



Santander US 2016

Cards Business

Boston, June 2013

Agenda

I. Market and Competitive Environment

II. Our Historical Background

III. Growth Plan – Key Initiatives

IV. Financial Plan and Resource Requirements

V. Key Conclusions

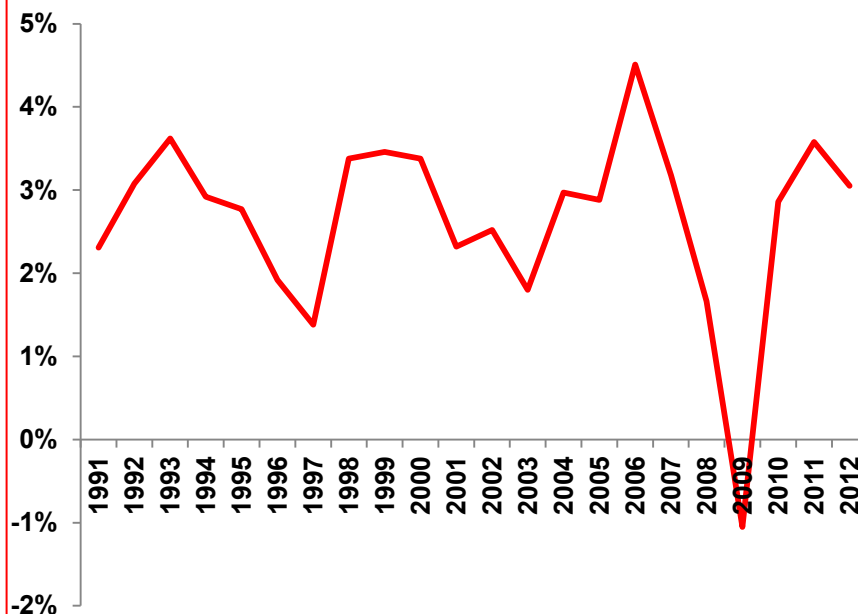
Credit Cards Consistently Exceed an After-Tax ROA of 2.7%

Credit Cards have consistently generated higher returns than other retail banking asset classes and provide a good fee to interest income ratio

Why we entered the U.S. Credit Card Business:

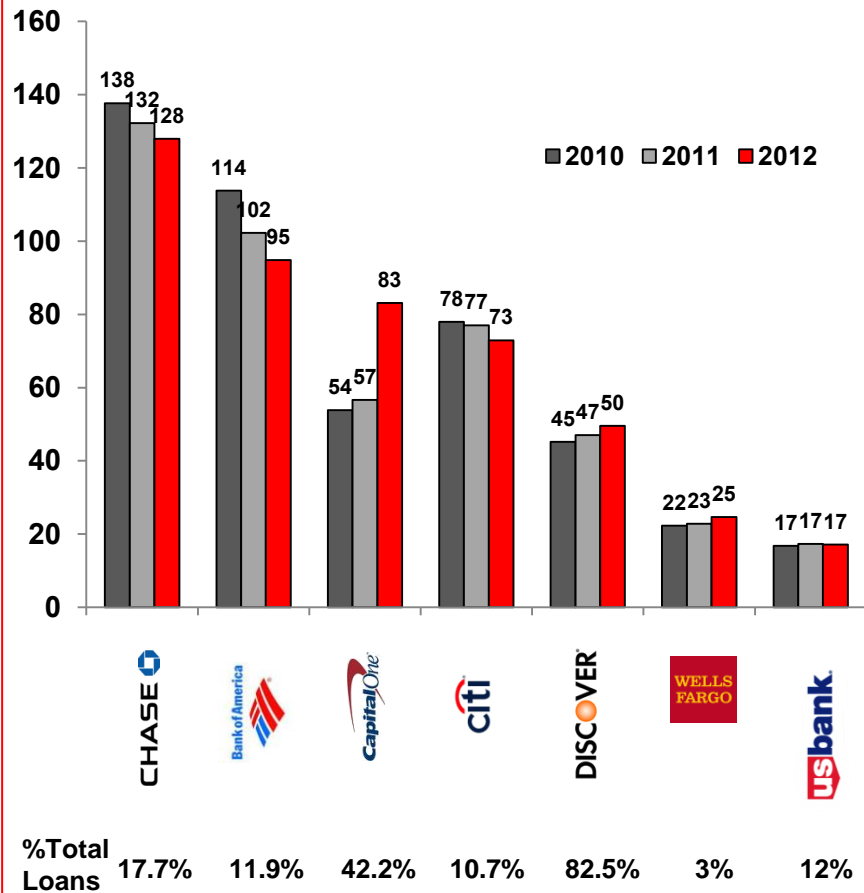
- ROA >2% in most years; avg. of 2.7% per year
- High fee generator
- Crucial to a customer retail franchise

US Credit Card Major Issuers After-Tax ROA

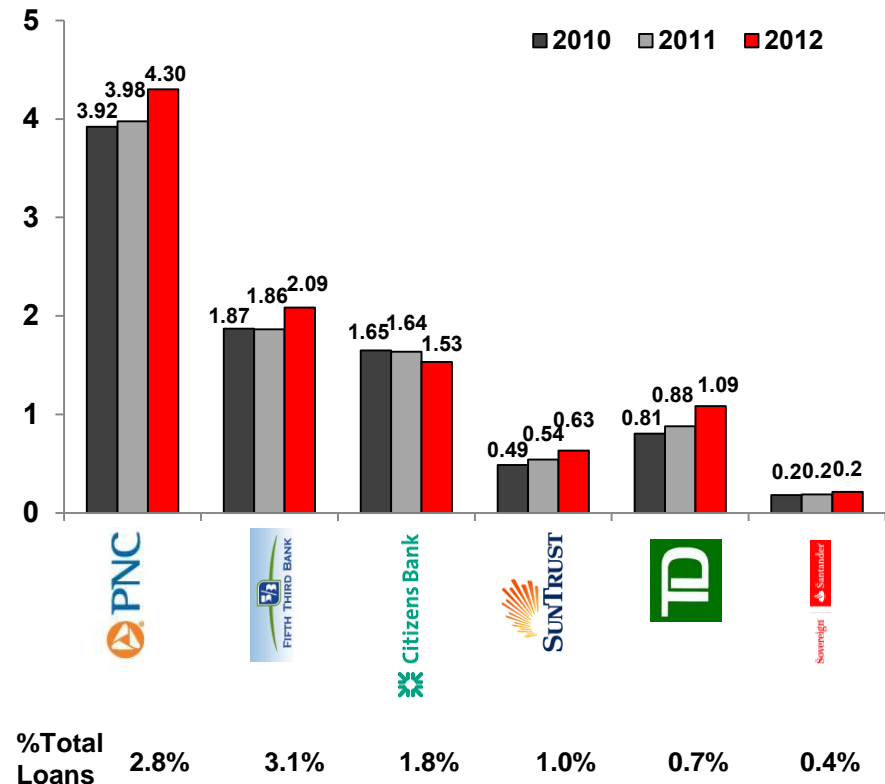


Regionals continue to gain market share as they invest in cards

Largest 6 Banks Credit Card Outstandings (\$B)



Regional Banks Credit Card Outstandings (\$B)



Source: Company Reports, Federal Reserve Bank of New York

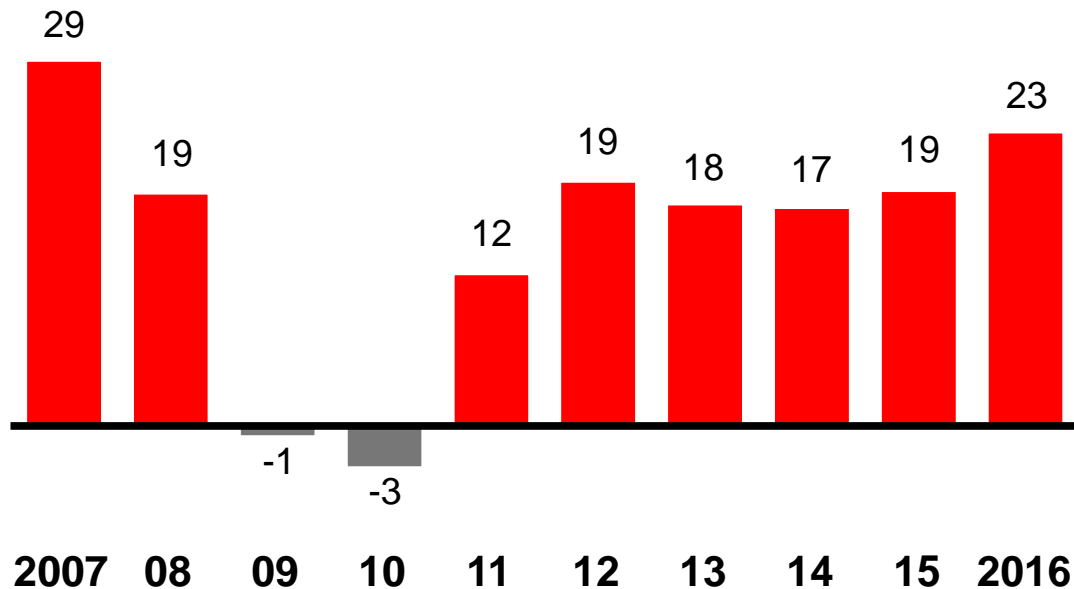
Notes:

1) Citi reflects Citi Branded cards only. 2) During Q3F11, Capital One purchased HSBC's \$30B Domestic Credit Card Portfolio at a \$2.59B premium.

The consumer credit card profit pool is estimated at \$20Bn by 2015/16

U.S. credit card industry economics

Consumer card pre-tax income Dollars, Bn



Pre-tax industry ROA Percent

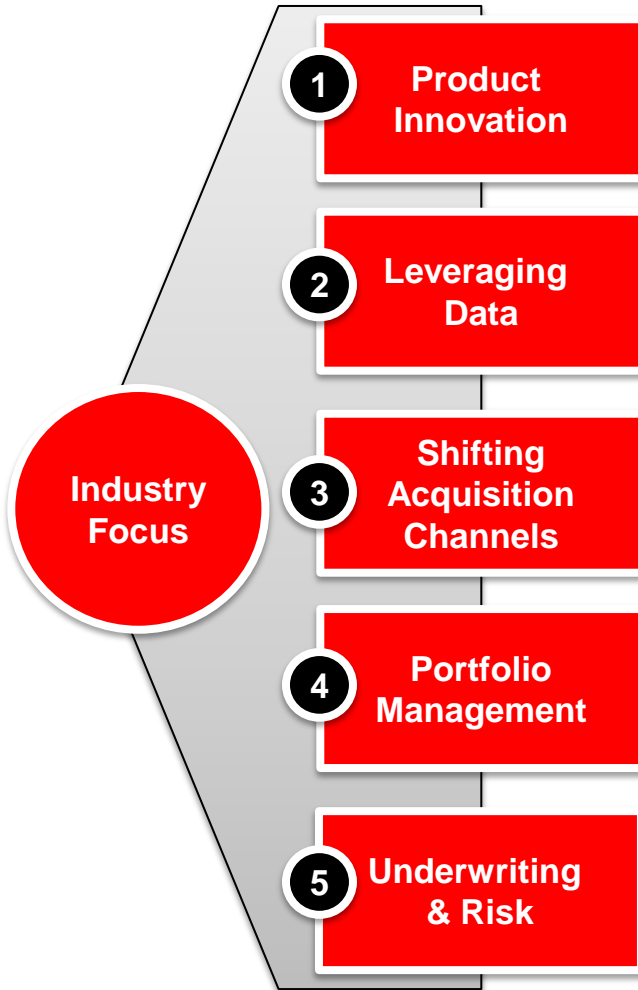
Year	Pre-tax industry ROA (Percent)
2007	3.7
08	2.3
09	(0.1)
10	(0.5)
11	1.8
12	2.8
13	2.5
14	2.4
15	2.5
2016	3.0

Sovereign's Opportunity

- Sovereign's current Debit Market share is 0.6%
- Applying the same market share to Consumer Card pre-tax income Sovereign's opportunity could be up to \$100MM in pre-tax income.
- 2012 PBT was \$3MM

Card Issuers are focusing on how to grow their portfolios

\$20Bn is being realized through five key initiatives:-



- Main issuers innovating with segment specific offerings
- Leveraging expanded sets of data
 - **Bank Data:** Increased importance of integrating internal bank data
 - **External Data:** Expanding new third-party data
- Shifting channel strategy for marketing and acquisition
 - **Online** channel acquisition increasingly important;
 - **Direct mail** returning to pre-crisis levels
- Line management
- Balance transfers and promo rates are increasingly aggressive
- Shifting risk profile to expand acquisitions and deepen lending

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We are evolving to become the first Regional cards specialist

We are leveraging our global capabilities become a regional specialist within the North East.

THREE TYPES OF BUSINESS MODELS IN U.S

Referred

- 1 or 2 products
- No Risk
- Low Returns



Regionals

Credit Cards % of total assets $\leq 2\%$

- Limited products
- Fair Return
- Focused on customer base.



Specialist

Credit Cards % of total assets $>20\%$

- Broader range of products
- Excellent Returns
- Risk and Analytics capabilities



2010



2013



*Sovereign – Credit Cards % of total assets 0.4%

We have delivered on the following milestones

Credit Card Project

Delivering on these milestones has helped us become a Regional Specialist

- 1 June 2011 - Bought existing Portfolio from FIA Card Services ✓
- 2 Feb 2013 - Launched our internal platform in the U.S. ✓
- 3 May 2013 - Migrated the Portfolio from FIA Card Services ✓
- 4 TBD – Gaps and remaining functionality still need to be developed ✓

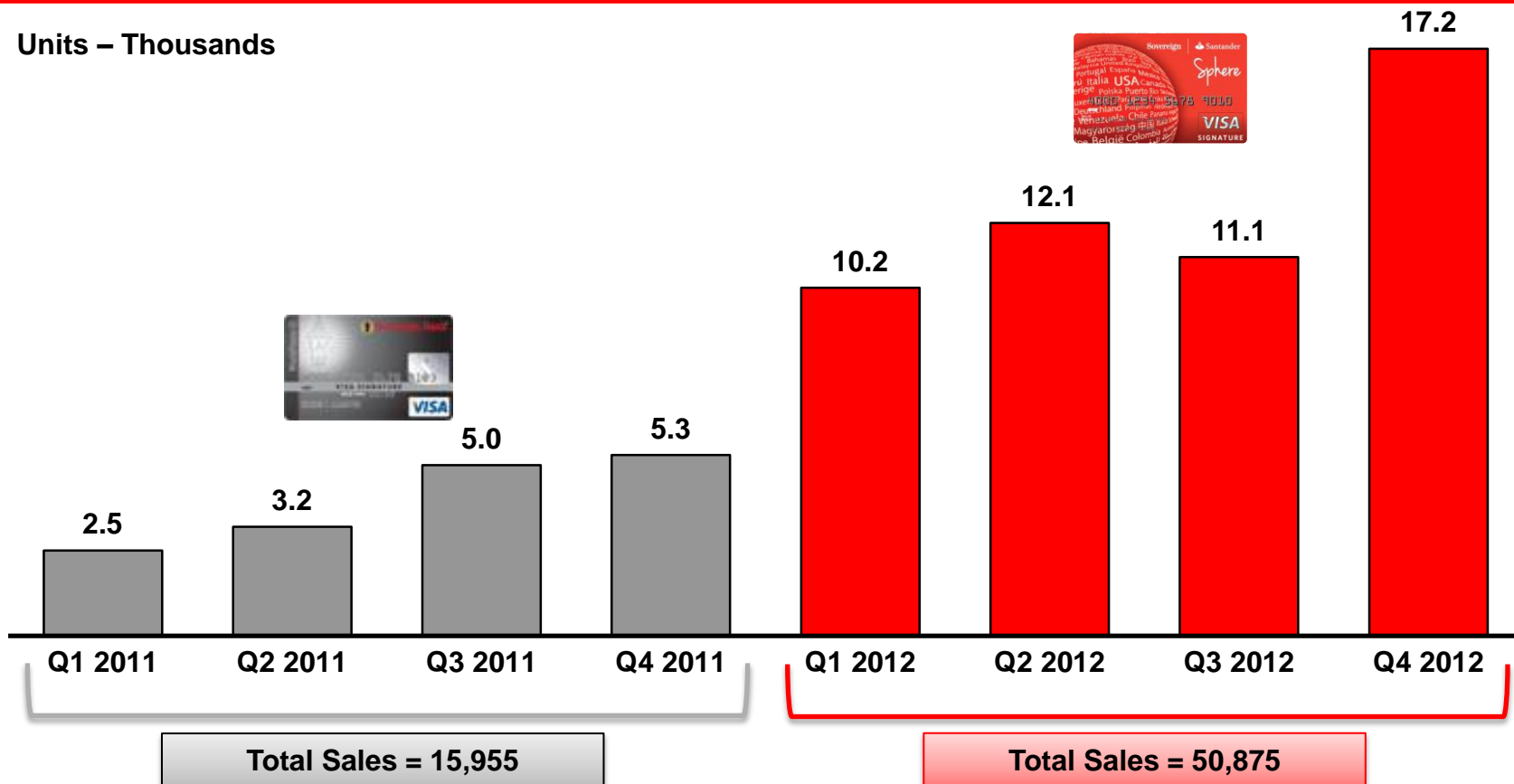
WE STILL BUILDING OUT OUR INFRASTRUCTURE TO BECOME A REGIONAL SPECIALIST - INVESTMENT IS STILL REQUIRED TO CLOSE REMAINING GAPS

We have gained positive sales momentum

With the launch of Sphere in January 2012 we achieved a substantial shift in sales momentum

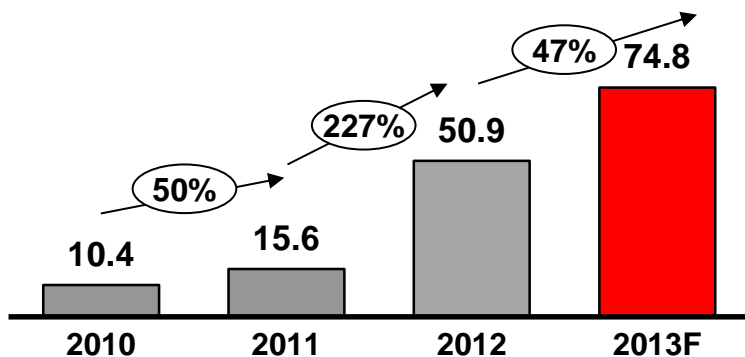
POSITIVE SALES MOMENTUM

Units – Thousands

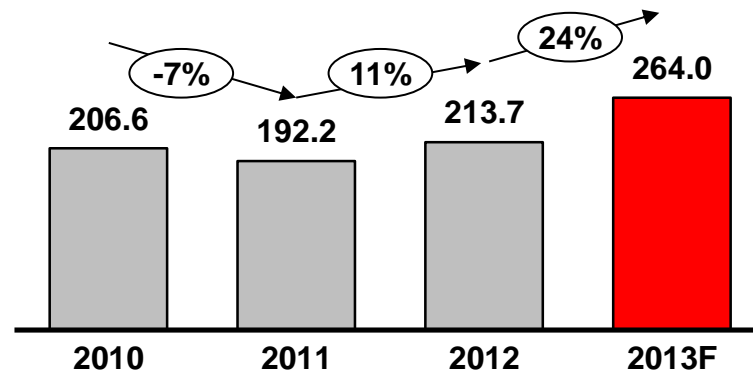


We have successfully grown the portfolio

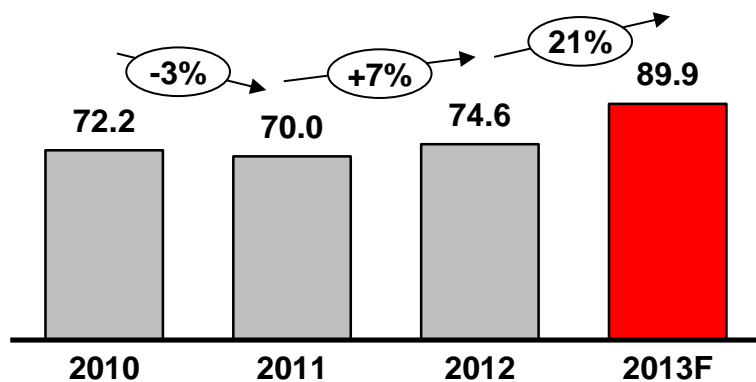
New accounts (K)



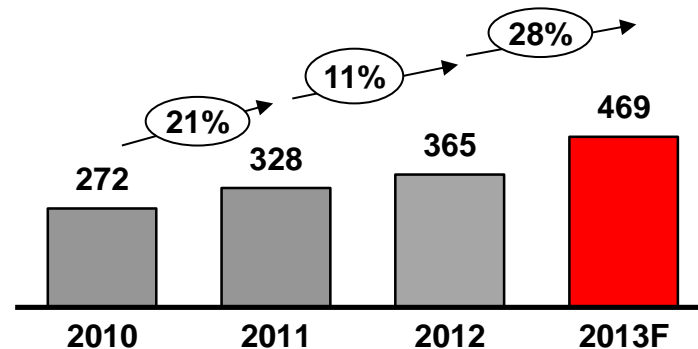
Outstandings (\$M)



Balance Actives (K)



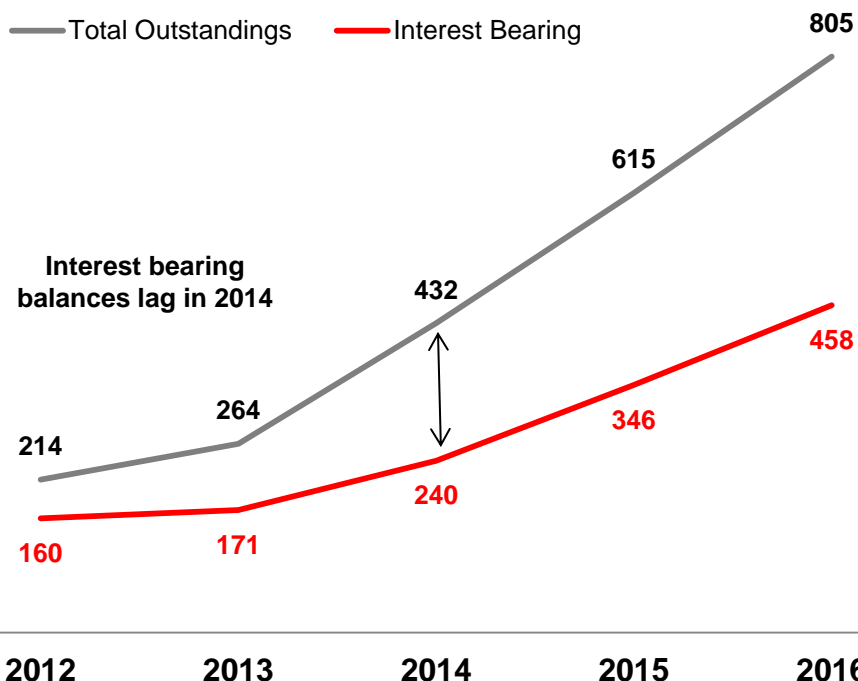
Spend (\$M)



Challenge – Interest bearing balance growth vs. total outstandings

Interest bearing balances do not grow at the same rate as outstandings - issue compounded as you accelerate new acquisition.

BAU Balance Growth*

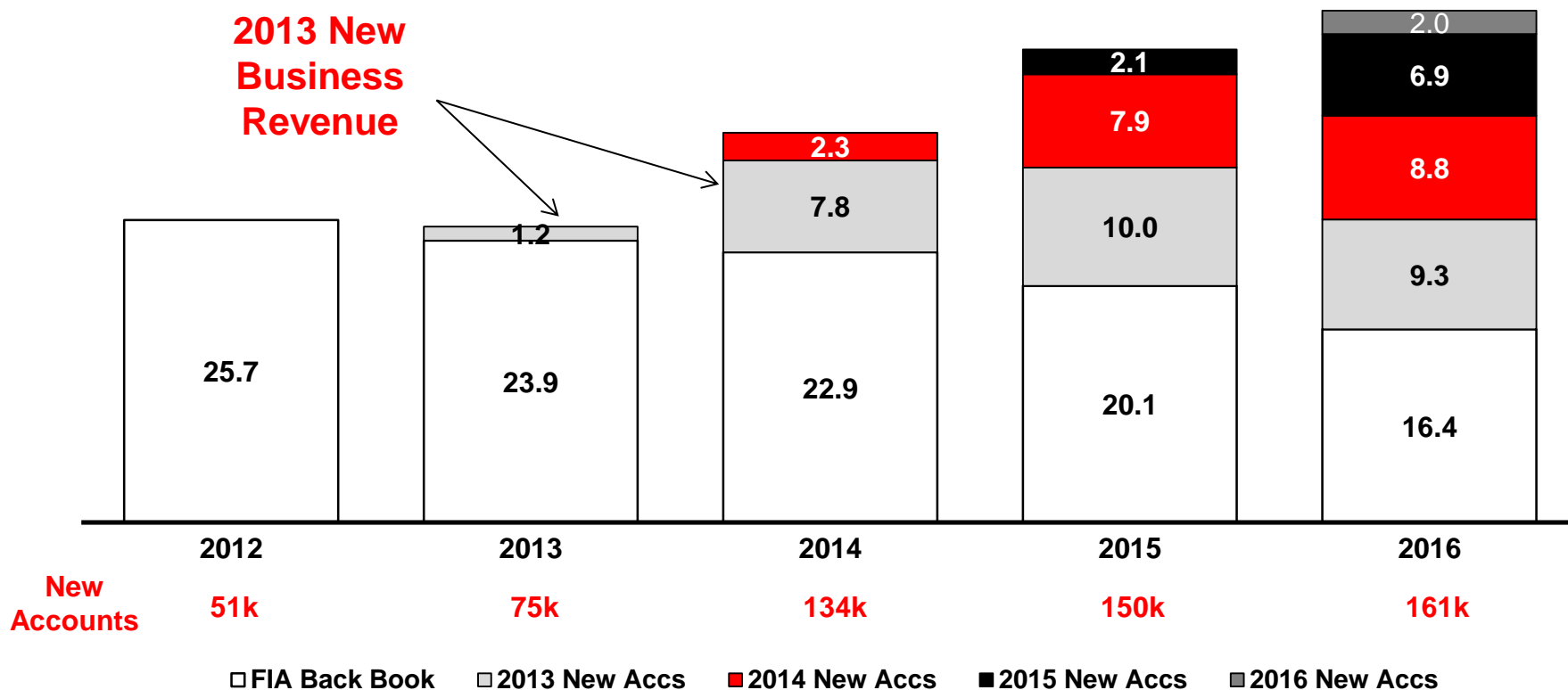


Interest Bearing Balances

- Significant lag in interest bearing balances due to new acquisition:
 - Balance Transfer and Purchase Promotions
 - Accounts need time to mature (vintage effect)
- Revolve rate drops from 75% in 2012 to 64% in 2013 as a result

Credit Cards have a challenge with “front end” strain

75k new customers recruited in 2013 only contribute \$1.2m in revenue in 2013, however they contribute nearly \$10m by 2015



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Summary of Credit Card Growth Plan - 2014 to 2016

Credit Card BAU for 2016 is \$43MM, our growth initiatives plan on increasing revenues to \$92MM

Initiatives

Product for Every Segment

- Differentiated blockbuster products
- Expand risk and targeting capabilities for population expansion

Channel Enablement

- Embed cards in the core bank proposition
- Use credit cards to bring new customers to the Bank
- Targeted acquisition leveraging data
- Build non-branch channel capabilities and scale

Improving Customer Value

- Increasing account activation
- Balance transfer & credit line optimization

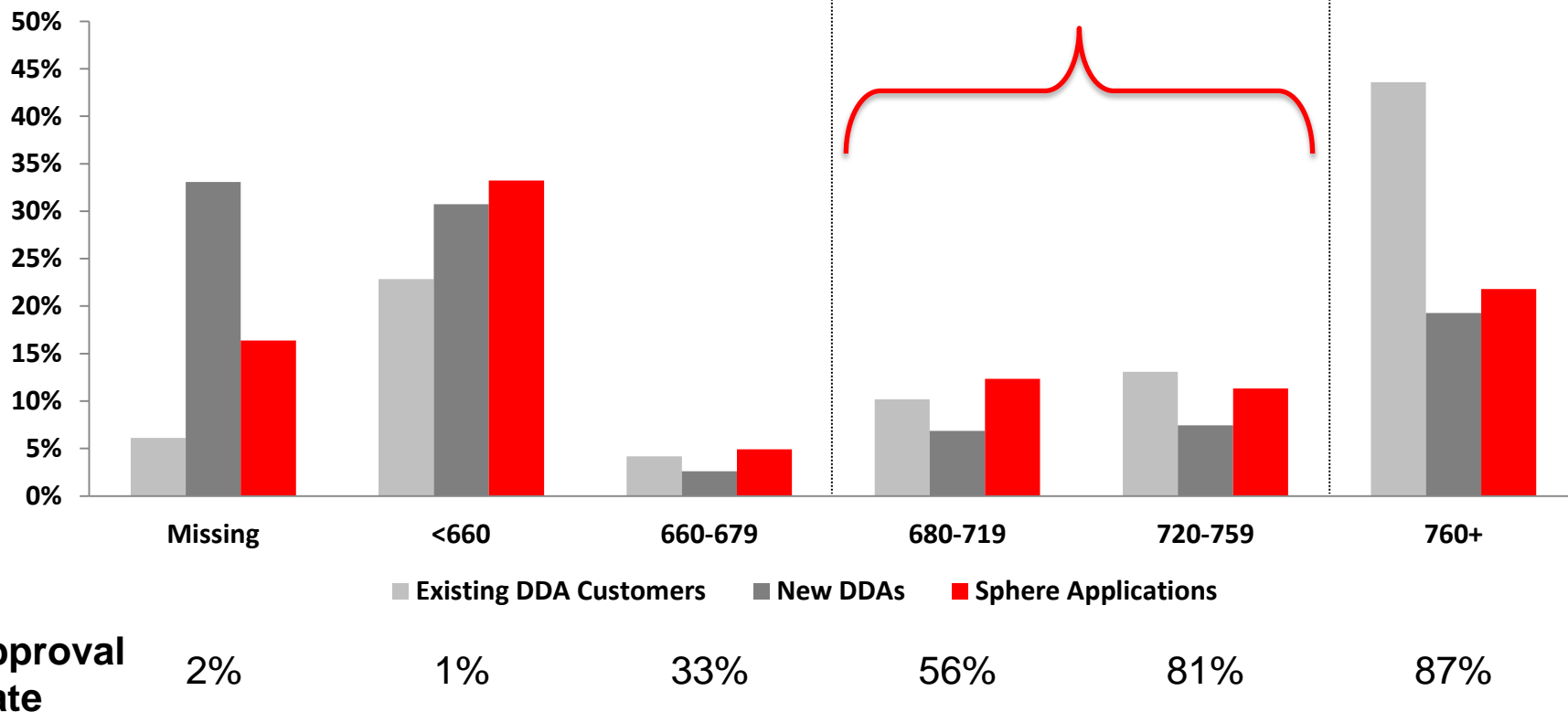
We need a complete product set to serve our diverse customer base

New to Bank is even more heavily skewed towards Student, Immigrants and Building Credit

Need New Products & Risk Capabilities

Currently Sphere can only address these customers

Need New Products



Credit Card Product Road Map

2014 Launch Month
Revenue through 2016

Consumer Credit Cards

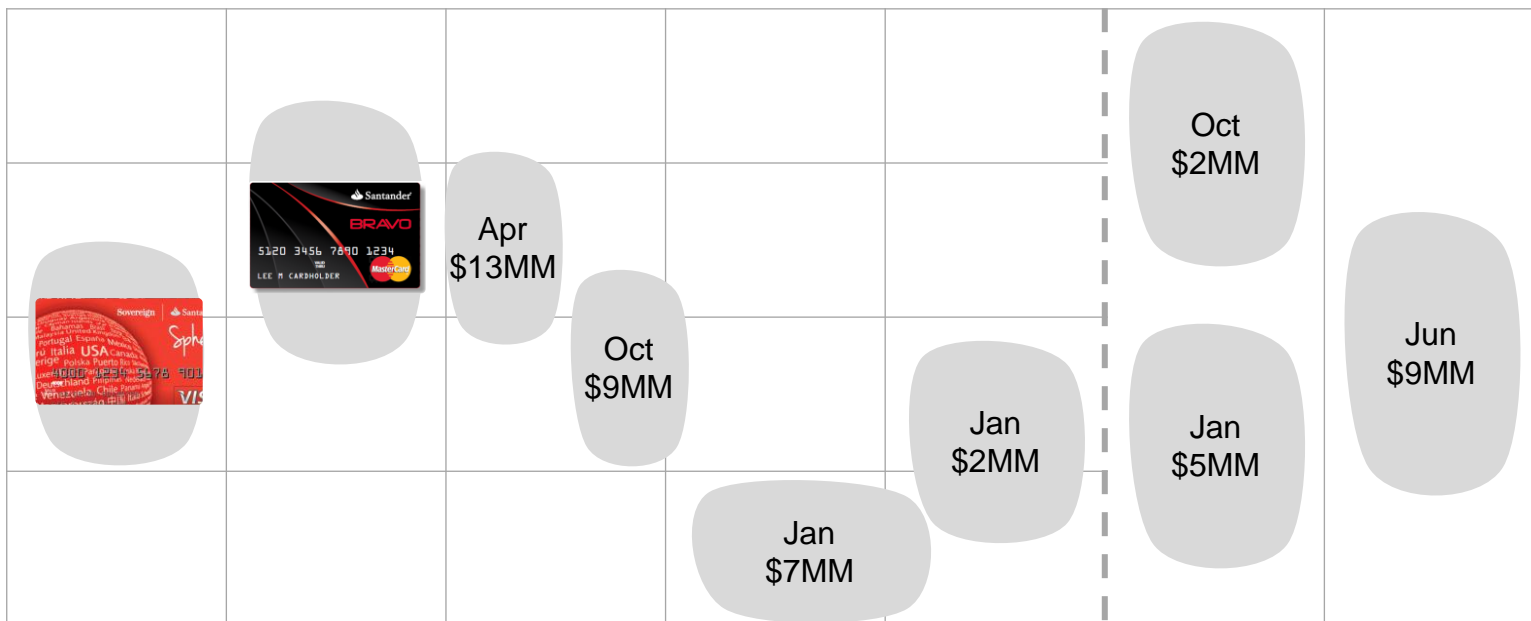
Business Cards

Affluent

Mass
Affluent

Mass
Market

Lower
Mass
Market



Basic
Rewards



High
Rewards



Borrower



Building
Credit

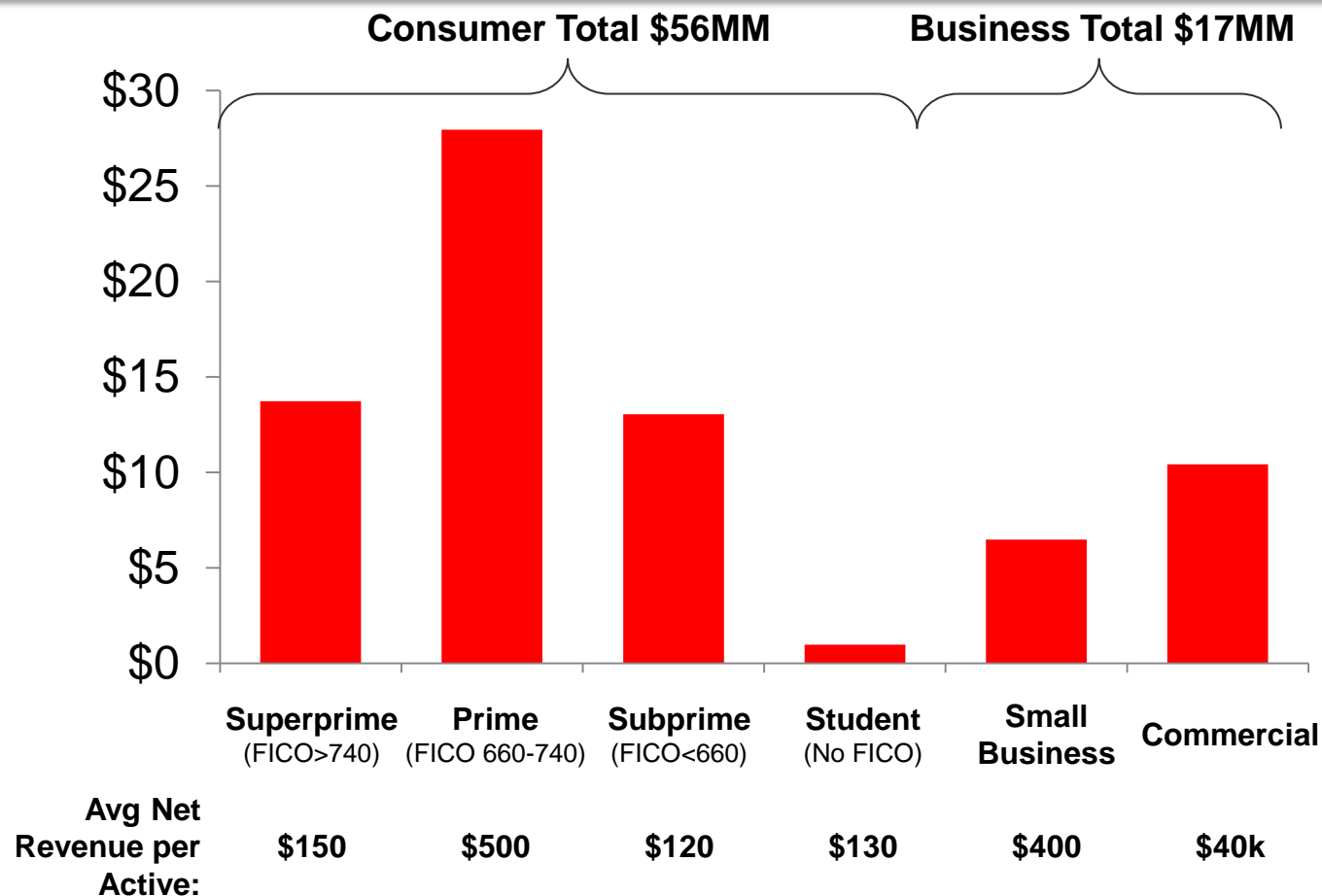
Students

Small
Business

Commercial

Existing Sovereign Customer Base Revenue Opportunity

If we achieved **30% share** of our customer's wallet then cards would produce **\$73MM Revenues**



New Products : Credit Card Product Road Map

Our new credit card products will expand our coverage and allow us to further penetrate our customer base from 2013 to 2016

Objective		Launch Date	2016 Accounts	Cumulative Revenue 2013-16
Low APR	Low rate card for Prime customers who revolve	Apr 2014	86k	\$13MM
Low Fees	No fee card for fee sensitive Prime customers	Oct 2014	57k	\$9MM
Secured Card	Secured card for any customer with deposits that needs to build credit	Jan 2014	61k	\$7MM
Student	Card targeted at students and supported by expanded risk data	Jan 2014	17k	\$2MM
Small Business	Fill key gap with a competitive card ASAP	Jan 2014	22k	\$5MM
Small Business High Rewards	Increased rewards and expanded capabilities to attract higher revenue businesses	Oct 2014	8k	\$2MM
Commercial	Fill key gap with a competitive program ASAP	June 2014	150	\$9MM



3X POINTS. BRAVO.



MORE POINTS, MORE OPTIONS,
MORE YOURS.

3X

3 POINTS FOR EVERY
DOLLAR SPENT ON
GAS, GROCERIES AND
RESTAURANTS,
AND 1 POINT ON
EVERYTHING ELSE.

\$

YOU CAN REDEEM
POINTS ANYTIME FOR
TRAVEL, CASH BACK
OR GIFT CARDS.



STAY ENROLLED TO
EARN TRIPLE REWARDS,
AND POINTS DON'T
EXPIRE.

Launching on August 7th

- Designed to meet Mass Affluent segment's needs
- Purchase intention 50% higher than Sphere
- 49 dollars annual fee waived if customer has a select checking account

Bravo is the best reward card in USA

Type	Card	Groceries	Gas	Restaurants	\$ Annual Fee
Annual Fee Cards		3	3	3	\$49
		1	1	2	\$95
		1	1	1	\$125
		2	2	2	\$59
		6	3	1	\$75
No Annual Fee		2	3	1	\$0
		5x Rotating			\$0
		1	1	1	

Non-Select customers

Bravo is the most rewarding card in everyday categories with the lowest annual fee

Embedding Bravo in the Select Proposition (no fee)

Summary of Credit Card Growth Plan - 2014 to 2016

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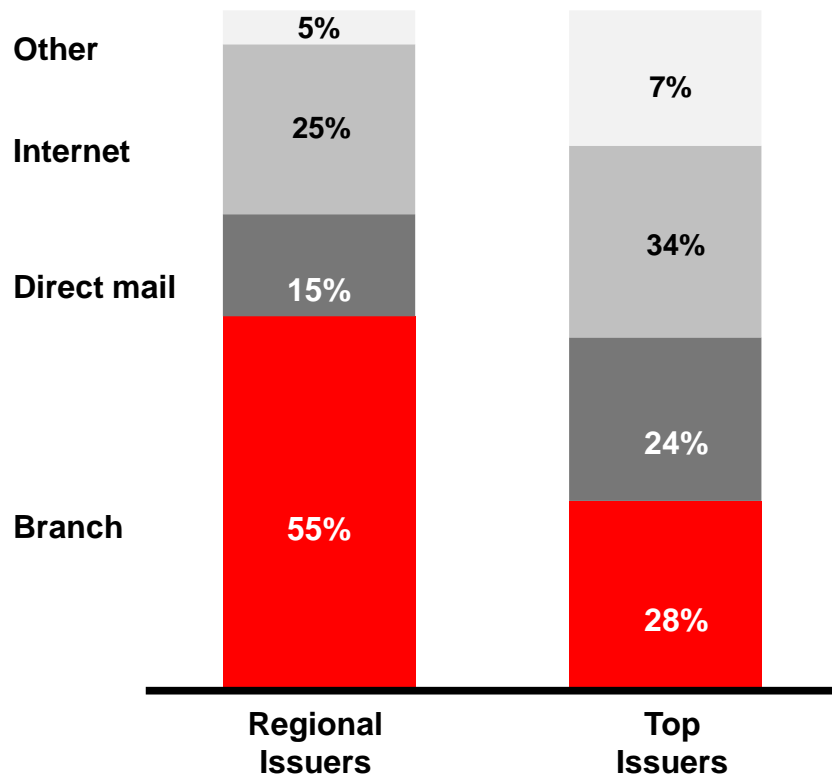
Improving Customer Value

- Increasing account activation
- Balance transfer & credit line optimization

We need to invest in all Channels to interact with our customers

U.S Market - Issuers shifting toward online acquisition focus...

Credit cards issued by channel
Percent of new issuances

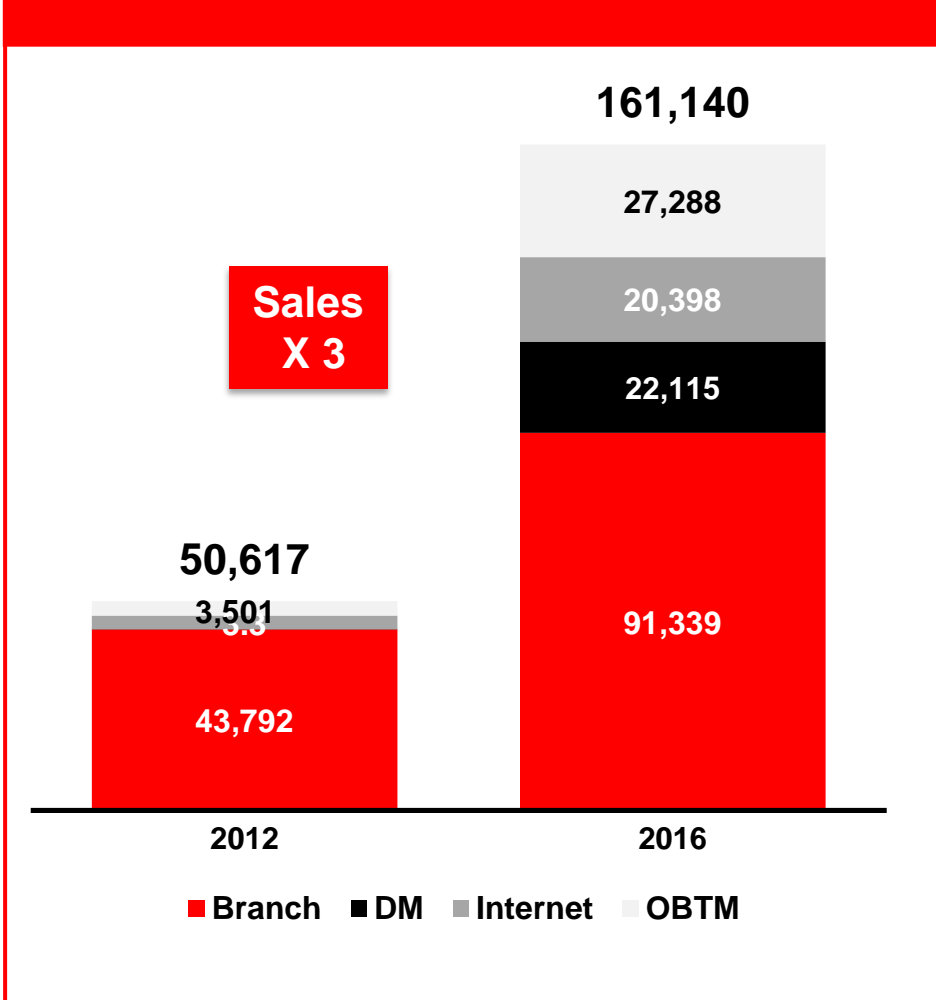


Key Facts

- Top 6 Issuers dropped down over 3Bn pieces of direct mail in 2012
- Every US household receives 3 mailings per month for a credit card
- Our best customers receives 100 credit card offers a year

We are going to have a multichannel approach

Sovereign Sales Distribution Plan



Today

- Only 50% of our customers visit our branch in a regular basis.
- Branches is the only scalable channel today.
- In order to capture all the opportunity we need to have all channels scalable.

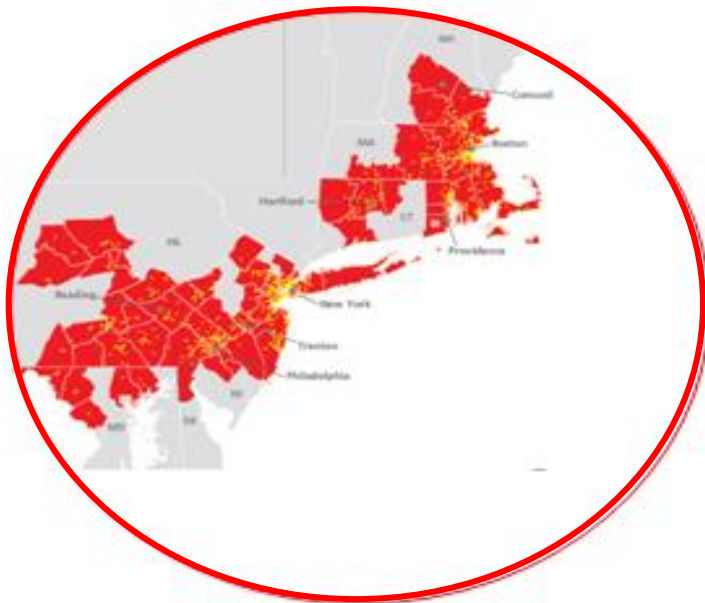
By 2016

- Double Branch Volume
- Increase other channels by 1100%

We want to expand our opportunity without increasing the risk

Credit Card Lead product to acquire new to bank customers- ~20k from 2014

Sovereign Footprint



78m Credit Cards in NE

Consumers with FICO > 700: 20 MM

Opportunity

- **Leverage Bravo to acquire new to bank mass affluent customers**
- **Focus on pre-screen to control risk and target mass affluent customers**
- **Credit card is a highly effective lead product for cross-sales**
- **A low cost channel to acquire new to bank customers (Avg CPA \$150)**

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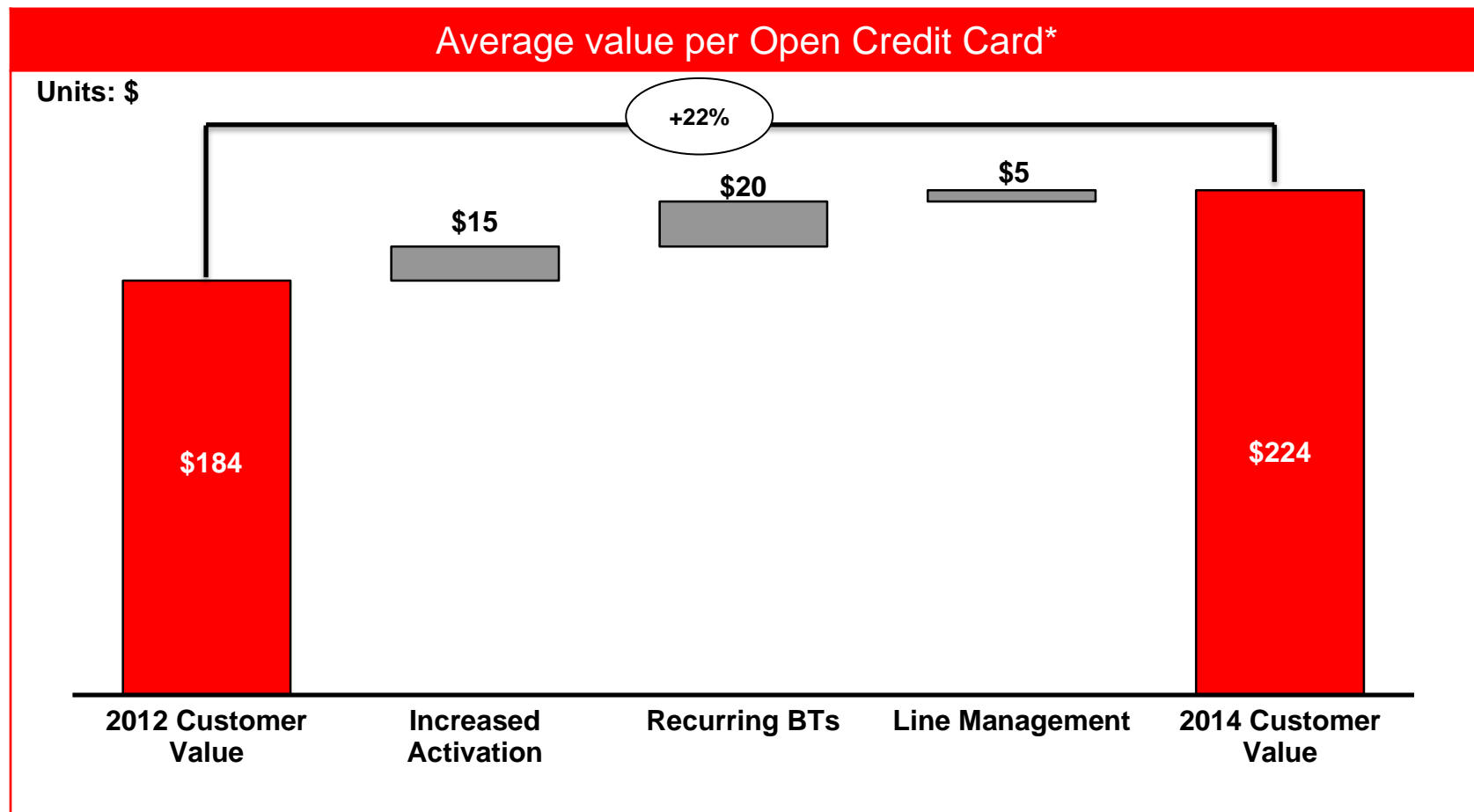
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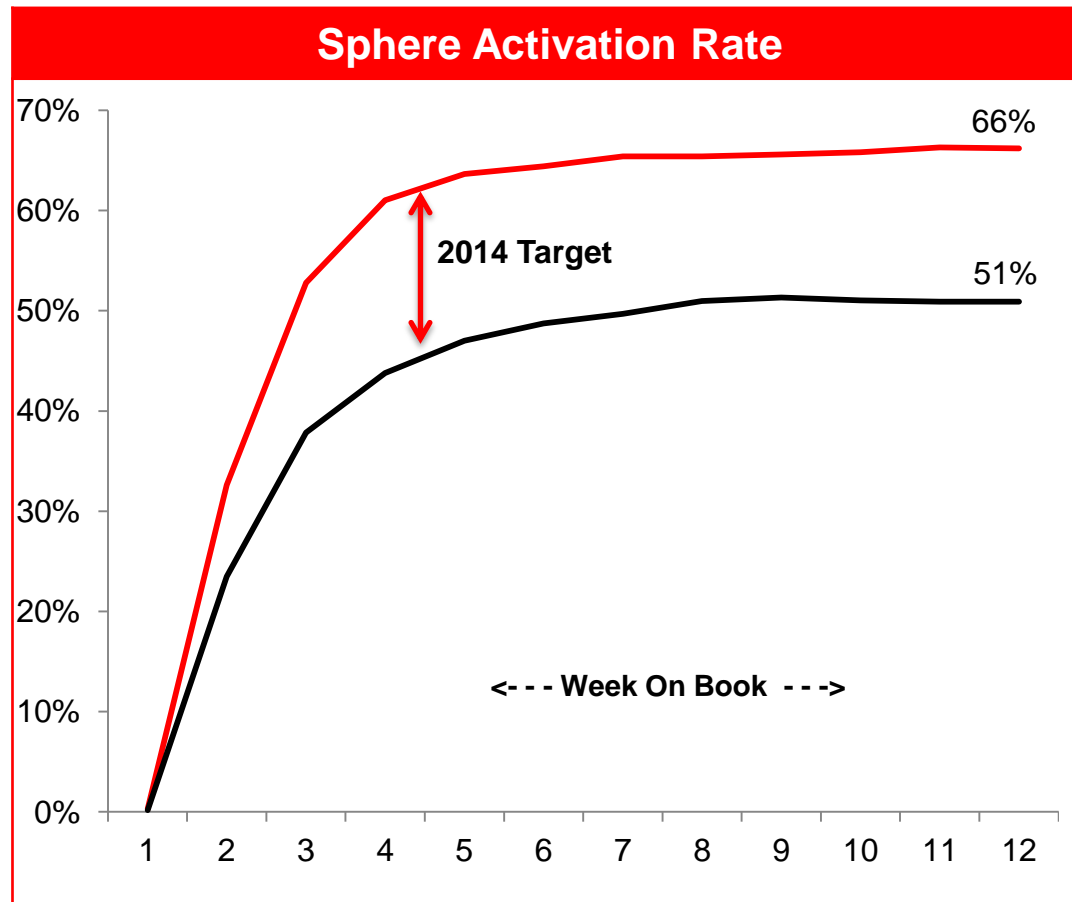
Active portfolio management will increase customer value 22% in 2014

Investing in Portfolio FTE is critical to deliver an incremental \$4MM in revenue growth in 2014 and \$20MM by 2016



Activation Rates need to improve to drive revenue

Account on-boarding is key, increasing customer activation will deliver \$1.5MM in revenue in 2014



Increasing Activation Rates

- Customer propensity to respond falls 50% every 7 days post acquisition*.
- We will increase activation through:
 - Behavioral driven early engagement campaigns
 - High contact frequency in the first 45 days
 - New channels – welcome call.

Strong recurring BT process will be key for fee growth

Balance transfers is the biggest x-sell opportunity to existing customers - recurring campaigns will deliver \$2MM in fees in 2014 and \$11MM cumulatively by 2016.

<i>Illustrative</i>		BT Fee Sensitivity	
		LOW	HIGH
BT Duration Sensitivity	HIGH	4% Fee 18 Months	2% Fee 18 Months
	LOW	4% Fee 6 Months	2% Fee 6 Months

**BT PRICE ELASTICITY MODEL – CRITICAL TO
MAXIMIZE VALUE**

Balance transfer strategy

- BT testing platform – quick to market with multiple BT fee and APR price points.
- High frequency contacts – 6 campaigns a year.
- Integrate campaigns across all channels
- Develop BT response models
- Develop account level price elasticity.
- Improve BT yield

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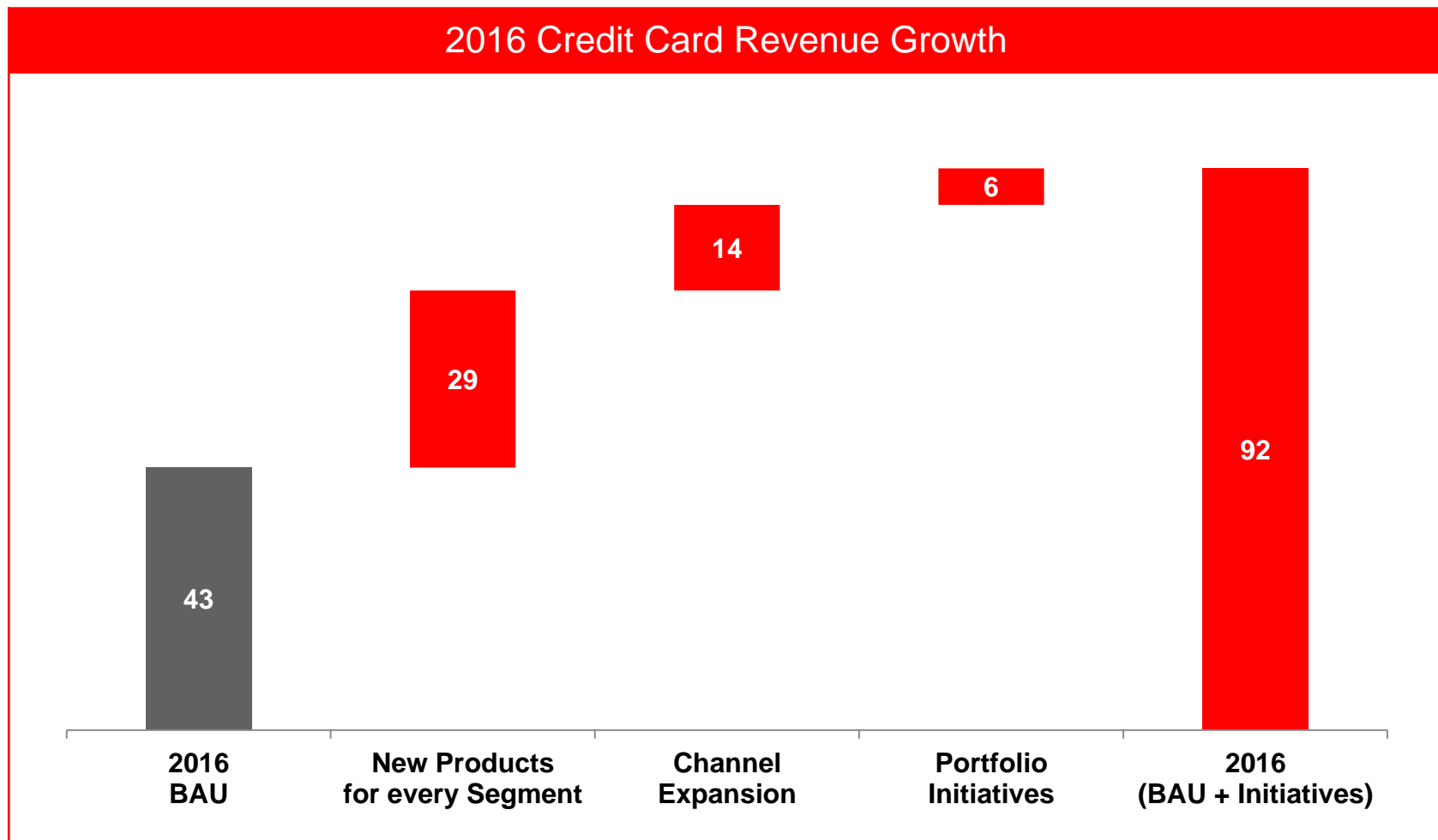
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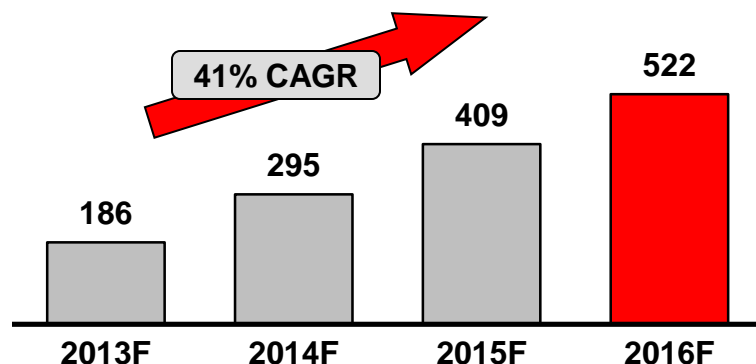
2016 Credit Card Revenue

113% growth in credit card revenue in 2016 from key initiatives

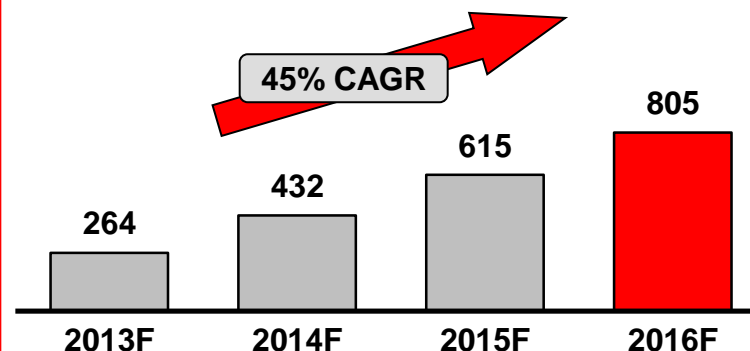


Business Plan - Financials

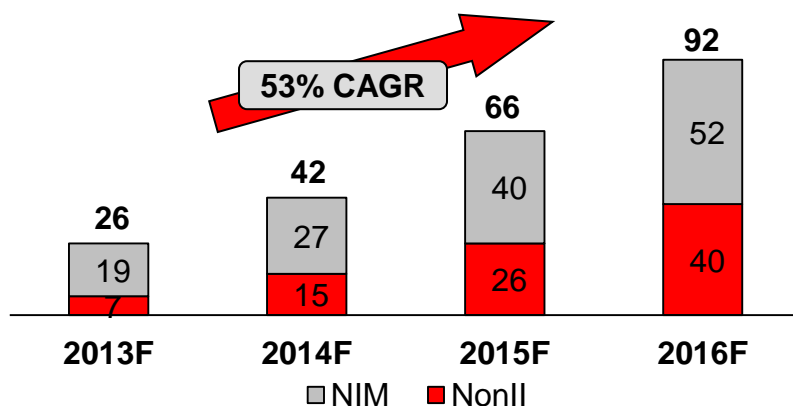
TOTAL ACCOUNTS-EOP (K)



OUTSTANDINGS-EOP (\$M)



REVENUES (\$M)



COMMENTS

- The Credit Card business will deliver \$805MM in outstandings and \$92MM in revenues by 2016.
- Figures include impact of all initiatives.

Business Plan – Credit Cards Revenues

Credit Cards (Local)	2012	2013	2014	2015	2016	% CAGR	% CAGR
	\$MM	\$MM	\$MM	\$MM	\$MM	2013-2014	2014-2016
Net Interest Income	19	19	27	40	52	44%	38%
Interchange	7	9	19	38	63	120%	81%
Late Fee	2	2	2	3	4	35%	32%
Annual Fee	0	0	1	3	4	1322%	77%
Cash & BT Fees	2	1	4	6	8	335%	39%
Other Fees	1	1	2	3	3	181%	24%
Non Interest Income	11	12	29	52	82	137%	68%
Contra Revenue	(3)	(6)	(14)	(27)	(42)	152%	72%
Net Revenue	8	7	15	26	40	125%	64%
Total Net Operating Revenue	26	26	42	66	92	65%	48%

Investment Summary

Initiative Name	Description		2014	2015	2016
Product for Every Customer	Launch 9 additional products by 2014 with expanded risk and servicing capabilities	# FTE	9	-	-
		IT	\$1.7MM	-	-
		Marketing	\$5.5MM	-	-
Channel Expansion	Build non-branch channel capabilities and scale	# FTE	7	4	2
		IT	\$3.0MM	\$5.5MM	-
		Marketing	\$3.0MM	\$5.0MM	\$10.0MM
Increasing Customer Value	Drive increased activation and balances	# FTE	6	4	3
		IT	\$4.0MM	-	-
		Marketing	\$1.0MM	\$3.0MM	\$5.0MM

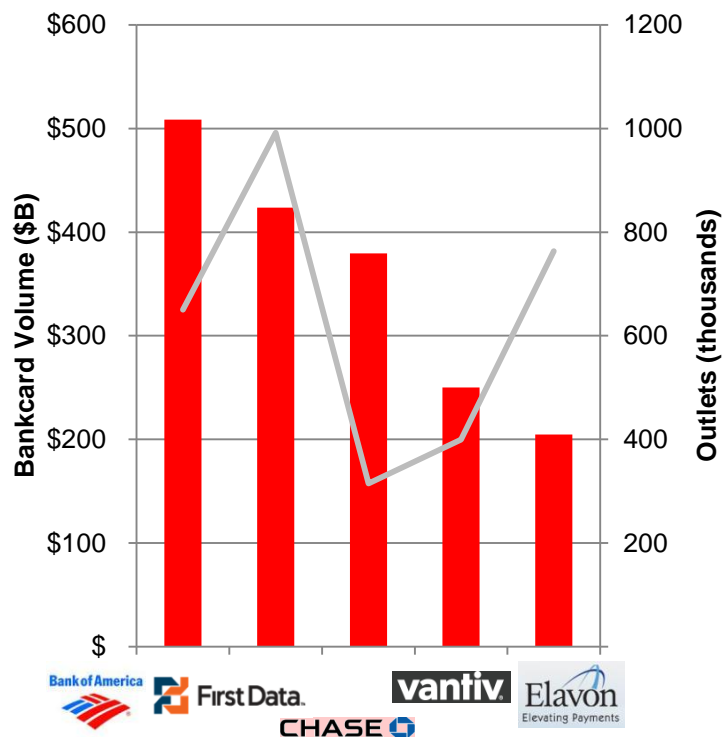


Merchant Services

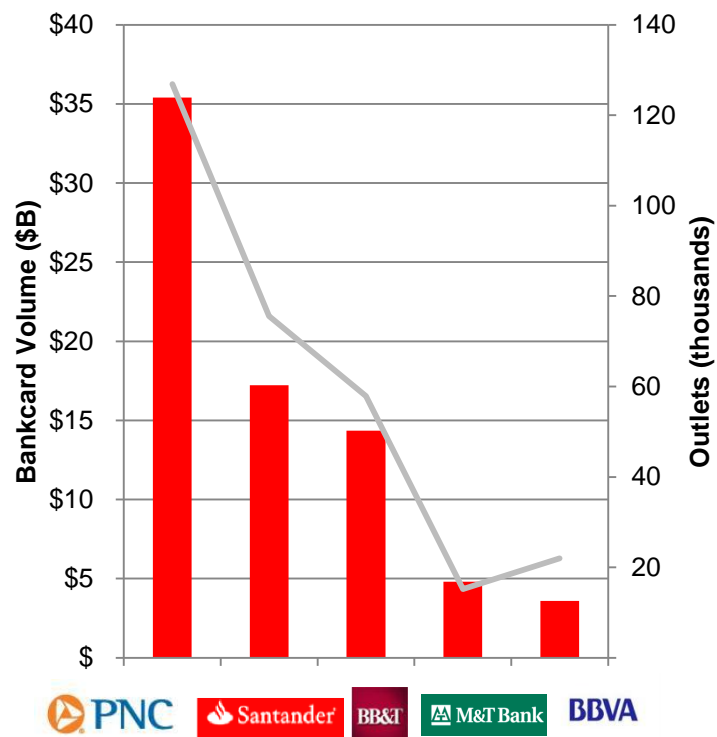
Boston

Santander Merchant Services 21st largest US acquirer (24th)

Bankcard Volume of Largest 5 Merchant Acquirers (\$B)



Bankcard Volume of Regional Merchant Acquirers (\$B)

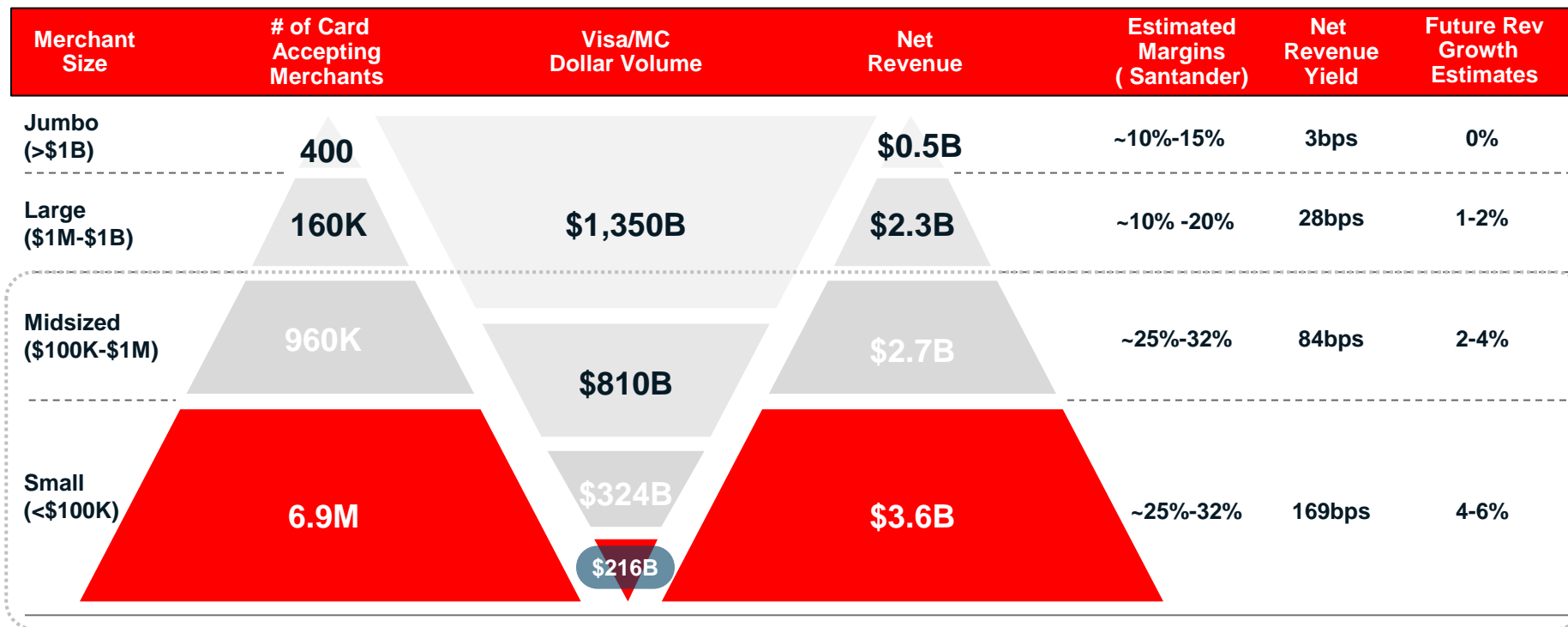


Santander US Volume grew by 16% over the past year, closing 2012 at \$17B

All Regionals grew over 10% YOY 2011

Small and Medium businesses continues to be the target for merchant services

SMB represents only 50% of the total bank card volume but 75% of the Industry revenues



Numerous disruptive competitors like Square, PayPal and others have taken note of the SMB opportunity, launching products and business models that are changing service paradigms.

The Merchant Business Today....

There has been tremendous disruption in the micro merchant world, and new technology companies are moving into the Small Business Space



Small Business want simple pricing

Products Innovation

2012 we launched Pogo aimed at the micro merchants and in 2013 we plan to launch Clover

Introducing Clover for our Small Medium Business



A Santander Branded Point of Service Solution

- **Fixed**-location and **mobile**
- **Plug and play**
- Simple flat fee pricing \$500 vs \$3000 plus
- Open to developers, **any developer can add and develop new apps tailored for the business**

- ❑ The leading product to acquire new small business customers
- ❑ Opportunity to integrate merchant acquiring into the overall small business value proposition

Business Plan – Merchant Revenues

Merchant (Local)	2012	2013	2014	2015	2016	% CAGR	% CAGR
	\$MM	\$MM	\$MM	\$MM	\$MM	2013-2014	2014-2016
Merchant Revenue	18	19	20	21	23	3%	7%



Debit Cards

Debit Card Initiatives

Payroll Prepaid Cards

- Launch a prepaid payroll product, which replaces payroll checks with cards, reducing costs for corporate clients and generating card revenues for the bank
- \$1MM revenue in 2014 and \$15MM fee revenues through 2016 if launched Q1 2014

Retail Prepaid Cards

- Launch a prepaid product on Partenon to offer customers declined for checking accounts in our branches
- \$1MM in 2015 and \$3MM in 2016 fee revenues if launched Q4 2014

Instant Issuance

- Install instant issuance machines in key branches to greatly improve customer experience at account opening and lost/stolen card replacement
- TD bank has them in all branches and Chase will also by EOY 2013, and both will be advertising heavily

EMV Cards

- Liability shift in 2015 will greatly reduce losses on EMV cards but fraud will concentrate heavily on any issuer with non-EMV cards still in market
- Build capability in 2014 and begin issuing cards with EMV chips by EOY 2014

Rewards Platform

- Flip the model to a new solution will save \$1MM per year in contra-revenue and provide improved customer value

Debit Card Strategy

Driving Debit Cards revenue is about driving high number of transactions by:

Attracting the Right Customers

- Student debit card penetration is 91%
- Student Cards have 76% activity rate vs <50% on others

Driving Engagement

Incenting Use

- Merchant partner rewards
- Rewards and spending incentive campaigns
- Checking account fee waivers

Functionality

- Instant Issuance
- Education on where cards can be used
- Online & Mobile banking
- P2P Payments
- Bill Payments

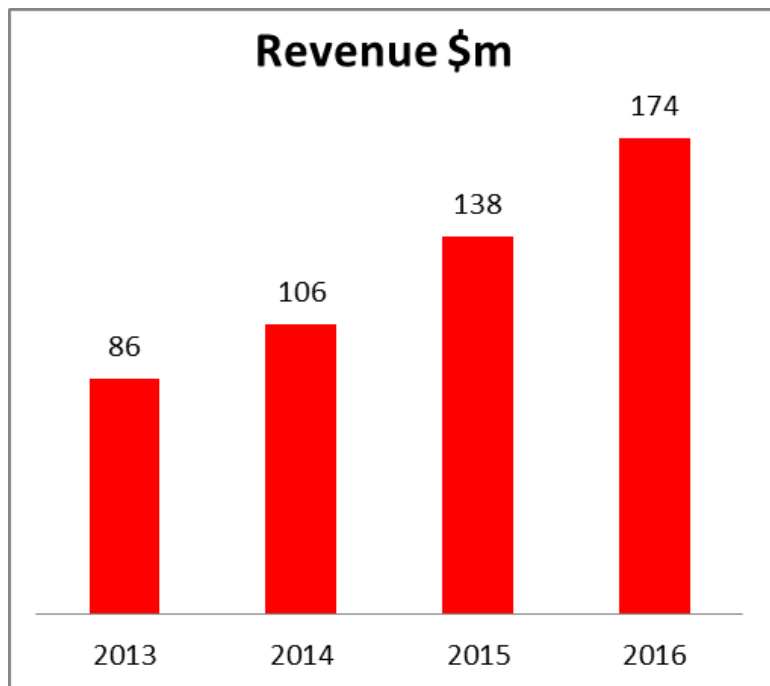
Business Plan – Debit Cards Revenues

Debit Cards (Local)	2012	2013	2014	2015	2016	% CAGR	% CAGR
	\$MM	\$MM	\$MM	\$MM	\$MM	2013-2014	2014-2016
Gross Revenue	55	56	58	66	75	4%	14%
Contra Revenue	(13)	(14)	(14)	(15)	(16)	(3)%	8%
Net Revenue	42	42	44	51	59	7%	15%



Cards Business - Conclusions

Card Business Doubling in Size in 3 Years



Cards Business	2013	2014	2015	2016
Credit Cards	25	42	66	92
Debit Cards	42	44	51	59
Merchant	19	20	21	23
Total	86	106	138	174

- Cards revenue grows from \$86m to \$174m, doubling over the next 3 years
- Credit cards grows over 250% from \$25m to \$92m
- Strategically credit cards can be a driver of new to bank customers within our targeted segments
- For credit cards on going investment is needed to support product roll out, channel expansion and leveraging data to improve decision making

Business Plan – Consolidated Cards Revenues

Cards Consolidated (Local)	2012	2013	2014	2015	2016	% CAGR	% CAGR
	\$MM	\$MM	\$MM	\$MM	\$MM	2013-2014	2014-2016
Net Interest Income	19	19	27	40	52	44%	38%
Non Interest Income	84	87	107	138	179	22%	29%
Contra Revenue	(16)	(20)	(28)	(41)	(57)	41%	43%
Net Revenue	68	67	79	97	122	17%	24%
Total Net Operating Revenue	86	86	106	138	173	23%	28%

APPENDIX SLIDES (1)

IT – 1 of 3

Project Name	Business Driver	Description	Delivery Date	Estimated Cost*
Low APR Card	New Products	New parameters	Apr 2014	\$100k
Low Fee Card	New Products	New parameters	Oct 2014	\$100k
Secured Card	New Products	New parameters, pass data to Cards Risk on deposits held	Jan 2014	\$200k
Student Card	New Products	New parameters, add to bureau fields received	Jan 2014	\$200k
Small Business Card #1	New Products	New parameters, add to bureau fields received, new fields in SPP, new screens in online banking	Jan 2014	\$300k
Small Business Card #2	New Products	New parameters	Oct 2014	\$100k
Commercial Card	New Products	Support 3 rd party vendor data sharing and BDP updates, enable single-signon	June 2014	\$200k
Payroll Prepaid Card	New Products	Support 3 rd party vendor data sharing and BDP updates	Jan 2014	\$200k
Retail Prepaid Card	New Products	New checking account parameters, suppress checkbooks & 3 rd party checks, suppress ACH-out, suppress Bill Pay	Oct 2014	\$300k

* Business estimate

IT – 2 of 3

Project Name	Business Driver	Description	Delivery Date	Estimated Cost*
EMV	Reduce Costs	Develop EMV capabilities for debit and credit cards	Q4 2014	\$500k
Instant Issuance	Acquisition, Retention	Develop interface with 3 rd party machines to create new cards in branches. Enable delivery of customer PIN by digital channels.	Q4 2014	\$500k
Rewards Platform	Revenue Growth	Replace Affinity with a new revenue only platform	Q4 2014	\$500k
Prospect Database	Acquisition	CRM functionality in order to add prospects in to BdP in order to do acquisition campaigns.	Q1 2014	\$1MM
Batch Processing	Acquisition	Functionality to automatically load application data from channels to SPP in a straight through process.	Q4 2013	\$500k
Internet Targeting Capabilities	Acquisition	Ability to display personalized offers when customer logs in the private site.	Q2 2014	\$800k
Internet Instant Decisioning	Acquisition	Integration of internet sales with SPP in order to response to the customer real time.	Q1 2015	\$2.5MM
Internet App Fraud Capabilities	Acquisition	Enabling the Fraud systems to interact real time with SPP and the risk systems.	Q2 2014	\$200k

* Business estimate

IT – 3 of 3

Project Name	Business Driver	Description	Delivery Date	Estimated Cost*
Streamline Branch Application	Acquisition	Reduce application time by 50%.	2015	\$3MM
TRIAD phase 2	Portfolio	Implement additional decision areas including collections and marketing optimization	2014	\$2MM
Fraud Virtual Agent	Portfolio	Enable efficient management of suspected fraud cases with alerts, card blocking, and an outbound dialer	2014	\$500k
Multiple BTs	Portfolio	Enable customers to complete BTs from multiple cards in one request	Q2 2014	\$500k

* Business estimate

People

Division	Function	Area to Support	Number of FTEs	Timeline for Hiring			Estimated Cost
				2014	2015	2016	
Cards	Products	Products	+4	4	-	-	\$TBD
Cards	Acquisitions	Acquisitions	+3	2	1	-	\$TBD
Cards	Portfolio	Portfolio Mgmt	+4	2	1	1	\$TBD
Cards	Analytics	Analytics	+8	4	2	2	\$TBD
Cards	Risk	Risk	+8	5	2	1	\$TBD
Cards	Underwriters	Risk	+8	5	2	1	\$TBD

Marketing – 1 of 2

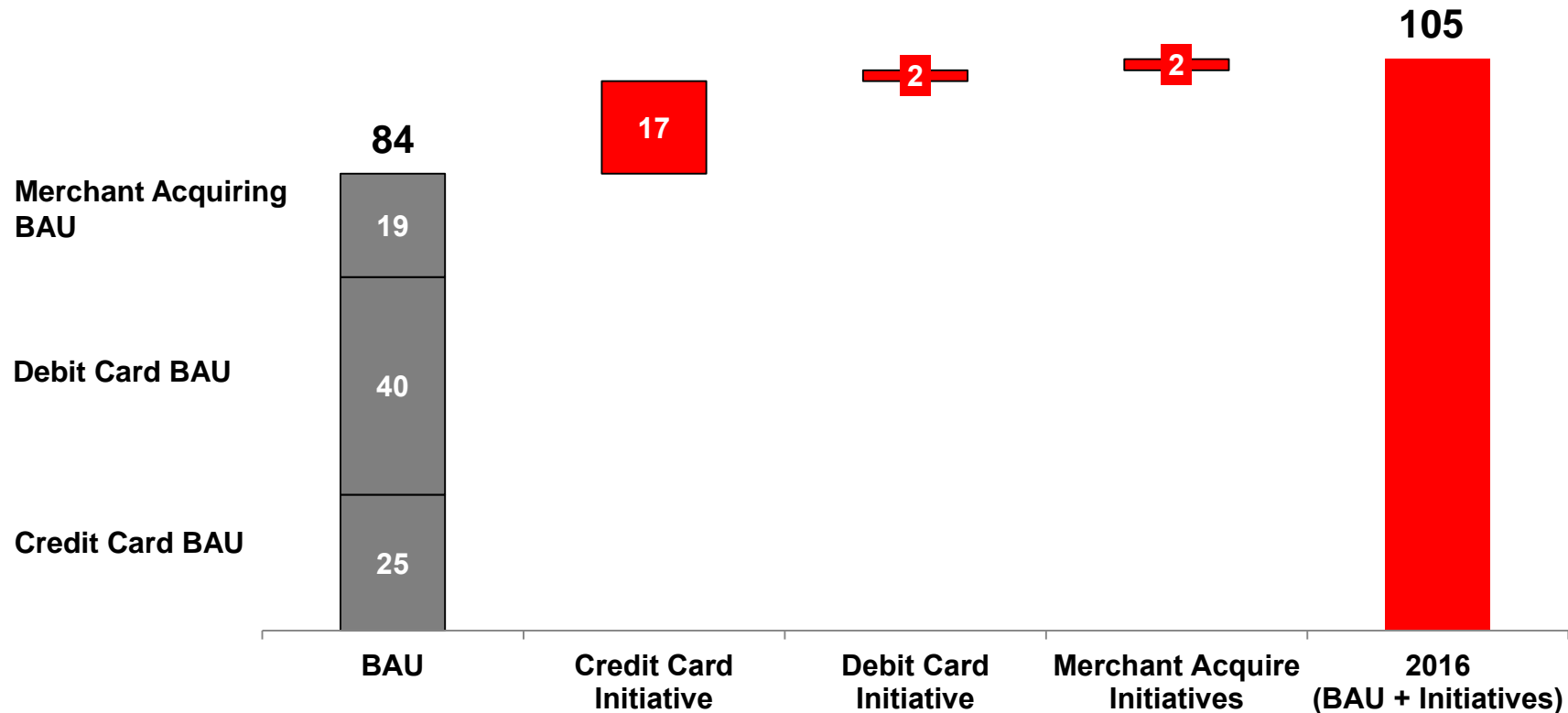
Project Name	Marketing Initiative	Description	Cost	Yearly Marketing Requirements (\$)		
				2014	2015	2016
Low APR Card	Launch Product	Developing new collaterals and launch campaign	\$500k	\$500k		
Low Fee Card	Launch Product	Developing new collaterals and launch campaign	\$500k	\$500k		
Secured Card	Launch Product	Customer research, developing new collaterals and launch campaign	\$900k	\$900k		
Student Card	Launch Product	Customer research, developing new collaterals and launch campaign	\$900k	\$900k		
Small Business Card #1	Launch Product	Customer research, developing new collaterals and launch campaign	\$900k	\$900k		
Small Business Card #2	Launch Product	Developing new collaterals and launch campaign	\$500k	\$500k		
Commercial Card	Launch Product	Developing new collaterals	\$300k	\$300k		
Payroll Prepaid Card	Launch Product	Developing new collaterals and launch campaign	\$500k	\$500k		
Retail Prepaid Card	Launch Product	Developing new collaterals and launch campaign	\$500k	\$500k		

Marketing – 2 of 2

Project Name	Marketing Initiative	Description	Cost	Yearly Marketing Requirements (\$)		
				2014	2015	2016
Channel Expansion	Direct Mail / Internet/Targeting	Marketing funds for targeted acquisition campaigns	\$18MM	\$3MM	\$5MM	\$10MM
Portfolio Campaigns	Activation, Usage	Marketing funds for activation, BT, usage campaigns	\$9MM	\$1MM	\$3MM	\$5MM

APPENDIX SLIDES (2)

2014 Revenue Growth




Last 12 months have seen a significant amount of innovation in Cards


Supported by ad campaign

American Express

Blue Sky Preferred




Zync




D

Receipt management integrate to expense programs


Revolution



Lowe's Bus. Rewards




Hilton Surpass




Chase


Sapphire




Ink




Freedom




Slate



"Blueprint"




Ultimate Rewards



Bank of America


Basic




A

Design based on customer input and behavior-based models

Add It Up



SafePass




B


Spending control tools offered to customers

Citi Cards


Citi Forward




Thank You Prestige




Thank You Premier




Thank You Preferred



Citi Stars




2G




Capital One


Venture




No Hassle Miles




No Hassle Miles




Spark



Card Lab Connect




Card Lab Connect




Discover

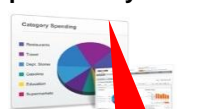
Bio-degradable card




Zip



Spend Analyzer



Discover Mobile



C

New PFM applications developed for cardholders

1 Excludes direct mailing, online search / text ads, sponsorships, and building naming rights

2 Note: New product ad campaign spending calculated by summing campaign-specific spending by channel (e.g., Citi Forward spending on TV and print advertising)

Banks are starting to innovate

Card issuers are looking for ways to innovate within a highly saturated market.



Rewards Choice program

Pick 2 categories to be rewarded 5% cash back and 1 category with 2% every quarter



Responsible Payment Habit

Earn \$25 each quarter for paying more than the minimum on-time



5% Rotating categories

Earn 5% cash back in categories that rotate every quarter up to \$75
















































Blue print service control

Design a plan for how you want to pay for your purchases

Innovation varies about Rewards, Responsibility + Control

Competitive Landscape: Products

Versus competition we have a lot of gaps in our product portfolio that we need to address to maximize opportunity and significantly improve the penetration within the existing portfolio

	Consumer Credit Card					Business		Overall
	Higher Rewards	Basic Rewards	Pricing: APR and Fees	Students	Secured	Small	Corporate	
								
								
								
								
								
 Above Average  Average  Below Average  Launch in Progress								

Student

Strategy

- Develop product pricing and marketing to target our student customer base
- Expand our risk capabilities to address a broader number of Students
- Support Universities with a core relationship product

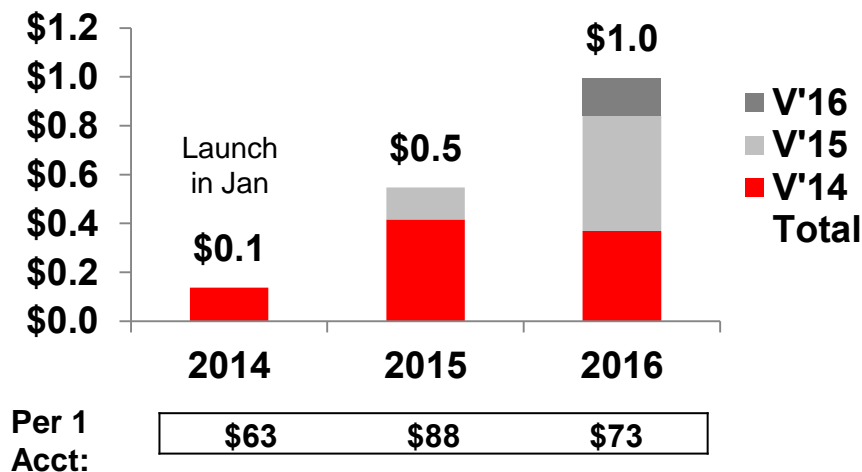
Resources

- IT needed to receive additional fields from our credit bureau
- Standard resources for building new product codes, collateral design and print, etc.

New Accounts Opportunity

	Existing	Annual New
Customers*	100k	49k
Credit Qualified**	25%	20%
Sales Penetration Goal	6%	27%
Accounts	1.6k	2.6k

Revenue Opportunity (\$MM)



* Age Oldest Trade < 3 Years

** Need expanded bureau data to achieve

Secured Card

Strategy

- Many subprime are able and willing to provide a security deposit in order to build credit and get the use of a credit card for hotels, online purchases, etc.
- This is especially powerful as a feature on all other credit card products and not just a stand-alone offering

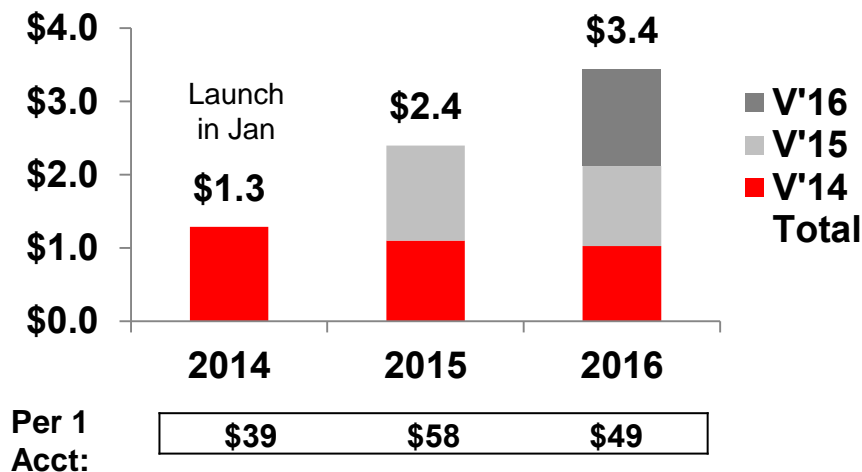
Resources

- IT needed to identify for Risk which deposit accounts have a deposit hold placed
- Standard resources for building new product codes, collateral design and print, etc.

New Accounts Opportunity

	Existing	Annual New
Customers*	470k	98k
Credit Qualified	100%	100%
Sales Penetration Goal	1%	6%
Accounts	3.3k	5.6k

Revenue Opportunity (\$MM)



* FICO < 660 or missing

Small Business Card

Strategy

- Small Business cards are highly profitable and a key bank relationship product
- It is possible to deliver a competitive product by combining our PCAS platform with management tools from MasterCard/Visa
- We have had a gap since the expiration of the Amex contract in March '13

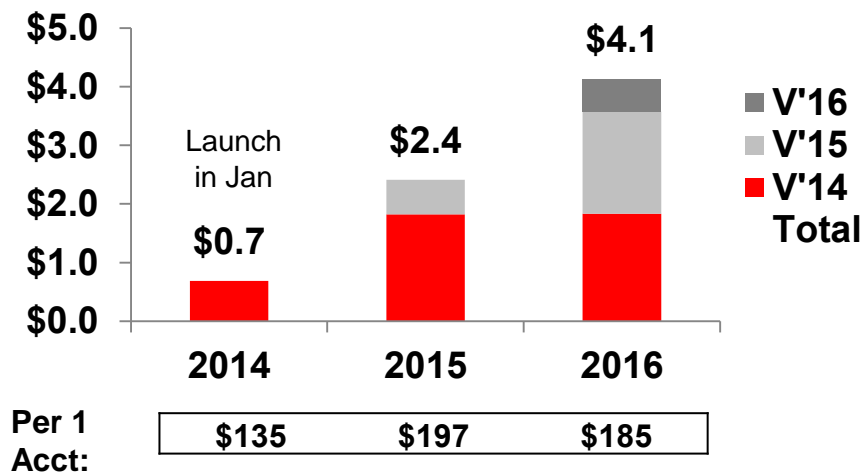
Resources

- IT needed to add several fields to SPP, receive additional fields from our credit bureau, and add screens to business online banking
- Standard resources for building new product codes, collateral design and print, etc.

New Accounts Opportunity

	Existing	Annual New
Customers	180k	35k
Credit Qualified*	30%	25%
Sales Penetration Goal	16%	19%
Accounts	8.4k	1.6k

Revenue Opportunity (\$MM)



* Need expanded bureau data to achieve

Low APR Card

Strategy

- As identified by our own customer research competitive research, and successes in other countries – there is an opportunity for a product emphasizing low rates
- It is especially attractive and profitable for Prime customers FICO 720-780
- Many customers use both a revolving card like this for debt as well as a rewards card for spending. We should seek to be both cards in our customer's wallet, e.g. Light & Bravo

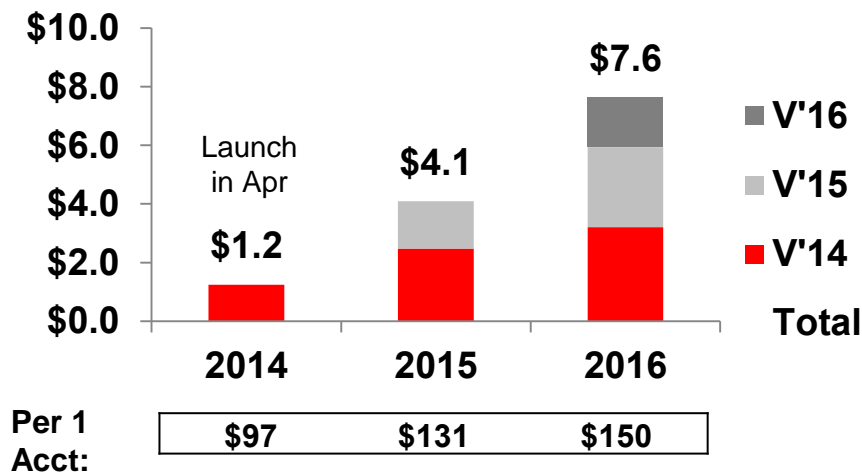
Resources

- IT to build capabilities of customers to easily apply for and shift line to a 2nd card
- Standard resources for building new product codes, collateral design and print, etc.

New Accounts Opportunity

	Existing	Annual New
Customers*	690k	107k
Credit Qualified	65%	65%
Sales Penetration Goal	4%	9%
Accounts	17.6k	6.2k

Revenue Opportunity (\$MM)



* FICO >660, active cards on bureau

Low Fees Card

Strategy

- As identified by our own customer research, competitive research, and successes in other countries – there is an opportunity for a product emphasizing no fees
- APRs would be higher to compensate for lost fee revenue and likelihood we would attract more near-Prime customers

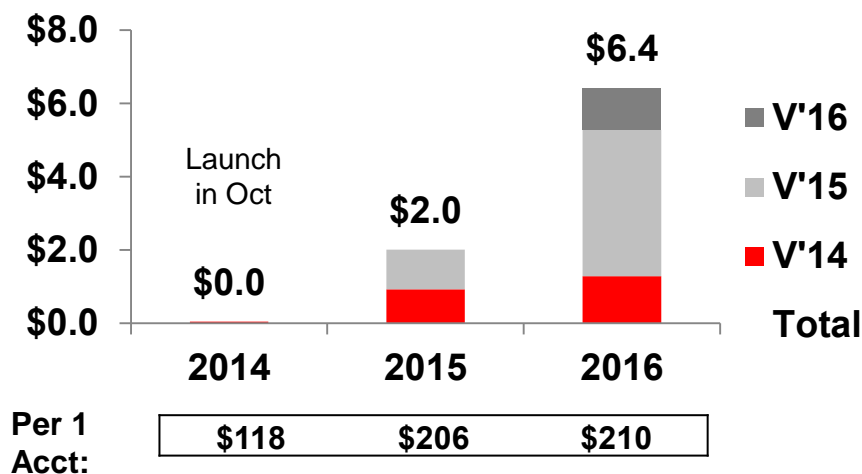
Resources

- Standard resources for building new product codes, collateral design and print, etc.

New Accounts Opportunity

	Existing	Annual New
Customers*	690k	107k
Credit Qualified	65%	65%
Sales Penetration Goal	3%	8%
Accounts	15.3k	5.3k

Revenue Opportunity (\$MM)



* FICO >660, active cards on bureau

Commercial Card

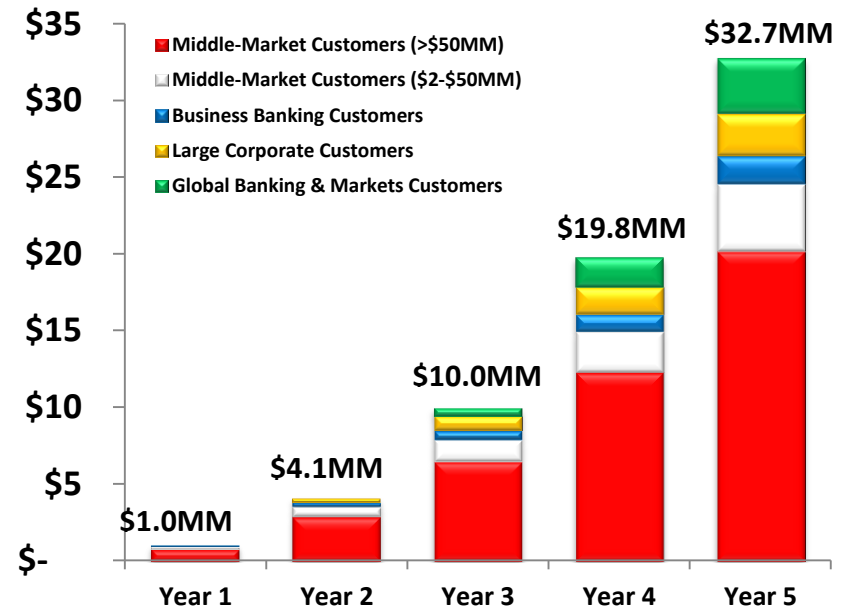
Strategy

- The commercial card business is growing at an 18% CAGR, driven both by new programs and expansion of suppliers accepting purchasing cards
- It is an essential product to win the primary cash management relationship
- We seek to launch ASAP with 3rd party vendors, as all large US banks do so and Partenon has no solution today

Resources

- IT to implement single sign-on functionality
- Card Ops to manage 2 new vendor relationships
- 4 additional FTE for implementation, supplier enablement and customer service

Revenue Opportunity (\$MM)

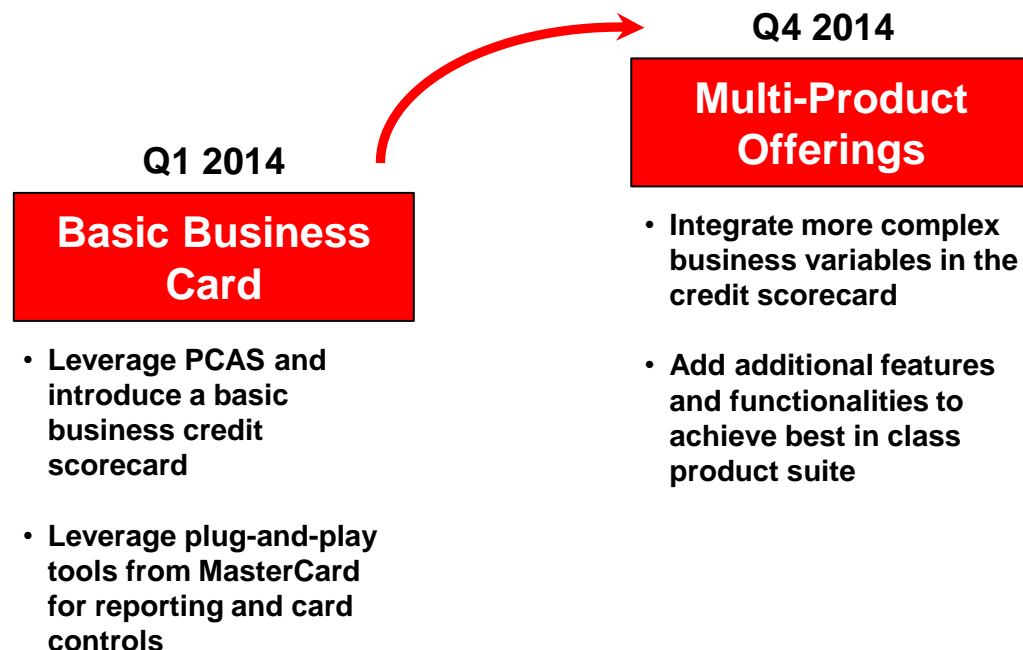


Total Customers	47	102	210	342	508
Global Banking & Markets	0	0	1	2	3
Large Corporate	0	1	2	3	4
Middle-Market (>\$50MM)	19	41	84	137	203
Middle-Market (\$2-\$50MM)	14	30	62	101	151
Business Banking	14	30	61	99	147

Small Business Credit Card

Sovereign currently has a significant product gap in Business Credit Cards with the termination of the American Express agreement in March 2013.

- Small Business Credit Cards generate ~\$400 revenue per account per year (Y2+)
- Credit Cards is the only Small Business loan product that is showing positive industry growth*
- Credit Card is a strong introductory offer for businesses, and can be the entry point into a larger lending relationship
- A card offering would also enable a more effective pre-approval strategy for the business



*BAI Study period 5/11-5/12.