,564	1,817	1,950	2,329	2,317	2,409
	Syndicated	4,024	4,689	4,688	4,419	3,715	2,685
	GTB	2,460	2,648	2,845	1,800	628	494
TOTAL LOANS AVG		9,640		9,899	8,866	6,968	5,885
ABS (Investments)	AVG Balances	1,263	1,450	1,625	1,441	993	882
	Ending Balance	1,310	1,590	1,816	1,074	974	800
Other Investments	AVG Balances	150	237	240	242	242	242
	Ending Balance	161	248	242	242	242	242
Other Liabilities	AVG Balances	529	470	557	567	553	539
	Ending Balance	468	586	572	560	546	532

Main drivers

- Balance sheet volumes impacted by higher FTP at SBNA
- GTB will reduce volumes at SBNA due to Return on US Reg. Capital minimum hurdle constraints
- ABF in run-off mode. No originations due to regulatory compliance
- Partially funded Syndicated lines of credit not expected to be renewed, if local relationship doesn't meet hurdle rates. Originations only at the term loan level
- ABS volumes reduced due to LP causing margin compression
- Project Finance originations driven by extension of government tax incentives

Other investments include Cash collateral for FI/FX trading. Other liabilities include Capital Markets marked to market adjustments and Bank subordinated Debt).

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Loan & Letters of Credit growth - Unfunded

		2015	Mar-16	2016	2017	2018	2019
EOP UNFUNDED	Project Finance	1,024	615	804	750	816	768
	Syndicated	13,115	10,641	6,421	5,199	4,275	1,826
	GTB	237	122	368	259	268	235
TOTAL GCB		14,375	11,378	7,593	6,208	5,359	2,829
AVG UNFUNDED	Project Finance	889	819	636	778	806	797
	Syndicated	12,265	11,878	7,129	5,807	4,245	2,522
	GTB	473	179	637	316	264	252
TOTAL GCB		14,136		10,070	6,902	5,314	3,570
Letters of Credit (EOP)	Project Finance	131	131	135	154	154	154
	Syndicated	265	260	359	317	176	157
	GTB	878	891	851	803	865	883
TOTAL GCB		1,273	1,282	1,345	1,274	1,195	1,193
UF + LoC (EOP)	Project Finance	1,154	746	938	904	970	922
	Syndicated	13,380	10,901	6,780	5,516	4,451	1,982
	GTB	1,115	1,012	1,219	1,062	1,133	1,118
TOTAL GCB		15,649	12,659	8,938	7,482	6,554	4,022

Main drivers

- Project Finance unfunded exposure related to construction lines and project execution periods
- Syndicated lines unfunded portion decreasing due to Prado and expected maturity of remaining portfolio

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Interest Income - Assets

	2015	2016	2017	2018	2019
			Gross Yield		
ABS	1.10%	1.63%	2.69%	4.59%	5.12%
PROJECT FINANCE	3.41%	3.97%	3.99%	5.41%	5.74%
SYNDICATED LOANS	2.08%	2.26%	2.80%	4.24%	4.60%
Tax Eq. Investments	17.04%	19.00%	12.08%	14.21%	13.55%
GTB	1.64%	2.16%	2.93%	4.68%	5.12%
TOTAL	2.49%	2.78%	3.37%	5.05%	5.52%
			FTP BASE		
ABS	0.20%	0.55%	1.40%	2.90%	3.31%
PROJECT FINANCE	0.25%	0.57%	1.48%	2.92%	3.31%
SYNDICATED LOANS	0.22%	0.55%	1.45%	2.89%	3.31%
Tax Eq. Investments	0.20%	0.54%	1.46%	2.91%	3.31%
GTB	0.29%	0.77%	1.67%	3.13%	3.54%
TOTAL	0.24%	0.61%	1.49%	2.93%	3.34%
			FTP Liquidity Premium		
ABS	0.00%	0.14%	0.43%	0.55%	0.58%
PROJECT FINANCE	0.42%	0.68%	0.75%	0.76%	0.76%
SYNDICATED LOANS	0.44%	0.45%	0.47%	0.48%	0.51%
Tax Eq. Investments	0.00%	0.00%	0.00%	0.00%	0.00%
GTB	0.22%	0.30%	0.33%	0.33%	0.32%
TOTAL	0.29%	0.37%	0.49%	0.54%	0.57%
			SPREAD OVER COST (GY - (BASE + LP))		
ABS	0.90%	0.94%	0.86%	1.13%	1.23%
PROJECT FINANCE	2.75%	2.71%	1.76%	1.72%	1.67%
SYNDICATED LOANS	1.42%	1.25%	0.89%	0.87%	0.77%
Tax Eq. Investments	16.84%	18.46%	10.62%	11.30%	10.23%
GTB	1.14%	1.09%	0.94%	1.22%	1.27%
TOTAL	1.96%	1.80%	1.39%	1.58%	1.61%

* 2016 Combines forecast for last 8 months and YTD actuals

Main drivers

- Liquidity premium increase on originations compresses overall portfolio spreads

Deposit forecast by product – balances and rates

Balances ($ mm)

	2015	2016	2017	2018	2019	CAGR (%)
Savings	$ 166	$ 174	$ 140	$ 141	$ 140	-4%
Money Market	$ 1,428	$ 1,375	$ 1,123	$ 1,109	$ 1,111	-6%
Customer Repos	$ 55	$ 98	$ 113	$ 112	$ 112	20%
Total Interest Bearing Deposits	**$ 1,649**	**$ 1,647**	**$ 1,376**	**$ 1,362**	**$ 1,363**	**-5%**
Total Non-Interest Bearing Deposits	**$ 149**	**$ 153**	**$ -**	**$ -**	**$ -**	
Total Deposits	**$ 1,797**	**$ 1,800**	**$ 1,376**	**$ 1,362**	**$ 1,363**	**-7%**

Rates (%)

	2015	2016	2017	2018	2019	CAGR (%)
Savings	0.25%	0.26%	1.04%	2.32%	3.06%	87%
Money Market	0.35%	0.48%	1.27%	2.57%	3.19%	74%
Customer Repos	0.28%	0.81%	1.71%	3.00%	3.72%	90%
Total Interest Bearing Deposits	**0.36%**	**0.48%**	**1.28%**	**2.58%**	**3.22%**	**72%**
Total Non-Interest Bearing Deposits	**0.00%**	**0.01%**	**0.00%**	**0.00%**	**0.00%**	
Total Deposits	**0.31%**	**0.43%**	**1.14%**	**2.29%**	**2.87%**	**74%**

Spreads (%)

	2015	2016	2017	2018	2019	CAGR (%)
Savings	0.67%	0.88%	0.88%	0.88%	0.82%	5%
Money Market	0.61%	0.70%	0.70%	0.72%	0.73%	5%
Customer Repos	0.38%	0.64%	0.66%	0.66%	0.63%	13%
Total Interest Bearing Deposits	**0.58%**	**0.72%**	**0.72%**	**0.73%**	**0.73%**	**6%**
Total Non-Interest Bearing Deposits	**1.41%**	**1.65%**	**1.96%**	**0.00%**	**0.00%**	
Total Deposits	**0.65%**	**0.71%**	**0.72%**	**0.73%**	**0.73%**	**3%**

Fee & Other income forecast

($ in millions)	2015	2016	2017	2018	2019	CAGR (%)
Loan Fees	$ 70.7	$ 58.9	$ 45.9	$ 51.3	$ 45.5	-10%
Deposit Fees	$ 3.3	$ 3.6	$ 4.1	$ 4.4	$ 4.6	9%
FX & Derivatives	$ 27.6	$ 25.0	$ 31.5	$ 34.3	$ 38.1	8%
Allocated Income (Expense)	$ (9.6)	$ (8.4)	$ (10.3)	$ (11.3)	$ (12.6)	7%
Total Fee Income	**$ 92.1**	**$ 79.2**	**$ 71.2**	**$ 78.8**	**$ 75.6**	**-5%**

<u>FX & Derivatives Breakdown</u>

FX Revenue	2015	2016	2017	2018	2019
Retail & Business Banking	$ 4.5	$ 4.4	$ 4.6	$ 4.8	$ 5.5
Commercial Banking	$ 2.9	$ 3.0	$ 3.2	$ 3.4	$ 3.6
Total - FX Revenue	**$ 7.4**	**$ 7.5**	**$ 7.8**	**$ 8.2**	**$ 9.1**

Fixed Income - Gross	2015	2016	2017	2018	2019
Retail & Business Banking	$ 0.8	$ 1.2	$ 1.2	$ 1.5	$ 1.6
CRE Banking	$ 5.8	$ 6.2	$ 6.4	$ 6.5	$ 6.7
Commercial Banking	$ 2.9	$ 2.6	$ 3.2	$ 4.0	$ 5.0
Total - FI Revenue	**$ 9.5**	**$ 10.0**	**$ 10.8**	**$ 12.0**	**$ 13.3**
Total GCB	**$ 10.7**	**$ 7.5**	**$ 12.9**	**$ 14.1**	**$ 15.7**

Expense forecast

Key drivers

- Reduction on G&A expenses (-12.5% , 2019 vs 2016) in line with reduction on FTEs
- Indirect Expenses allocated to GCB expected to fall in line with the reduction on balance sheet
- No major investments on IT driven by GCB
- Tight control on general expenses

($ in millions)	2015	2016	2017	2018	2019	CAGR (%)
Compensation & Benefits	$49.8	$53.5	$50.1	$48.5	$46.8	-4.3%
Salaries	$28.2	$27.5	$25.8	$24.9	$24.0	-4.5%
Bonuses	$17.2	$19.4	$18.2	$17.5	$16.9	-4.5%
Other	$0.1	$0.5	$0.4	$0.4	$0.4	
Benefits & Payroll	$4.4	$6.2	$5.8	$5.8	$5.7	-2.9%
Outside Services	$1.2	$1.0	$0.9	$0.9	$0.8	-4.5%
Legal	$0.9	$1.0	$0.9	$0.9	$0.8	-4.5%
Loan Expense	$0.1	$0.1	$0.1	$0.1	$0.1	-4.5%
Marketing	$0.9	$0.9	$0.9	$0.8	$0.8	-4.5%
Other General Expenses	$5.6	$5.4	$5.1	$4.9	$4.7	-4.5%
Depreciation	$0.1	$0.1	$0.1	$0.1	$0.1	-4.5%
Total Non-Interest Expense (G&A Expense)	**$58.5**	**$61.9**	**$58.0**	**$56.1**	**$54.2**	**-4%**
Other Direct Expenses	$2.4	$10.7	$4.0	$4.1	$4.4	
FDIC Insurance (*)	$2.4	$2.6	$4.0	$4.1	$4.4	
Other (**)	$0.0	$8.1	$0.0	$0.0	$0.0	
Bonuses as a % of Salaries	61.0%	70.6%	70.6%	70.6%	70.6%	
Benefits as a % of Salaries	15.7%	22.5%	22.7%	23.1%	23.7%	

(*) FDIC Insurance per Business estimate. To be confirmed/ revised by Management control

(**) Prado losses

FTE forecast

Description of FTE needs	Rationale	Expected results
▪ 1 FTE for GCB Compliance First Line of Defense team	▪ Complete team for implementation of GCB Heightened Standards program	▪ Meet regulatory deadlines
▪ Limited reinforcement of some client facing GCB teams	▪ Some teams might need to get reinforce but HC will be self-funded within existing GCB headcount	▪ Concentrate our efforts on segments / products with higher returns at SBNA

	2015	YTD - (Apr. 2016)	2016 (Dec)	2017	2018	2019
	AHC*	HC	HC	HC	HC	HC
Corp. Invest. Banking (CIB) US	55	48				
Global Trans. Banking (GTB) US	19	16				
FSA	37	33				
Corporate Sales	21	17				
Risk First Line of Defense	42	42				
GCB Compliance	7	6				
Middle Office (MO) US	18	16				
ACPM + Financial Control + B. Dev.	8	7				
Management + Collaboration Rev	3	4				
TOTAL FTEs	210	188	180	170	165	160

* Authorized HC 2015

Credit quality and provision forecast

Key drivers

- Reduction on exposure at SBNA by 58% ($15 B 2105 vs. 2019)
- Continued improvement of stressed counterparties (eg Freeport and Tidewater) should allow for the release of $15 MM in specific provisions by 2017 and an additional $15 MM by 2018 (to be confirmed by risk)
- Hunt for yield will pressure portfolio quality although average rating expected to remain BBB/BBB+
- The application of Risk Rate models implies a $22 MM provision release when comparing April to December 2016. Additional $58.2 MM release for the rest of the forecast

Positive values represent releases	2015	2016	2017	2018	2019
Annual Provision ($ mn)	(40.9)	(25.1)	31.0	15.9	14.2
Annual Provision/ Oustandings	-0.42%	-0.25%	0.35%	0.23%	0.24%

NCOs ($ mn)	(26.8)	(3.3)	(6.5)	(6.2)	(6.1)
NCOs/Total Outstandings	-0.28%	-0.02%	-0.07%	-0.09%	-0.10%

All. for Credit Losses (ACL)*	(92.5)	(113.8)	(76.3)	(54.1)	(33.9)
ACL / Exposure	-0.35%	-0.60%	-0.51%	-0.55%	-0.59%
ALLL ($ mn)	(45.3)	(88.0)	(70.1)	(37.3)	(23.5)
Reserve for Unfunded ($ mn)	(47.3)	(25.8)	(21.2)	(16.9)	(10.3)

$15 M release in provisions for each year in 2017 and 2018 for reserves in Tide Water & Freeport (to be validated by risk), in addition to Risk releases

Qualitative risk assessment

Risk category	Key risks	Impact from P19 plans
Reputational Risk	▪ Clients' perception that GCB's reduction of exposure at SBNA will limit our ability to serve their needs and that Santander is retrenching from the US Market ▪ Failure to deliver against regulatory commitments (eg CCAR)	▪ Reduction on activity at SBNA due to the lack of client's confidence
Credit policy / Liquidity Premium	▪ Misalignment between the credit and the new LP policies could reduce GCB's "sweet spot" and ability to generate business	▪ Volumes and revenue forecasts would be impacted negatively due to the imbalance between yield hunt and minimum risk thresholds
Provision Impacts	▪ Significant changes in the Macroeconomic factors or in particular sectors where SBNA has exposure could increase the need to establish higher reserves than expected	▪ Profit After Taxes could be impacted and therefore GCB's ability to meet P19 profitability targets
Operational	▪ Potential low employee engagement and high attrition due to idiosyncratic issues at SBNA / SAN Group	▪ Difficulty to retain and attract talent to support current and new business could impact P19 earnings targets and risk controls

Agenda

- GCB Key Priorities and Performance targets – SHUSA level
- GCB at SBNA
- **GCB at SIS**
- Additional Initiatives

Key priorities and performance targets at SIS

Vision: Support growth of fee income business in the US while further improving profitability

Key priorities

- Comply in full with US regulatory and legal framework
- Maximize overall profitability for SHUSA
- Efficient and effective technology platform
- Give access to USD capital markets to US and Latam clients
- X-sell with other SHUSA entities

2019 performance targets

ROE*	17%
Efficiency	68%
Revenues	$ 111.9 mm
Net Income	$ 28.5 mm

*ROE calculated using SIS Equity as of December 2015 ($165 mm)

SIS P19 Balance sheet

$mm

(USD Mns)	Dec-15	B16	2016	2017	2018	2019
Non-Segregated Cash	137	200	169	179	197	216
Segregated Cash & T-bills	940	1,146	897	755	650	600
Securities	0	5	2	2	2	2
Receivables	17	24	35	34	35	36
Other Assets	26	26	25	27	30	35
ASSETS	**1,121**	**1,401**	**1,129**	**998**	**914**	**890**
Payables	922	1,138	906	755	650	600
Securities Sold, not yet Purchased	0	0	4	4	4	4
Subordinated Loan	-	-	-	-	-	-
Other Liabilities	35	35	31	26	22	20
Liabilities	**957**	**1,173**	**941**	**785**	**676**	**624**
Common stock	0	0	0	0	0	0
Additional paid-in capital	290	340	290	290	290	290
Accumulated deficit	(126)	(112)	(102)	(77)	(52)	(25)
Stockholder’s Equity	**164**	**228**	**188**	**213**	**238**	**265**
LIABILITIES & EQUITY	**1,121**	**1,401**	**1,129**	**998**	**914**	**890**

SIS P19 financial summary

$mm

- Net Income estimated to growth to $ 29 mm (6%)
- Balance sheet reduction at SBNA will hinder growth at USD DCM business
- Counting on SCUSA as frequent issuer and SIS participating in 3-4 deals per year
- Recovery of LatAm markets(Equity & Credit) will compensate reduction in US business

	2015	2016B	2016	2017	2018	2019	16E-16B %	16-17 CAGR	16-19 CAGR
Revenues	83.0	112.3	112.4	106.3	107.7	111.9	0.1%	-5.4%	-0.1%
Expenses (w/ SLAs)	(83.7)	(94.2)	(81.8)	(74.3)	(74.3)	(75.8)	-13.2%	-9.2%	-2.5%
Direct	(58.9)	(66.2)	(57.6)	(52.3)	(52.3)	(53.4)	-13.0%	-9.1%	-2.5%
Indirect	(24.9)	(28.0)	(24.2)	(22.0)	(22.0)	(22.4)	-13.6%	-9.3%	-2.6%
Provisions	-	-	-	-	-	-	-	-	-
Profit Before Taxes	(0.79)	18.10	30.62	31.98	33.42	36.11	69.1%	4.5%	5.7%
Taxes	(1.84)	(3.80)	(6.43)	(6.72)	(7.02)	(7.58)	69.1%	4.5%	5.7%
Net Income	(2.62)	14.30	24.19	25.26	26.40	28.53	69.1%	4.5%	5.7%
Cost to Income	100.9%	83.9%	72.8%	69.9%	69.0%	67.7%			
Equity*	165	165	165	165	165	165			
ROE	-1.6%	8.7%	14.6%	15.3%	16.0%	17.3%			

* SIS Equity kept flat at $ 165 mm (December 2015 level).

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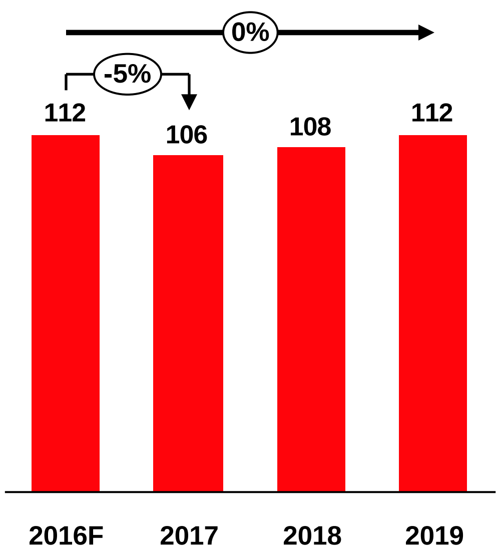
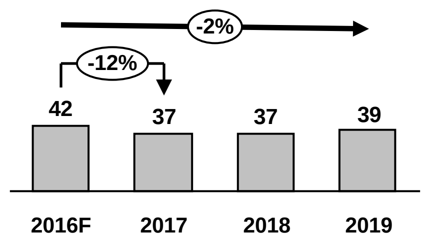
SIS P19 financial summary by line of Business

$mm

Client Revenues

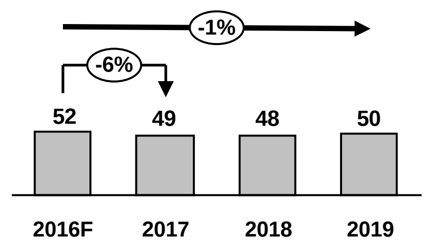


Financial Solution Advisory (FSA)



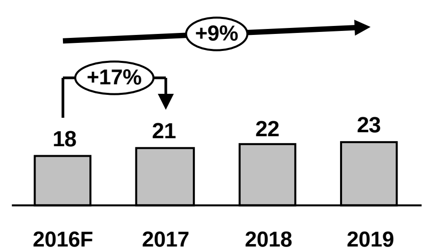
- Loss of co-man fees after executing exist strategy from selected US relationships
- Argentina and Brazil return to market supporting future growth in DCM LatAm
- Securitization business balanced between SCUSA and LatAm issuers

Fix Income and Currencies (FIC)



- Recovery of LatAm markets compensating decrease in US activity as a result of the reduction in balance sheet at SBNA
- Competitors reduced their presence in LatAm markets will open doors with new clients

Cash Equity & ETD



- Opening of primary markets expected as LatAm recovers
- Continue growing the client base by opening new accounts in Local LatAm customer base (e.g. Mexican Afores, LatAm Asset Managers)

Capital expenditures SIS

Description of Capital Expense	Rationale	Expected results
▪ CPD	▪ Movement to SHUSA CPD	▪ Saving ▪ Infrastructure Renewal

($ in milions)	2016	2017	2018	2019	CAGR (%)
IT investment	4.3	-	-	-	-
Total capital investments	4.3	-	-	-	-
Depreciation expense	0.2	1.1	1.1	1.1	-

FTE forecast

- P19 does not contemplate incremental FTEs from current levels
- New hires will be analyzed on a case-by-case basis taking into account the circumstances of the business at the time

	2015	2016	2017	2018	2019	CAGR (%)
FTE Forecast	153	127	127	127	127	0%

Replacements on hold at the moment

Description of FTE needs	Rationale
▪ 2 FTE for FIC: traders	▪ Replacements, 1 for HG Trading and 1 for Mexican books
▪ 1 FTE for Editorial	▪ Replacement for voluntary leave needed to edit local and Latam reports on a timely manner
▪ 2 FTE for Legal & Compliance	▪ Replacements. 1 in Legal and 1 for Volcker
▪ 1 FTE Wire Room (Ops)	▪ Replacements, needed back up to guarantee service
▪ 3 FTE Technology	▪ Replacements. 1 Head of IT and 2 InfoSec, in order to guarantee appropriate services and regulatory compliance

Qualitative risk assessment

Risk category changes	Key risks	Impact from P19 plans
Credit Policy/Limit/ Risk Appetite	Risk appetite/risk policy/Credit Policy/ VAR limit/Pricing/RE policy/ U/W and/or associated Risk criteria, risk ratings and tolerance levels	No relaxation of risk appetites across all areas
Material existing & New Business Changes	Changes in risk profile or risk appetite of the portfolios	The base case P19 does not include any new initiatives which would lead to any significant changes in risk profile or risk appetite
Distribution & logistics	Systems, distribution channels, geographic dispersion, infrastructure investments, human capital	Although the P19 does not contemplate material increases in cost, we anticipate due to the rollout in the risk program (i.e. CART) there will be staff additions
Capital & liquidity Impacts	Regulatory capital & liquidity	No anticipated liquidity impact
Mix Distribution	Mix of asset classes, product mix or market activities	We may expand in fixed income market making activity in SCUSA asset-backed securities to enhance our profile to obtain underwriting mandates. We do not expect any changes in risk appetite limits
Trend Impacts	Trends by core markets/asset class that influence P19 forecast	In the P19 plan LATAM capital markets (Brazil, Argentina, Chile) are forecasted to improve with increased issuance of debt and equity securities

Agenda

- GCB Key Priorities and Performance targets – SHUSA level
- GCB at SBNA
- GCB at SIS
- **Additional Initiatives**

Summary of key additional strategic initiatives

Segment	Initiative	Rationale	Key targets / enablers
SBNA	Debt Advisory	• Financial strategy and client credit rating advisory	• Net Income 2019: $12.9 mm • 3 FTEs • Market Data (eg Bloomberg, S&P, etc)
SBNA	Trade Finance	• Develop Trade Finance business US franchise	• Net Income 2019: $5.1 mm • FTP at par with market • Adequate Capital treatment reflecting the benefits of these transactions • RPP + Confirming products at SBNA
SBNA	FX Growth (Collaboration Revenues)	• Foreign Exchange growth in Consumer, Business Banking, Middle Market and Asset-Based Finance • Increase efficiency	• Net Income 2019 (gross): $4.3 mm • 1 FTE • Technology (Wire Room/MUREX integration + Flame)
SIS	Strengthening DCM	• ABS FIG Latam • Liability management	• Net Income 2019: $7.9 mm • 2 HCs SIS
SIS	CME OTC IRS Clearing	• Act as a clearing broker in CME for other Santander Entities • Increase revenue for SIS and allow savings in fees for the Group	• Net Income 2019: $4.1 mm • $50 M capital increase at SIS • IT&Ops implementation project ($1M one-off cost) • Regulatory approval

GCB US (SBNA) Initiatives – Debt Advisory

Description

- Specialist team that – together with product and coverage partners – develops multi-product solutions relevant to Santander clients in the areas of financial strategy and credit ratings
- Financial strategy aims to develop and drive a strategic financing dialogue on topics such as capital structure and funding optimization, debt capacity and risk management
- Rating advisory assists clients in managing credit ratings and relationships with the major rating agencies. This includes obtaining first-time ratings, advising on potential rating implications of corporate events and defining optimal financial policies

Financial summary

($ millions)		2016	2017	2018	2019	'16 - '17 CAGR	'16 - '19 CAGR
Income statement	Total Revenues	$2.3	$4.5	$8.6	$13.8	96%	82%
	Total Cost	(0.9)	(1.1)	(1.5)	(1.5)	19%	17%
	Direct expenses	(0.5)	(0.7)	(0.9)	(0.9)	33%	20%
	Indirect expenses	(0.4)	(0.4)	(0.6)	(0.6)	0%	14%
	PPNR	**1.4**	**3.4**	**7.1**	**12.3**	147%	108%
	Provisions	0.0	0.0	0.0	0.0	0%	0%
	PBT	**1.4**	**3.4**	**7.1**	**12.3**	147%	108%
	Net income	**$0.9**	**$2.2**	**$4.6**	**$8.0**	147%	108%
Balance sheet	Funded Assets	$0	$0	$0	$0	0%	0%
	Unfunded Assets	0	0	0	0	0%	0%
	Total Exposure	0	0	0	0	0%	0%
	RWA	0	0	0	0	0%	0%
	Capital	0	0	0	0	0%	0%
Performance metrics	ROE	n/a	n/a	n/a	n/a	0%	0%
	C/I	40.2%	24.4%	17.4%	10.9%	-39.2%	-35.3%

Enablers

- **NY: 2 fully dedicated HCs (Head + 1), will cover USA and Latam clients (already hired)**
  - +1 HC additional in 2018 to support growth
- **Limited infrastructure support: credit agencies licenses (S&P, Moody's, Fitch), access to research sites (Bloomberg, Thomson Reuters)**

Risk assessment

- **Market downturn**

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GCB US (SBNA) Initiatives – US Trade Finance franchise

Description

- **Rationale**: Develop Trade Finance business predominantly through short term transactions, self liquidating in nature, and with high rated Clients.
- **Benefits**:
  - Short term (< 1 Yr)
  - Self liquidating

Financial summary

($ millions)		2016	2017	2018	2019	'16 - '17 CAGR	'16 - '19 CAGR
Income statement	Total Revenues	$1.1	$3.4	$5.6	$7.9	200%	91%
	Total Cost	0.0	0.0	0.0	0.0	n/a	n/a
	Direct expenses	0.0	0.0	0.0	0.0	n/a	n/a
	Indirect expenses	0.0	0.0	0.0	0.0	n/a	n/a
	PPNR	**1.1**	**3.4**	**5.6**	**7.9**	200%	91%
	Provisions	0.0	0.0	0.0	0.0	n/a	n/a
	PBT	**1.1**	**3.4**	**5.6**	**7.9**	200%	91%
	Net income	**$0.7**	**$2.2**	**$3.7**	**$5.1**	200%	91%
Balance sheet	Funded Assets	$250	$500	$750	$1,000	100%	59%
	Unfunded Assets	0	0	0	0	n/a	n/a
	Total Exposure	250	500	750	1,000	100%	59%
	RWA	125	250	375	500	100%	59%
	Capital	14	28	41	55	100%	59%
Performance metrics	ROE	5%	8%	9%	9%	3%	4%
	C/I	5.3%	8.0%	8.9%	9.3%	2.7%	4.0%

Enablers

- **FTP at par with the market**
- **Capital treatment for Trade transactions reflecting benefits derived from the nature of these assets (i.e. self liquidating, short term)**
- **Development of RPP + Confirming as new products**

Risk assessment

- **FTP of ~15bps up to 1 year**
- **Capital treatment of 50% RWA for Trade related assets**

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GCB US (SBNA) Initiatives – FX Growth (Collab. Revenues)

Description

- Opportunity for additional Foreign Exchange growth in Consumer, Business Banking, Middle Market and Asset-Based Finance through the following:
  - o Additional FTE
  - o Improved Technology/Efficiency
  - o Increased Business Line Engagement

Financial summary (reflects Gross $)

($ millions)		2016	2017	2018	2019	'16 - '17 CAGR	'16 - '19 CAGR
Income statement	Total Revenues	$0.0	$0.5	$2.0	$4.3	n/a	n/a
	Total Cost	0.0	(0.1)	(0.5)	(0.5)	n/a	n/a
	Direct expenses	0.0	0.0	(0.4)	(0.4)	n/a	n/a
	Indirect expenses	0.0	(0.1)	(0.1)	(0.2)	n/a	n/a
	PPNR	**0.0**	**0.4**	**1.5**	**3.7**	n/a	n/a
	Provisions	0.0	0.0	0.0	0.0	n/a	n/a
	PBT	**0.0**	**0.4**	**1.5**	**3.7**	n/a	n/a
	Net income	**$0.0**	**$0.2**	**$1.0**	**$2.4**	n/a	n/a
Balance sheet	Funded Assets	$0	$0	$0	$0	n/a	n/a
	Unfunded Assets	$0	$0	$0	$0	n/a	n/a
	Total Exposure	$0	$0	$0	$0	n/a	n/a
	RWA	$0	$0	$0	$0	n/a	n/a
	Capital	$0	$0	$0	$0	n/a	n/a
Performance metrics	ROE	n/a	n/a	n/a	n/a	n/a	n/a
	C/I	n/a	22%	25%	13%	n/a	n/a

Enablers

- FTE – add Senior FX Specialist dedicated to Middle Market (starting in 2018)
- Technology – reduce operational burden of FX Desk thru Wire Room/MUREX integration and Flame implementation (mid-2017)
- Engagement – include incentives and training for FX

Risk assessment

- Key contingency is execution of Middle Market growth plan

GCB US (SIS) Initiatives – Strengthening DCM: ABS FIG Latam

Description

- DCM FIG Latam should grow in the coming years as issuers need to further develop capital instruments as the region evolves to Basel III.
- Focus will be on international issues (local issues are self led), ABS and similar structures (specifically in Mexico) and capital instruments further down the line
- Leveraging on local knowledge of clients + capabilities in NY + Capital Advisory team in London should enable Santander to grow this business in the region

Financial summary

	($ millions)	2016	2017	2018	2019	'16 - '17 CAGR	'16 - '19 CAGR
Income statement	Total Revenues	$1.0	$1.6	$2.1	$2.5	63%	38%
	Total Cost	(0.4)	(0.4)	(0.5)	(0.5)	0%	10%
	Direct expenses	(0.3)	(0.3)	(0.4)	(0.4)	0%	10%
	Indirect expenses	(0.1)	(0.1)	(0.1)	(0.1)	0%	10%
	PPNR	**0.6**	**1.2**	**1.6**	**2.0**	109%	53%
	Provisions	0.0	0.0	0.0	0.0	0%	0%
	PBT	**0.6**	**1.2**	**1.6**	**2.0**	109%	53%
	Net income	**$0.4**	**$0.7**	**$1.0**	**$1.3**	109%	53%
Balance sheet	Funded Assets	$0	$0	$0	$0	0%	0%
	Unfunded Assets	0	0	0	0	0%	0%
	Total Exposure	0	0	0	0	0%	0%
	RWA	0	0	0	0	0%	0%
	Capital	0	0	0	0	0%	0%
Performance metrics	ROE	n/a	n/a	n/a	n/a	0%	0%
	C/I	42.1%	25.8%	25.4%	21.3%	-38.7%	-20.3%

Enablers

- **Strengthening NY with 1 HC dedicated to ABS**

Risk assessment

- **Market downturn**

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GCB US (SIS) Initiatives – Strengthening DCM: Liability mgnt

Description

- Launched in 2014 both in Europe and Americas, LM is a revenue generator on a standalone basis, but more importantly upgrades de DCM discussion overall
- LM is a cyclical business depending on interest rates, however, penetration is growing given increased awareness of its merits
- Covers Corporates, SSAs and increasingly FIG clients
- Latam activity increasing given current environment and our own specific footprint

Financial summary

	($ millions)	2016	2017	2018	2019	'16 - '17 CAGR	'16 - '19 CAGR
Income statement	Total Revenues	$4.4	$5.3	$6.2	$7.1	20%	17%
	Total Cost	(0.9)	(0.9)	(1.2)	(1.2)	0%	9%
	Direct expenses	(0.7)	(0.7)	(0.9)	(0.9)	0%	9%
	Indirect expenses	(0.2)	(0.2)	(0.3)	(0.3)	0%	9%
	PPNR	**3.5**	**4.4**	**5.0**	**5.9**	26%	19%
	Provisions	0.0	0.0	0.0	0.0	0%	0%
	PBT	**3.5**	**4.4**	**5.0**	**5.9**	26%	19%
	Net income	**$2.3**	**$2.8**	**$3.3**	**$3.8**	26%	19%
Balance sheet	Funded Assets	$0	$0	$0	$0	0%	0%
	Unfunded Assets	0	0	0	0	0%	0%
	Total Exposure	0	0	0	0	0%	0%
	RWA	0	0	0	0	0%	0%
	Capital	0	0	0	0	0%	0%
Performance metrics	ROE	n/a	n/a	n/a	n/a	0%	0%
	C/I	21.2%	17.6%	19.4%	16.9%	-17.0%	-7.3%

Enablers

- **1 additional HC in NY, seniority associate / VP level to allow for:**
    - Increased coverage (segments and clients)
    - Increased execution capacity
    - Senior resource dedicated to pitching (currently one HC in NY)

Risk assessment

- **Market downturn**

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GCB US (SIS) Initiatives – CME OTC IRS Clearing

Description

- Different Santander Group entities currently clear their OTC IRS transactions at CME through third party clearers
- This set up does not allow to remain competitive in the derivatives market and leave the business vulnerable to changes in broker's conditions
- SIS could extend its current CME membership for ETDs to OTC IRS and act as a clearing broker for other Santander Entities
- This would create an additional source of profitable revenue for SIS and allow for estimated yearly savings in fees of $18M by year 3 for the Group

Financial summary

	($ millions)	2016	2017	2018	2019	'16 - '17 CAGR	'16 - '19 CAGR
Income statement	Total Revenues	$0.0	$7.5	$9.3	$11.3	n.a.	n.a.
	Total Cost	0.0	(2.3)	(3.6)	(5.0)	n.a.	n.a.
	Direct expenses	0.0	(2.3)	(3.6)	(5.0)	n.a.	n.a.
	Indirect expenses	0.0	0.0	0.0	0.0	n.a.	n.a.
	PPNR	**0.0**	**5.2**	**5.8**	**6.3**	n.a.	n.a.
	Provisions	0.0	0.0	0.0	0.0	n.a.	n.a.
	PBT	**0.0**	**5.2**	**5.8**	**6.3**	n.a.	n.a.
	Net income	**$0.0**	**$3.4**	**$3.7**	**$4.1**	n.a.	n.a.
Balance sheet	Funded Assets	$0	$0	$0	$0	n.a.	n.a.
	Unfunded Assets	0	0	0	0	n.a.	n.a.
	Total Exposure	0	0	0	0	n.a.	n.a.
	RWA	0	0	0	0	n.a.	n.a.
	Capital	0	50	50	50	n.a.	n.a.
Performance metrics	ROE	n.a.	7%	7%	8%	n.a.	n.a.
	C/I	n.a.	6.8%	7.5%	8.1%	n.a.	n.a.

Enablers

- **$50 M capital increase at SIS**
- **IT&Ops implementation project ($1M one-off cost)**
- **Regulatory approval**

Risk assessment

- **Difficulty for regulatory approval for new US activities**

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APPENDIX

P19 – Indirect Expenses Scenarios

Comments

- Excluding indirect expenses, ROE reaches 11.37% by end of 2019
- 3 additional scenarios were considered:
  - Indirect expenses remain at the same level as Budget 2016
  - Indirect expenses decline at the same rate as balances do
  - Indirect expenses decline at half the balance decline rate

	2015	2016	2017	2018	2019
ROA (excl. Indirect)	1.19%	1.13%	1.29%	1.52%	1.55%
ROE (excl. Indirect)	6.94%	7.57%	9.24%	10.64%	11.37%
ROA - Budget 2016	0.91%	0.90%	1.03%	1.18%	1.16%
ROE - Budget 2016	5.33%	6.02%	7.38%	8.29%	8.50%
ROA - Full Decline in Bal.	0.91%	0.90%	1.06%	1.28%	1.32%
ROE - Full Decline in Bal.	5.33%	6.02%	7.58%	9.01%	9.67%
ROA - 50% Decline in Bal.	0.91%	0.90%	1.05%	1.23%	1.25%
ROE - 50% Decline in Bal.	5.33%	6.02%	7.48%	8.67%	9.13%

P’18 Financial Summary

	($ millions)	2015	2016	2017	2018	'15 - '16 YOY	'15 - '18 CAGR
Income statement	Interest income	$295.2	$402.0	$511.4	$608.9	36%	27%
	Interest expense	(76.2)	(155.9)	(266.4)	(340.6)	105%	65%
	Net interest income	**218.9**	**246.1**	**245.0**	**268.2**	12%	7%
	Fee income	89.2	89.6	98.6	109.3	0%	7%
	Total revenue	**308.1**	**335.6**	**343.6**	**377.6**	9%	7%
	Direct expenses	(60.9)	(64.4)	(66.8)	(68.4)	6%	4%
	Indirect expenses	(47.8)	(48.3)	(46.8)	(46.0)	1%	-1%
	PPNR	**199.4**	**223.0**	**230.1**	**263.2**	12%	10%
	Provisions	(40.9)	(11.8)	(8.4)	(10.8)	-71%	-36%
	PBT	**158.5**	**211.2**	**221.6**	**252.4**	33%	17%
	Taxes	(55.5)	(73.9)	(77.6)	(88.4)	33%	17%
	Net income	**$103.0**	**$137.3**	**$144.1**	**$164.1**	33%	17%
Balance sheet - AVG	**Assets / Funded**	**$11,309**	**$12,625**	**$13,587**	**$14,369**	12%	8%
	Investments	$1,670	$1,911	$2,237	$2,304	14%	11%
	C&I Loans	$9,299	$10,266	$10,735	$11,310	10%	7%
	Other Commercial	$340	$448	$615	$756	32%	30%
	Unfunded	**$15,427**	**$11,355**	**$13,073**	**$11,228**	**-26%**	**-10%**
	Lines of Credit	$14,136	$9,938	$11,647	$9,759	-30%	-12%
	Letters of Credit	$1,291	$1,418	$1,425	$1,469	10%	4%
	Metrics						
	RWA	17,619	16,917	18,432	18,326	-4%	1%
	Capital	1,938	1,861	2,028	2,016	-4%	1%
	ROE	5.3%	7.4%	7.1%	8.1%	39%	15%

Loan Fees Detail

($ in millions)	Loan Fee Type	2015 Dec YTD	2016 May YTD	2016 May YTD as a % of Fees
Global Corporate Banking	Event Driven Fee	$ 26.2	$ 5.7	25%
	Letter of Credit Fee	$ 12.8	$ 5.5	24%
	Others	$ 3.9	$ 0.2	1%
	Unused Line Fee	$ 20.9	$ 7.8	34%
	Account Mgmt Fee	$ 6.5	$ 3.5	16%
	TOTAL	$ 70.3	$ 22.7	
ABS	Event Driven Fee	$ 0.0	$ -	0%
	Unused Line Fee	$ 0.2	$ 0.1	0%
	Account Mgmt Fee	$ 0.5	$ 0.2	1%
	TOTAL	$ 0.8	$ 0.3	1%
PROJECT FINANCE	Event Driven Fee	$ 15.2	$ 2.1	9%
	Letter of Credit Fee	$ 1.9	$ 1.3	6%
	Others	$ 0.2	$ 0.0	0%
	Unused Line Fee	$ 5.2	$ 1.8	8%
	Account Mgmt Fee	$ 2.8	$ 2.8	12%
	TOTAL	$ 25.3	$ 8.0	35%
SYNDICATED LOANS	Event Driven Fee	$ 10.4	$ 3.5	15%
	Letter of Credit Fee	$ 2.8	$ 1.1	5%
	Others	$ 0.1	$ 0.0	0%
	Unused Line Fee	$ 13.6	$ 5.3	23%
	Account Mgmt Fee	$ 3.1	$ 0.5	2%
	TOTAL	$ 29.9	$ 10.4	46%
GTB	Event Driven Fee	$ 0.6	$ 0.1	0%
	Letter of Credit Fee	$ 8.1	$ 3.2	14%
	Others	$ 0.6	$ 0.1	1%
	Unused Line Fee	$ 1.9	$ 0.6	3%
	Account Mgmt Fee	$ -	$ -	0%
	TOTAL	$ 11.2	$ 4.0	18%

Yield Curve

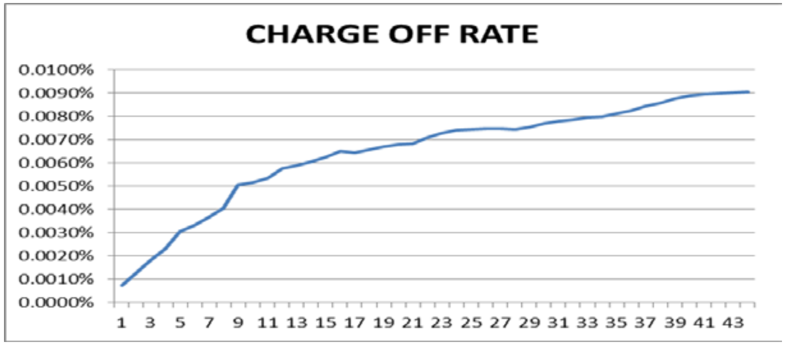
- Used yield curve from 5/10/16 Moody's data provided by Management Control

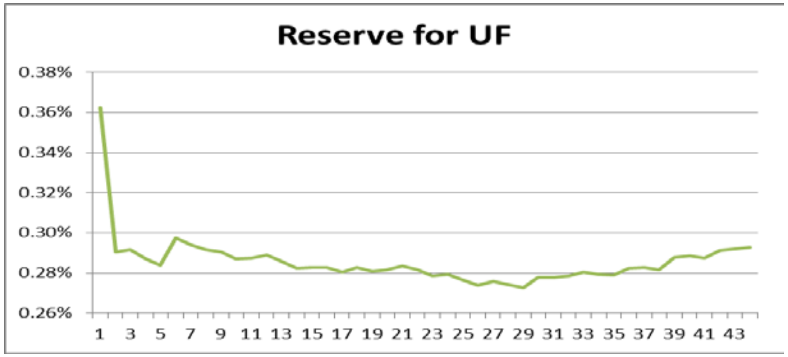
	2016 Jan	2016 Apr	2016 Jul	2016 Oct	2017 Jan	2017 Apr	2017 Jul	2017 Oct	2018 Jan	2018 Apr	2018 Jul	2018 Oct	2019 Jan	2019 Apr	2019 Jul	2019 Dec
1M LIBOR	0.38%	0.49%	0.56%	0.63%	0.82%	1.22%	1.47%	1.85%	2.23%	2.66%	3.10%	3.27%	3.24%	3.37%	3.30%	3.33%
3M LIBOR	0.56%	0.69%	0.78%	0.81%	1.04%	1.45%	1.66%	2.03%	2.40%	2.85%	3.23%	3.38%	3.36%	3.47%	3.41%	3.44%
5 Yr Treasury	1.42%	1.39%	1.50%	1.49%	2.01%	2.27%	2.43%	2.56%	2.74%	3.06%	3.15%	3.30%	3.34%	3.46%	3.51%	3.54%
10 Yr Treasury	1.96%	2.00%	2.19%	2.32%	2.52%	2.73%	2.95%	3.02%	3.12%	3.25%	3.35%	3.47%	3.53%	3.67%	3.70%	3.75%

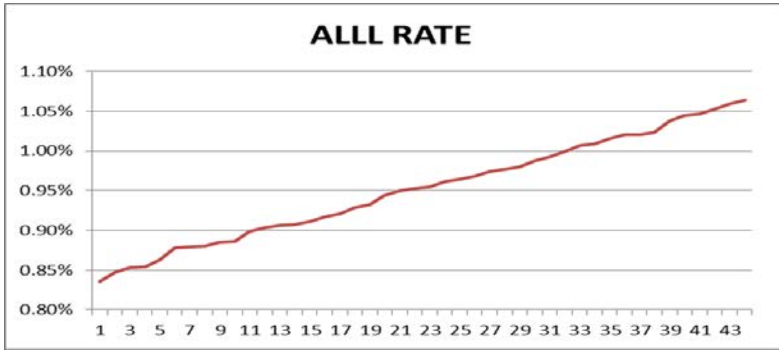
ABS - Details

	REVENUE ('000s)				AVG Balances ($ M)			
	2016	2017	2018	2019	2016	2017	2018	2019
Fortress	(9.44)	-	-	-	12.59	-	-	-
TAP Funding	327.07	331.74	331.74	-	24.53	24.19	24.19	-
TMCL II	698.62	552.44	-	-	49.70	32.94	-	-
TAL Funding	359.32	-	-	-	29.43	-	-	-
PTL	1,347.77	1,262.81	1,262.81	1,262.81	106.58	150.00	150.00	150.00
Global Jet Capital	1,212.17	2,424.33	2,424.33	1,414.19	150.00	150.00	150.00	150.00
Lease Deal #2	-	1,414.19	2,424.33	2,424.33	-	150.00	150.00	150.00
Lease Deal #3	-	-	1,616.22	2,424.33	-	-	150.00	150.00
AT&T	3,209.03	1,052.69	124.10	-	433.27	239.58	26.04	-
Bloomberg WBS	3,215.18	3,031.77	3,031.77	3,031.77	442.61	239.58	26.04	-
GEAR 2010-1	2,021.67	1,078.97	-	-	287.50	350.00	350.00	350.00
Verizon	3,066.28	922.48	105.88	-	280.64	125.00	-	-
TOTAL	15,447.67	12,071.43	11,321.18	10,557.43	1,754.36	1,411.29	988.77	875.00

Risk Rate Models - Details







SIS P19 financial summary - Financial Solutions Advisory

(USD Mns)	2015	B16	2016	2017	2018	2019	16E-16B %	16-'17 %	16-'19 CAGR
Revenues	**28**	**41**	**42**	**37**	**37**	**39**	**3%**	**-12%**	**-3%**
NII	(0)	(3)	(2)	(2)	(3)	(3)	-16%	-25%	13%
Commissions	28	43	44	38	40	42	2%	-13%	-2%
Trading (ROF)	-	-	-	-	-	-	n.a	n.a	n.a
Expenses *	**(17)**	**(19)**	**(16)**	**(14)**	**(14)**	**(14)**	**-18%**	**-9%**	**-3%**
Direct	**(13)**	**(15)**	**(12)**	**(11)**	**(11)**	**(11)**	**-22%**	**-9%**	**-3%**
Front Direct	(11)	(13)	(10)	(9)	(9)	(10)	-23%	-9%	-3%
Front Support	(3)	(2)	(2)	(1)	(1)	(1)	-16%	-9%	-3%
Indirect	**(4)**	**(4)**	**(4)**	**(3)**	**(3)**	**(3)**	**-5%**	**-9%**	**-3%**
Back Support	(1)	(1)	(1)	(1)	(1)	(1)	-2%	-9%	-3%
ITOPS, Building, Other	(2)	(3)	(3)	(3)	(3)	(3)	-6%	-9%	-3%
PBT	**11**	**22**	**26**	**23**	**23**	**24**	**22%**	**-14%**	**-3%**
Taxes	(1)	(4)	(6)	(5)	(5)	(5)	28%	-15%	-3%
Net Income	**10**	**17**	**21**	**18**	**18**	**19**	**21%**	**-14%**	**-3%**
Cost to Income	**60%**	**47%**	**37%**	**38%**	**38%**	**37%**			

* 2016 Operating Expenses include restructuring costs of $1Mn

SIS P19 financial summary - Fixed Income & Currencies

(USD Mns)	2015	B16	2016	2017	2018	2019	16E-16B %	16-'17 %	16-'19 CAGR
Revenues	**37**	**41**	**52**	**49**	**48**	**50**	**26%**	**-7%**	**-1%**
NII	(0)	(3)	(2)	(2)	(3)	(3)	-16%	-25%	13%
Commissions	38	44	54	50	51	53	24%	-7%	-1%
Trading (ROF)	-	-	-	-	-	-	n.a	n.a	n.a
Expenses *	**(31)**	**(38)**	**(36)**	**(34)**	**(34)**	**(34)**	**-6%**	**-6%**	**-2%**
Direct	**(24)**	**(26)**	**(25)**	**(23)**	**(23)**	**(24)**	**-4%**	**-6%**	**-2%**
Front Direct	(19)	(20)	(19)	(18)	(18)	(18)	-4%	-6%	-2%
Front Support	(5)	(6)	(6)	(5)	(5)	(5)	-1%	-6%	-2%
Indirect	**(7)**	**(12)**	**(11)**	**(10)**	**(10)**	**(10)**	**-10%**	**-6%**	**-2%**
Back Support	(2)	(4)	(4)	(4)	(4)	(4)	-1%	-6%	-2%
ITOPS, Building, Other	(5)	(8)	(7)	(6)	(6)	(6)	-15%	-6%	-2%
PBT	**6**	**3**	**16**	**15**	**15**	**16**	**403%**	**-7%**	**-1%**
Taxes	(1)	(1)	(3)	(3)	(3)	(3)	428%	-7%	-1%
Net Income	**5**	**3**	**13**	**12**	**12**	**12**	**397%**	**-7%**	**-1%**
Cost to Income	**84%**	**92%**	**69%**	**69%**	**69%**	**69%**			

* 2016 Operating Expenses include restructuring costs of $1Mn

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SIS P19 financial summary - Cash Equities & ETDs

(USD Mns)	2015	B16	2016	2017	2018	2019	16E-16B %	16-'17 %	16-'19 CAGR
Revenues	**18**	**30**	**18**	**21**	**22**	**23**	**-39%**	**14%**	**8%**
NII	1	4	3	4	4	4	-32%	45%	13%
Commissions	20	29	15	17	18	19	-48%	12%	9%
Trading (ROF)	(3)	(3)	1	-	-	-	-117%	-100%	-100%
Expenses *	**(35)**	**(37)**	**(30)**	**(27)**	**(27)**	**(27)**	**-18%**	**-13%**	**-4%**
Direct	**(22)**	**(24)**	**(21)**	**(18)**	**(18)**	**(18)**	**-15%**	**-13%**	**-4%**
Front Direct	(16)	(18)	(14)	(12)	(12)	(12)	-21%	-13%	-4%
Front Support	(6)	(7)	(7)	(6)	(6)	(6)	0%	-13%	-4%
Indirect	**(13)**	**(13)**	**(10)**	**(8)**	**(8)**	**(9)**	**-24%**	**-13%**	**-4%**
Back Support	(4)	(4)	(3)	(3)	(3)	(3)	-12%	-13%	-4%
ITOPS, Building, Other	(10)	(9)	(6)	(6)	(6)	(6)	-28%	-13%	-4%
PBT	**(18)**	**(7)**	**(12)**	**(6)**	**(4)**	**(4)**	**78%**	**-53%**	**-33%**
Taxes	(0)	1	3	1	1	1	86%	-53%	-33%
Net Income	**(18)**	**(5)**	**(10)**	**(4)**	**(3)**	**(3)**	**75%**	**-53%**	**-33%**
Cost to Income	**199%**	**122%**	**166%**	**127%**	**119%**	**116%**			

* 2016 Operating Expenses include restructuring costs of $3Mn