FRB Order No. 2026-19
August 4, 2026

FEDERAL RESERVE SYSTEM

Banco Santander, S.A.
Madrid, Spain

Santander Holdings USA, Inc.
Boston, Massachusetts

Order Approving the Acquisition of a Bank Holding Company and the Acquisition of Nonbanking Subsidiaries

Banco Santander, S.A. ("BSSA"), Madrid, Spain, a foreign banking organization that is a financial holding company within the meaning of the Bank Holding Company Act ("BHC Act"),[1] and its wholly owned subsidiary Santander Holdings USA, Inc. ("SHUSA" and, together with BSSA, "Applicants"), Boston, Massachusetts, a financial holding company, seek the Board's approval under section 3 of the BHC Act[2] to acquire Webster Financial Corporation ("Webster"), a financial holding company, and thereby indirectly acquire Webster's national bank subsidiary, Webster Bank, National Association ("Webster Bank"), both of Stamford, Connecticut. Following the proposed acquisition, Webster would be merged with and into SHUSA, with SHUSA as the surviving entity,[3] and Webster Bank would be merged with and into SHUSA's subsidiary national bank, Santander Bank, National Association ("Santander Bank"), Wilmington, Delaware, with Santander Bank as the surviving entity.[4] Applicants also have filed a

[1] 12 U.S.C. § 1841 *et seq*.

[2] 12 U.S.C. § 1842.

[3] The merger of Webster with and into SHUSA would constitute an internal corporate reorganization that would not require the Board's approval pursuant to section 225.12(d)(3) of Regulation Y. *See* 12 CFR 225.12(d)(3).

[4] The merger of Webster Bank with and into Santander Bank is subject to the approval of the Office of the Comptroller of the Currency ("OCC") under section 18(c) of the Federal

notice under sections 4(c)(8) and (j) of the BHC Act[5] to acquire indirectly Webster's ownership interests in certain nonbank companies engaged in financial and investment advisory activities.[6]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (91 *Federal Register* 17648 (April 7, 2026)), in accordance with the Board's Rules of Procedure.[7] The time for submitting comments has expired, and the Board received four adverse comments on the proposal. The Board has considered the proposal and the comments received in light of the factors set forth in the BHC Act.

BSSA, with consolidated assets of approximately $2.1 trillion, is the largest banking organization in Spain.[8] BSSA operates principally in Spain and other European countries, as well as in Brazil, other Latin American countries, the United Kingdom, and the United States. BSSA is structured into five global business lines: retail and commercial banking; corporate and investment banking; wealth management and insurance; payments; and a digital banking platform, Openbank. BSSA operates in the United States through SHUSA, which controls Santander Bank, and a federally licensed branch in New York (the "Santander New York Branch"). The Santander New York Branch has consolidated assets of approximately $87.5 billion, and it focuses on wholesale banking, lending, rate and currency derivatives transactions, and transactional services for corporate and institutional investors.

Deposit Insurance Act. 12 U.S.C. § 1828(c). The OCC approved the bank merger application on June 12, 2026.

[5] 12 U.S.C. §§ 1843(c)(8) and (j).

[6] These nonbank companies are MW Advisor Holding, LLC ("MW Advisor Holding"); Marathon Direct Lending SLP, LLC ("Marathon Direct Lending"); and MW Advisor, LLC ("MW Advisor"), each of Wilmington, Delaware (together, the "Webster Nonbanking Companies").

[7] 12 CFR 262.3(i).

[8] Consolidated asset data is as of March 31, 2026.

SHUSA, with consolidated assets of approximately $168.1 billion, is the 31st largest insured depository organization in the United States.[9] SHUSA controls approximately $81.3 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.[10] SHUSA controls Santander Bank, which operates in Connecticut, Delaware, Florida, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, and Rhode Island. Santander Bank is the 13th largest insured depository institution in Connecticut, controlling deposits of approximately $1.9 billion, which represent 1.1 percent of the total deposits of insured depository institutions in that state.[11] Santander Bank is the fourth largest insured depository institution in Massachusetts, controlling deposits of approximately $33.2 billion, which represent 5.5 percent of the total deposits of insured depository institutions in that state. Santander Bank is the 23rd largest insured depository institution in New York, controlling deposits of approximately $11.1 billion, which represent less than 1 percent of the total deposits of insured depository institutions in that state. Santander Bank is the fifth largest insured depository institution in Rhode Island, controlling deposits of approximately $2.7 billion, which represent 6.0 percent of the total deposits of insured depository institutions in that state.

Webster, with consolidated assets of approximately $85.5 billion, is the 41st largest insured depository organization in the United States. Webster controls approximately $69 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. Webster controls Webster Bank, which operates in Connecticut, Massachusetts, New York, and Rhode Island. Webster Bank is the second largest insured depository institution in Connecticut, controlling deposits of approximately $40.4 billion, which

---

[9] In this context, insured depository institutions include commercial banks, savings associations, and savings banks. Consolidated asset and national ranking data are as of March 31, 2026.

[10] Consolidated national deposit and market share data are as of March 31, 2026.

[11] State deposit and market share data are as of June 30, 2025.

represent 22.8 percent of the total deposits of insured depository institutions in that state. Webster Bank is the 30th largest insured depository institution in Massachusetts, controlling deposits of approximately $2.0 billion, which represent less than 1 percent of the total deposits of insured depository institutions in that state. Webster Bank is the 15th largest insured depository institution in New York, controlling deposits of approximately $23.6 billion, which represent less than 1 percent of the total deposits of insured depository institutions in that state. Webster Bank is the 10th largest insured depository institution in Rhode Island, controlling deposits of approximately $0.5 billion, which represent 1.2 percent of the total deposits of insured depository institutions in that state.

On consummation of this proposal, SHUSA would become the 19th largest insured depository organization in the United States, with consolidated assets of approximately $253.6 billion, which would represent less than 1 percent of the total assets of insured depository organizations in the United States. SHUSA would control total consolidated deposits of approximately $150.3 billion, which would represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.[12] Santander Bank would become the largest insured depository institution in Connecticut, controlling deposits of approximately $42.3 billion, which would represent 23.8 percent of the total deposits of insured depository institutions in that state. Santander Bank would remain the fourth largest insured depository institution in Massachusetts, controlling deposits of approximately $35.2 billion, which would represent 5.8 percent of the total deposits of insured depository institutions in that state. Santander Bank would become the 11th largest insured depository institution in New York, controlling deposits of approximately $34.8 billion, which would represent 1.3 percent of the total deposits of insured depository institutions in that state. Santander

---

[12] *See* Appendix I for deposit ranking and deposit data by state, for states in which Santander Bank and Webster Bank both have banking operations (Connecticut, Massachusetts, New York, and Rhode Island). State deposit and ranking data are as of June 30, 2025, unless otherwise noted.

Bank would become the fourth largest insured depository institution in Rhode Island, controlling deposits of approximately $3.2 billion, which would represent 7.1 percent of the total deposits of insured depository institutions in that state.

Factors Governing Board Review of the Transaction

The BHC Act sets forth the factors that the Board is required to consider when reviewing the merger of bank holding companies or the acquisition of banks.[13] These factors include the competitive effects of the proposal in the relevant geographic markets; the financial and managerial resources and future prospects of the companies and banks involved in the proposal; the effectiveness of the involved institutions in combatting money-laundering activities; the convenience and needs of the communities to be served, including the records of performance under the Community Reinvestment Act of 1977 ("CRA")[14] of the insured depository institutions involved in the transaction; and the extent to which the proposal would result in greater or more concentrated risks to the stability of the U.S. banking or financial system. For proposals involving interstate bank acquisitions by bank holding companies, the Board also must consider the concentration of deposits as a percentage of the total deposits controlled by insured depository institutions in the United States and in relevant individual states, as well as compliance with the other provisions of section 3(d) of the BHC Act.[15]

The Board previously has determined by regulation that financial and investment advisory activities are activities closely related to banking for purposes of section 4(c)(8) of the BHC Act.[16] Section 4(j)(2)(A) of the BHC Act requires the Board to consider whether the proposed acquisition of Webster's ownership interests in certain nonbanking activities "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh

---

[13] *See* 12 U.S.C. § 1842.

[14] 12 U.S.C. § 2901 *et seq.*

[15] 12 U.S.C. § 1842(d).

[16] 12 CFR 225.28(b)(6).

possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or risk to the stability of the United States banking or financial system."[17] As part of its evaluation, the Board reviews the financial and managerial resources and the future prospects of the companies involved, the effect of the proposal on competition in the relevant markets, the risk to the stability of the U.S. banking or financial system, and the public benefits of the proposal.[18]

Interstate Analysis

Section 3(d) of the BHC Act generally provides that, if certain conditions are met, the Board may approve an application by a bank holding company that is well capitalized and well managed to acquire control of a bank located in a state other than the home state of the bank holding company without regard to whether the transaction is prohibited under state law.[19] The Board may not approve under this provision an application that would permit an out-of-state bank holding company to acquire a bank in a host state if the target bank has not been in existence for the lesser of the state statutory minimum period of time or five years.[20] When determining whether to approve an application under this provision, the Board must take into account the record of the applicant's depository institution under the CRA[21] and the applicant's record of compliance with applicable state community reinvestment laws.[22] In addition, the Board may not approve an interstate application under this provision if the bank holding

[17] 12 U.S.C. § 1843(j)(2)(A).

[18] *See* 12 CFR 225.26. *See, e.g.*, *Texas Independent Bancshares, Inc.*, FRB Order No. 2019-10 (June 27, 2019); *M&T Bank Corporation*, FRB Order No. 2014-21 (December 10, 2014); *Capital One Financial Corporation*, FRB Order No. 2012-2 (February 14, 2012); *Bank of America Corporation/Countrywide*, 94 Federal Reserve Bulletin C81 (2008).

[19] 12 U.S.C. § 1842(d)(1)(A).

[20] 12 U.S.C. § 1842(d)(1)(B).

[21] 12 U.S.C. § 2901 *et seq.*

[22] 12 U.S.C. § 1842(d)(3).

company controls or, upon consummation of the proposed transaction, would control more than 10 percent of the total deposits of insured depository institutions in the United States or, in certain circumstances, if the bank holding company, upon consummation, would control 30 percent or more of the total deposits of insured depository institutions in any state in which the acquirer and target have overlapping banking operations.[23]

For purposes of this provision, the home state of BSSA is Rhode Island, and the home state of SHUSA is Massachusetts.[24] Webster Bank is located in Connecticut, Massachusetts, New York, and Rhode Island. Applicants are well capitalized and well managed under applicable law. Santander Bank has an "Outstanding" rating under the CRA.[25] Webster Bank has been in existence for more than five years.

On consummation of the proposed transaction, Applicants would control less than 1 percent of the total amount of consolidated deposits in insured depository institutions in the United States. Applicants have overlapping banking operations with Webster in four states: Connecticut, Massachusetts, New York, and Rhode Island. Connecticut and Massachusetts impose limits of 30 percent on the total amount of in-

---

[23] 12 U.S.C. § 1842(d)(2)(A) and (B). For purposes of section 3(d) of the BHC Act, the acquiring and target organizations have overlapping banking operations in any state in which any bank to be acquired is located and the acquiring bank holding company controls any insured depository institution or a branch. The Board considers a bank to be located in the states in which the bank is chartered or headquartered or operates a branch. *See* 12 U.S.C. § 1841(o)(4)–(7).

[24] 12 U.S.C. § 1841(o)(4). A bank holding company's home state is the state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

[25] Four of the jurisdictions in which Santander Bank operates branches—Connecticut, Massachusetts, New York, and Rhode Island—have state community reinvestment laws, which do not apply to this transaction. *See* Conn. Gen. Stat. § 36a-30 *et seq.*; Mass. Gen. Laws. ch. 167, § 14, implemented by 209 CMR. 46.11; NY CLS Bank § 28-b, implemented by N.Y. Comp. Codes R. & Regs. tit. 3, part 76; R.I. Gen. Laws § 19-9-4. Applicants represent that Santander Bank is in compliance with each of these state community reinvestment laws.

state deposits that a single banking organization may control.[26] The combined organization would control approximately 23.8 percent of the total amount of deposits of insured depository institutions in Connecticut and approximately 5.8 percent of the total amount of deposits of insured depository institutions in Massachusetts. Accordingly, in light of all the facts of record, the Board is not precluded from approving the proposal under section 3(d) of the BHC Act.

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any relevant market.[27] Section 3 of the BHC Act also prohibits the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the communities to be served.[28] In addition, under section 4 of the BHC Act, the Board must consider the competitive effects of a proposal to acquire a nonbank company under the balancing test of section 4(j) of the BHC Act.[29]

Santander Bank and Webster Bank compete directly in six banking markets in Connecticut, Massachusetts, New York, and Rhode Island. The Board has considered the competitive effects of the proposal in these banking markets. In particular, the Board has considered the relative share of total deposits in insured depository institutions in the

---

[26] Conn. Gen. Stat. § 36a-411; Mass. Gen. Laws ch. 167A, § 2. New York and Rhode Island do not impose any limit on the total amount of in-state deposits that a single banking organization may control.

[27] 12 U.S.C. § 1842(c)(1)(A).

[28] 12 U.S.C. § 1842(c)(1)(B).

[29] 12 U.S.C. § 1843(j)(2)(A).

markets ("market deposits") that Santander would control;[30] the concentration level of market deposits and the increase in this level, as measured by the Herfindahl-Hirschman Index ("HHI") under the 1995 Bank Merger Competitive Review guidelines ("1995 Bank Merger Guidelines");[31] the number of competitors that would remain in each market; and other characteristics of the markets. The Board also has considered public comments received on the proposal.[32]

---

[30] Local deposit and market share data are as of June 30, 2025, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors to commercial banks. *See, e.g.*, *Midwest Financial Group*, 75 Federal Reserve Bulletin 386 (1989); *National City Corporation*, 70 Federal Reserve Bulletin 743 (1984). Thus, the Board regularly has included thrift deposits in the market share calculation on a 50-percent-weighted basis. *See, e.g.*, *Huntington Bancshares Incorporated*, FRB Order No. 2021-07, at 5–6 (May 25, 2021); *Hancock Whitney Corporation*, FRB Order No. 2019-12 at 6 (September 5, 2019).

[31] Department of Justice, Bank Merger Competitive Review – Introduction and Overview, https://www.justice.gov/sites/default/files/atr/legacy/2007/08/14/6472.pdf (1995). On September 17, 2024, the United States Department of Justice ("DOJ") announced its withdrawal from the 1995 Bank Merger Guidelines and emphasized that the 2023 Merger Guidelines, issued on December 18, 2023, remain its sole and authoritative statement across all industries. Press Release, Department of Justice, "Justice Department Withdraws from 1995 Bank Merger Guidelines," https://www.justice.gov/opa/pr/justice-department-withdraws-1995-bank-merger-guidelines. The 1995 Bank Merger Guidelines had been adopted together with the federal banking agencies, and none of the federal banking agencies have withdrawn from the 1995 Bank Merger Guidelines. The Board continues to apply the 1995 Bank Merger Guidelines in evaluating bank merger proposals. The Board traditionally has considered a market unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. *See, e.g.*, *Chemical Banking Corporation*, 78 Federal Reserve Bulletin 74 (1992). In addition, the Board traditionally has considered a merger not to have an anticompetitive effect where the proposed merger would not increase the HHI by more than 200 points in any banking market, in the absence of other factors indicating anticompetitive effects.

[32] One commenter alleged that the proposal would result in fewer banking options for U.S. customers.

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the 1995 Bank Merger Guidelines in each of these markets. On consummation, for each of these banking markets, either the market would not be highly concentrated, as measured by the HHI, or the change in market concentration would be consistent with Board precedent and within the thresholds of the 1995 Bank Merger Guidelines. In addition, numerous competitors would remain in most of these markets.[33]

The Board also has considered, pursuant to sections 4(c)(8) and (j) of the BHC Act, the impact of the proposal on competition in financial and investment advisory activities as a result of Applicants' acquisition of the Webster Nonbanking Companies. As part of the proposal, Applicants would acquire 100 percent of MW Advisor Holding, and through MW Advisor Holding indirectly would acquire 50 percent of MW Advisor and Marathon Direct Lending.[34] MW Advisor is an investment adviser registered with the U.S. Securities and Exchange Commission that serves as an investment adviser to the Marathon Direct Lending Fund,[35] which provides direct lending solutions for sponsor-backed middle-market companies. Marathon Direct Lending serves as the special limited partner of the Marathon Direct Lending Fund and receives carried interest payments from the fund entities.

Applicants represent that there is no material overlap between SHUSA's current nonbanking activities and the Webster Nonbanking Companies. Applicants' nonbanking activities in the United States are focused on capital markets intermediation, retail investment advisory services, and consumer finance. These activities serve distinct

---

[33] *See* Appendix II for more details on these markets.

[34] The other 50 percent of MW Advisor and Marathon Direct Lending is owned by Marathon Asset Management, L.P. ("Marathon"). On January 26, 2026, CVC Capital Partners announced an agreement to acquire Marathon, with closing expected in the third quarter of 2026.

[35] *See* Marathon, *Direct Lending*, https://www.marathonfund.com/strategies/direct-lending.

customer segments and involve different products and services than the Webster Nonbanking Companies. SHUSA's investment advisory and wealth management services are primarily offered through Banco Santander International, an Edge corporation subsidiary of Santander Bank based in Miami, Florida, to non-U.S. persons, and are not expected to overlap with the Webster Nonbanking Companies' services.

The DOJ conducted a review of the potential competitive effects of the proposal and has advised the Board that it did not conclude that the proposal would have a significantly adverse effect on competition. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in any relevant market. Accordingly, the Board determines that competitive considerations are consistent with approval.

Financial, Managerial, and Other Supervisory Considerations

In reviewing a proposal under sections 3 and 4 of the BHC Act, the Board considers the financial and managerial resources and the future prospects of the institutions involved, the effectiveness of the institutions in combatting money laundering, and any public comments on the proposal.[36] In its evaluation of financial factors, the Board reviews information regarding the financial condition of the organizations involved on both parent-only and consolidated bases, as well as information regarding the financial condition of the subsidiary depository institutions and the organizations' significant nonbanking operations. In this evaluation, the Board considers a variety of public and supervisory information regarding capital adequacy, asset quality, liquidity, and earnings performance, as well as any public comments on the proposal. The Board evaluates the financial condition of the combined organization, including its capital position, asset quality, liquidity, earnings prospects, and the impact

[36] 12 U.S.C. § 1842(c)(2), (5), and (6).

of the proposed funding of the transaction. The Board also considers the ability of the organization to absorb the costs of the proposal and to complete the proposed integration of the operations of the institutions effectively. In assessing financial factors, the Board considers capital adequacy to be especially important. The Board considers the future prospects of the organizations involved in the proposal in light of their financial and managerial resources and the proposed business plan.

The capital levels of BSSA exceed the minimum levels that would be required under the Basel Capital Accord and are considered to be equivalent to the capital levels that would be required of a U.S. banking organization.[37] SHUSA and Santander Bank are well capitalized, and the combined organization would remain so upon consummation of the proposal. The proposed transaction is an acquisition that is structured as a share and cash exchange, with a subsequent bank holding company merger followed by a merger of Webster Bank with and into Santander Bank.[38] The capital, asset quality, earnings, and liquidity of BSSA, SHUSA, and Santander Bank are consistent with approval, and they appear to have adequate resources to absorb the related costs of the proposal and to complete the integration of the institutions' operations as proposed. In addition, the future prospects of the institutions are considered consistent with approval.

---

[37] The Board considered the total risk-based capital ratio, tier 1 risk-based capital ratio, common equity tier 1 risk-based capital ratio, and the ratio of tier 1 capital to total assets of BSSA and SHUSA.

[38] Immediately prior to the proposed transaction, Webster would merge with and into its wholly owned subsidiary, Webster Virginia Corporation ("Webster Virginia"), formed on January 30, 2026, for the sole purpose of facilitating the proposed transaction in compliance with Spanish law. BSSA would then acquire Webster Virginia through an exchange of BSSA shares and cash for all Webster Virginia common equity. Immediately thereafter, BSSA would contribute Webster Virginia to SHUSA and then Webster Virginia would merge with and into SHUSA, with SHUSA as the surviving entity. Immediately thereafter, SHUSA would cause the merger of Webster Bank with and into Santander Bank, with Santander Bank as the surviving entity. Applicants have the financial resources to effect the proposed transaction.

The Board also has considered the managerial resources of the organizations involved and of the proposed combined organization.[39] The Board has

[39] One comment alleged that BSSA may be exposed to sanctions-related risks involving Iran, which the commenter indicated raises concerns about BSSA's compliance controls, risk management, and exposure to illicit financial flows. The comment referenced media reports that alleged that accounts at BSSA's United Kingdom operations were used by front companies linked to a sanctioned Iranian petrochemical entity to move funds internationally, potentially as part of a sanctions-evasion network, and that U.S. authorities have previously identified such networks as sources of funding connected to Iran's military and security apparatus. The media allegations referenced by the commenters were made in February 2024, and BSSA subsequently announced that it had conducted an investigation into the allegations and determined that there was no breach of U.S. sanctions. This comment also requested careful scrutiny of the proposal, alleging that allowing Applicants to control Webster Bank could result in decisions, including credit decisions, being made abroad rather than driven by domestic needs and priorities. This same comment also asserted that Applicants' judgment with respect to certain financial transactions raises concerns, referencing Applicants' reported credit exposure of approximately $300 million to First Brands Group and its founder, who has been indicted on federal fraud charges. Another commenter expressed general agreement with the above-mentioned assertions by this comment. Subsequently, one commenter indicated that he no longer objected to the merger going forward. In acting on the application, the Board has considered all these claims, information provided by Applicants, and other available supervisory information.

One commenter also alleged that the merger may violate state and federal securities laws because the commenter asserts he was assured as a former customer of Sterling Bank that no further mergers would occur following the merger of Sterling Bank with and into Webster Bank in 2022. The commenter also suggested that Webster's board and management may have violated their fiduciary duties by failing to provide meaningful engagement, adequate disclosure, and full transparency regarding the current proposal. The Board notes that the courts have concluded that the limited jurisdiction to review applications under a banking statute does not authorize the Board to consider matters relating only to corporate governance and the proper compensation of shareholders. *See Western Bancshares, Inc. v. Board of Governors*, 480 F.2d 749 (10th Cir. 1973); *Juniata Valley Financial Corp.*, 92 Federal Reserve Bulletin C171, C173 n.15 (August 2006). These matters may involve state and federal securities laws and state corporate law that may be raised before a court with the authority to provide shareholders with adequate relief, if appropriate.

The same commenter also alleged personal involvement in legal proceedings in which BSSA settled lawsuits related to alleged discriminatory practices during its acquisition of Banco Río in Argentina in 1997, and suggested that this raises concerns reviewed the examination records and other supervisory information concerning the institutions, including assessments of the institutions' management, risk-management systems, and operations. In addition, the Board has considered information provided by Applicants; the Board's supervisory experiences and those of other relevant bank supervisory agencies with the organizations; the organizations' records of compliance with applicable banking, consumer protection, and anti-money-laundering laws; and the public comments on the proposal.

BSSA, SHUSA, and Santander Bank are each considered to be well managed. The combined organization's proposed directors and senior executive officers have knowledge of and experience in the banking and financial services sectors, and Applicants' risk-management program appears consistent with approval of this proposal.

The Board also has considered Applicants' plans for implementing the proposal. Applicants have conducted comprehensive due diligence and are devoting sufficient financial and other resources to address all aspects of the post-acquisition integration process for this proposal. In addition, SHUSA's management has the experience and resources to operate the resulting organization in a safe and sound manner. SHUSA plans to apply its risk-management policies, procedures, and controls at the combined holding company following the transaction.

The Board also has considered whether BSSA has provided the Board with adequate assurances that it will make available to the Board such information on its operations and activities, and those of its affiliates, that the Board deems appropriate to determine and enforce compliance with the BHC Act and other applicable federal laws.

---

regarding BSSA's acquisition of Webster Bank. However, the commenter did not provide any details on the alleged legal proceedings or discriminatory practices, or indicate how these historic allegations relate to a statutory factor under sections 3 or 4 of the BHC Act. Accordingly, this portion of the comment is not considered substantive and the Board did not consider this portion of the comment in acting on the application.

BSSA has committed to make such information available to the Board to the extent not prohibited by applicable law.[40]

Based on all the facts of record, including Applicants' supervisory records, managerial and operational resources, and plans for operating the combined organization after consummation, the Board determines that considerations relating to the financial and managerial resources and the future prospects of the organizations involved in the proposal, as well as the records of effectiveness of the institutions in combatting money-laundering activities, are consistent with approval.

Supervision or Regulation on a Consolidated Basis

As required by section 3 of the BHC Act, the Board considers whether BSSA is subject to comprehensive supervision or regulation on a consolidated basis by appropriate authorities in its home country.[41] The Board previously has determined that

---

[40] 12 U.S.C. § 1842(c)(3)(A). BSSA also has committed to cooperate with the Board to obtain any waivers or exemptions that may be necessary to enable it or its affiliates to make such information available to the Board. The Board has reviewed the restrictions on disclosure in the relevant jurisdictions in which BSSA operates and has communicated with relevant government authorities concerning access to information. Based on all the facts of record, the Board determines that considerations related to access to information by the Board are consistent with approval.

[41] 12 U.S.C. § 1842(c)(3)(B). As provided in Regulation Y, the Board determines whether a foreign banking organization is subject to consolidated home country supervision under the standards set forth in Regulation K. *See* 12 CFR 225.13(a)(4). Regulation K provides that a foreign bank is subject to comprehensive, consolidated home country supervision if the foreign bank is supervised or regulated in such a manner that its home country supervisor receives sufficient information on the worldwide operations of the foreign bank (including the relationships of the bank to any affiliate) to assess the foreign bank's overall financial condition and compliance with law and regulation. 12 CFR 211.24(c)(1)(ii).

In assessing this standard, the Board considers, among other indicia of comprehensive, consolidated supervision, the extent to which the home country supervisors (i) ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide; (ii) obtain information on the condition of the bank and its subsidiaries and offices through regular reports of examination, audit reports, or otherwise; (iii) obtain information on the dealings and relationships between the bank and its affiliates, both foreign and domestic; (iv) receive from the bank financial reports that

BSSA is subject to comprehensive supervision on a consolidated basis by its home country supervisor, the Bank of Spain.[42] BSSA is now subject to the direct prudential supervision of the European Central Bank ("ECB") under the Single Supervisory Mechanism ("SSM") because the total value of its assets exceeds €30 billion. The SSM is a system of financial supervision composed of the ECB and the national competent authorities of participating European Union member states by which specific tasks are distributed between the ECB and the national competent authority. Under the SSM, the ECB has direct prudential supervisory responsibility for BSSA, while the Bank of Spain, as the relevant national competent authority for BSSA, retains supervisory authority over other areas, including consumer protection and the prevention of money laundering and terrorist financing.

The methodologies and standards that underpin the day-to-day supervision of large European Union banking organizations by the ECB under the SSM are aimed at achieving a consistent supervisory approach across the European Union. The Board previously has found that other European banking organizations supervised by the ECB under the SSM and by the relevant national competent authority are subject to comprehensive consolidated supervision, including another Spanish bank subject to direct prudential supervision by the ECB.[43] The system of supervision applied to large banks within the European Union has not changed materially since it was last considered by the Board.[44]

---

are consolidated on a worldwide basis, or comparable information that permits analysis of the bank's financial condition on a worldwide, consolidated basis; and (v) evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis. *Id.* No single factor is essential, and other elements may inform the Board's determination.

[42] *See, e.g.*, *Banco Santander, S.A.*, 85 Federal Reserve Bulletin 441 (1999).

[43] *See Abanca Corporación Bancaria, S.A.*, FRB Order 2018-20 (September 28, 2018).

[44] *See, e.g., Adyen, N.V.*, FRB Order No. 2021-06 (May 24, 2021); *Abanca Corporación Bancaria, S.A.*, FRB Order 2018-20 (September 28, 2018); *Nordea Bank Abp*, FRB Order 2018-16 (August 3, 2018); *Deutsche Pfandbriefbank AG*, FRB Order 2018-01 (January 3,

Based on all the facts of record, the Board determines that BSSA continues to be subject to comprehensive supervision on a consolidated basis by the ECB and the Bank of Spain acting through the SSM.

Convenience and Needs Considerations

In acting on a proposal under sections 3 and 4 of the BHC Act, the Board considers the effects of the proposal on the convenience and needs of the communities to be served.[45] In evaluating whether the proposal satisfies the convenience and needs statutory factor, the Board considers the impact that the proposal will or is likely to have on the communities served by the combined organization. The Board reviews a variety of information to determine whether the relevant institutions' records demonstrate a history of helping to meet the needs of their customers and communities. The Board also reviews the combined institution's post-consummation plans and the expected impact of those plans on the communities served by the combined institution, including on low- and moderate-income ("LMI") individuals and communities. The Board considers whether the relevant institutions are helping to meet the credit needs of the communities they serve and are providing access to banking products and services that meet the needs of customers and communities, including the potential impact of branch closures, consolidations, and relocations on that access. In addition, the Board reviews the records of the relevant depository institutions under the CRA. The Board strongly encourages insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with the institutions' safe and sound operation and their obligations under the CRA.[46]

2018); *ING Bank N.V.*, FRB Order 2017-27 (October 20, 2017); *Unione di Banche Italiane, S.p.A.*, FRB Order 2017-11 (April 13, 2017).

[45] 12 U.S.C. § 1842(c)(2); 12 U.S.C. § 1843(j)(2)(A). Where applicable, the Board also considers any timely substantive comments on the proposal and, in its discretion, may consider any untimely substantive comments on the proposal.

[46] *See* 12 U.S.C. § 2901(b).

In addition, the Board considers the banks' overall compliance records and recent fair lending examinations. Fair lending laws require all lending institutions to provide applicants with equal access to credit, regardless of their race, ethnicity, gender, or certain other characteristics. The Board also considers assessments of other relevant supervisors, the supervisory views of examiners, other supervisory information, information provided by the applicant, and public comments on the proposal. The Board also may consider the acquiring institution's business model and intended marketing and outreach, the combined organization's plans after consummation, and any other information the Board deems relevant.

In assessing the convenience and needs factor in this case, the Board has considered all the facts of record, including reports of examination of the CRA performance of Santander Bank and Webster Bank, the fair lending and compliance records of both banks, the supervisory views of the OCC and the Consumer Financial Protection Bureau ("CFPB"), confidential supervisory information, information provided by Applicants, and the public comments received on the proposal.

Public Comments concerning Convenience and Needs

The Board received two adverse comments on the proposal from one commenter that raised concerns related to the convenience and needs factor. This commenter objected to the proposal, alleging that BSSA has faced challenges and closed branches in certain foreign jurisdictions, and that these patterns should raise concerns about similar outcomes in the United States. The commenter also alleged that the proposal could accelerate branch consolidation and closures in New York City, the Hudson Valley, Northern New Jersey, and Connecticut, and could reduce competition, negatively affect consumer choice, increase costs, and limit access to credit in such markets.[47] Further, the commenter alleged that consolidation in these regions could limit

[47] With respect to the commenter's concerns regarding potential branch closures resulting from the transaction, the Board's considerations related to such branch closures are discussed in the *Branch Closures* subsection *infra*.

access to lending for small businesses, particularly for minority-owned and community-based businesses.[48]

Businesses of the Involved Institutions

Through Santander Bank, Applicants provide banking products and services to consumers, businesses, large corporations, and institutions in the communities served by Santander Bank offices, and nationally for consumers and businesses served by Openbank.[49] Santander Bank also provides investment services and provides annuity, mutual fund, managed money, and insurance products and acts as an investment brokerage agent to customers. In addition, Santander Bank provides banking solutions to businesses, real estate investors and developers, municipalities, and institutions in the United States, as well as automobile leasing and lending products in the United States. Applicants also engage in consumer finance, with a focus on vehicle finance and third-party servicing, through Santander Consumer USA; engage in retail investment advisory services through Santander Securities LLC; and provide fixed income trading services to institutional and middle market clients through Santander US Capital Markets LLC.

Through Webster Bank, Webster engages in commercial banking, healthcare financial services, and consumer banking. Webster's commercial banking business has operations in commercial real estate, middle market, sponsor and specialty

---

[48] The commenter also alleged that BSSA has engaged in workforce reductions in foreign jurisdictions and that similar reductions could contribute to regional job losses and weakening local economic stability in the United States. Another commenter also raised the issue of potential job losses resulting from this transaction. The potential for job losses resulting from a merger is outside of the limited statutory factors that the Board is authorized to consider when reviewing an application or notice under the BHC Act. *See Western Bancshares, Inc. v. Board of Governors*, 480 F.2d 749 (10th Cir. 1973); *see also Capital One Financial Corporation*, FRB Order No. 2025-10 (Apr. 18, 2025); *U.S. Bancorp*, FRB Order No. 2022-22 (Oct. 14, 2022); *BB&T Corporation*, FRB Order No. 2019-16 (Nov. 19, 2019); *KeyCorp*, FRB Order No. 2016- 12 (July 12, 2016); *Community Bank System, Inc.*, FRB Order No. 2015-34 (Nov. 18, 2015); and *Wells Fargo & Co.*, 82 Federal Reserve Bulletin 445 (1996).

[49] In the United States, Openbank is a digital banking platform that operates as a division of Santander Bank.

finance, verticals and regional banking, asset-based lending and commercial services, treasury management, and private banking and wealth management. Webster's healthcare financial services business includes HSA Bank, which is a division of Webster Bank, and Webster Bank subsidiary Ametros Financial Corporation. HSA Bank is a provider of employee-benefits solutions, including as a bank administrator of health savings accounts, emergency savings accounts, and flexible spending account administration services in 50 states. Ametros Financial Corporation is a professional administrator of medical insurance claim settlements and helps individuals manage financial issues related to their ongoing medical care through its CareGuard service and proprietary technology platform. Webster's consumer banking business offers a broad range of deposit, lending, treasury management, and wealth management solutions across its banking centers, and Webster also offers a fully digital banking experience through its mobile banking applications and BrioDirect, which provides online high-yield savings accounts. Webster also engages in financial and investment advisory activities for private credit fund entities through the Webster Nonbanking Companies.

Records of Performance under the CRA

In evaluating the CRA performance of the involved institutions, the Board generally considers each institution's most recent CRA evaluation and the supervisory views of relevant federal supervisors, which in this case is the OCC with respect to both Santander Bank and Webster Bank.[50] In addition, the Board considers information provided by the applicant and any public commenters.

The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution's record of helping to meet the credit needs of its entire community, including LMI neighborhoods.[51] An institution's most recent CRA performance evaluation is a particularly important

---

[50] *See* Interagency Questions and Answers Regarding Community Reinvestment, 81 *Federal Register* 48506, 48548 (July 25, 2016).

[51] 12 U.S.C. § 2906.

consideration in the applications process because it represents a detailed, on-site evaluation by the institution's primary federal supervisor of the institution's overall record of lending in its communities.

In general, federal financial supervisors apply a lending test ("Lending Test"), an investment test ("Investment Test"), and a service test ("Service Test") to evaluate the performance of large banks, such as Santander Bank and Webster Bank, in helping to meet the credit needs of the communities they serve. The Lending Test specifically evaluates an institution's lending-related activities to determine whether the institution is helping to meet the credit needs of individuals and geographies of all income levels. As part of the Lending Test, examiners review and analyze an institution's data reported under the Home Mortgage Disclosure Act of 1975 ("HMDA"),[52] in addition to small business, small farm, and community development loan data collected and reported under the CRA regulations, to assess an institution's lending activities with respect to borrowers and geographies of different income levels. The institution's lending performance is evaluated based on a variety of factors, including (1) the number and amounts of home mortgage, small business, small farm, and consumer loans (as applicable) in the institution's CRA assessment areas ("AAs"); (2) the geographic distribution of the institution's lending, including the proportion and dispersion of the institution's lending in its AAs and the number and amounts of loans in low-, moderate-, middle-, and upper-income geographies; (3) the distribution of loans based on borrower characteristics, including, for home mortgage loans, the number and amounts of loans to low-, moderate-, middle-, and upper-income individuals;[53] (4) the institution's community development lending, including the number and amounts of

---

[52] 12 U.S.C. § 2801 *et seq.*

[53] Examiners also consider the number and amounts of small business and small farm loans made to businesses and farms with gross annual revenues of $1 million or less; small business and small farm loans by loan amount at origination; and consumer loans, if applicable, to low-, moderate-, middle-, and upper-income individuals. *See, e.g.*, 12 CFR 228.22(b)(3) (2023).

community development loans and their complexity and innovativeness; and (5) the institution's use of innovative or flexible lending practices to address the credit needs of LMI individuals and geographies.[54] The Investment Test evaluates the number and amounts of qualified investments that benefit the institution's AAs. The Service Test evaluates the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of the institution's community development services.[55]

CRA Performance of Santander Bank

Santander Bank was assigned an overall rating of "Outstanding" at its most recent CRA performance evaluation by the OCC, as of January 8, 2024 ("Santander Bank Evaluation").[56] The bank received "Outstanding" ratings for the Lending Test, the Investment Test, and the Service Test.[57]

---

[54] *See* 12 CFR 228.22(b) (2023).

[55] *See* 12 CFR 228.23 and 228.24 (2023).

[56] The Santander Bank Evaluation was conducted using the OCC's Large Bank CRA Examination Procedures. Examiners reviewed the bank's home mortgage lending, small business lending, consumer (automobile) lending, community development lending, community development investments (including grants and donations), and community development services from January 1, 2020, to December 31, 2022.

[57] The Santander Bank Evaluation covered AAs located in five states and three combined statistical areas ("CSAs"). The states that received a statewide rating are as follows: Connecticut, Florida, Massachusetts, New Hampshire, and Pennsylvania. The statewide rating for a particular state did not reflect the bank's rating and performance in the part of the state that was separately captured within a CSA in that same state. The CSAs that received their own rating are as follows: Boston–Worcester–Providence, MA–RI–NH–CT CSA ("Boston CSA"); New York–Newark, NY–NJ–CT–PA CSA ("New York CSA"); and Philadelphia–Reading–Camden, PA–NJ–DE–MD CSA ("Philadelphia CSA"). The Santander Bank Evaluation included a full-scope review of at least one AA in every state where Santander Bank had a branch. Santander Bank's performance under the Lending, Investment, and Service Tests was based on a weighted average, based on deposits, of the bank's five state and three CSA ratings, with performance in the Boston CSA receiving the most consideration, and performance in the New York CSA and Philadelphia CSA also receiving significant consideration.

With respect to the Lending Test, examiners found that a small percentage of loans were originated in the bank's AAs, but noted that this was due to Santander Bank's nationwide consumer (automobile) lending portfolio. Examiners also found that the bank offered various affordable home mortgage products and specialty flexible lending products, and that the bank was a significant lender within the Small Business Administration's ("SBA's") Paycheck Protection Program ("PPP") that was created in response to the COVID-19 pandemic. Examiners rated the bank's performance under the Lending Test as "Outstanding" in the states of Connecticut and Pennsylvania, as well as in the Boston CSA, New York CSA, and Philadelphia CSA. Examiners rated the bank's performance under the Lending Test as "High Satisfactory" in the states of Florida, Massachusetts, and New Hampshire. On an overall basis, the bank received an "Outstanding" rating.

With respect to the Investment Test, examiners found that Santander Bank exhibited excellent responsiveness to credit and community economic-development needs within most of its AAs. Examiners also found that Santander Bank used Low-Income Housing Tax Credit investments and investments in small business investment companies and community development financial institutions within its AAs. Examiners rated the bank's performance under the Investment Test as "Outstanding" in the states of Connecticut, Florida, New Hampshire, and Pennsylvania, as well as in the Boston CSA, New York CSA, and Philadelphia CSA. Examiners rated the bank's performance under the Investment Test as "High Satisfactory" in Massachusetts. Overall, the bank received an "Outstanding" rating.

With respect to the Service Test, examiners gave primary consideration to Santander Bank's performance in delivering retail products and services to geographies and individuals of different income levels through its distribution of branches. Examiners found that products and services were consistent throughout Santander Bank's branch network. Examiners also evaluated Santander Bank's record of providing community development services and the responsiveness of those services to the needs of the community. Examiners rated the bank's performance under the Service Test as

"Outstanding" in the Boston CSA, New York CSA, and Philadelphia CSA. Examiners rated the bank's performance under the Service Test as "High Satisfactory" in the states of Connecticut, Florida, New Hampshire, and Pennsylvania. Examiners rated the bank's performance under the Service Test as "Low Satisfactory" in Massachusetts. On an overall basis, the bank received an "Outstanding" rating.

Santander Bank's Efforts since the Santander Bank Evaluation

Applicants represent that, since the Santander Bank Evaluation, they have continued to support their local communities, including LMI individuals. Applicants represent that, since December 2022, SHUSA, including Santander Bank, has made several investments in its communities, including $69.4 million to more than 500 nonprofit organizations, including $26 million in grants to more than 350 community nonprofit partners, primarily within Santander Bank's Northeast and Florida retail banking footprint. Applicants further represent that, in 2024, SHUSA provided nearly $200,000 in employee-match contributions to 544 charitable organizations; provided $2 million to nonprofit organizations that partner with SHUSA on its Cultivate Small Business program; provided $1 million in funding to support the expansion into Philadelphia, Pennsylvania, of Finanta Credit Union, a community development financial institution; provided a grant of $500,000 to the Mid-Atlantic Housing Development Corporation for the conversion of a former industrial building into 46 affordable homes for individuals over the age of 62 in Reading, Pennsylvania; contributed $2.2 million to financial education programs; made $828,000 in grants to nonprofit partners across seven states to support a range of transportation-focused interventions; and provided $450,000 to The Colin Powell School for Civic and Global Leadership at The City College of New York for the Santander Finance Fellowship program through 2028. Additionally, SHUSA represents that its current Community Plan, developed with support from leaders of partner community-based organizations, involves a three-year commitment to invest $13.6 billion in the communities that SHUSA and Santander Bank serve.

CRA Performance of Webster Bank

Webster Bank was assigned an overall rating of "Outstanding" at its most recent CRA performance evaluation by the OCC, as of September 11, 2023 ("Webster Bank Evaluation").[58] The bank received an "Outstanding" rating for the Lending Test, a "High Satisfactory" rating for the Investment Test, and an "Outstanding" rating for the Service Test.[59]

With respect to the Lending Test, examiners found that Webster Bank originated and purchased a high percentage of its total loans inside the bank's AAs. Examiners also found that the bank offered flexible and innovative lending products, including through the bank's 30Hope fixed-rate mortgage loan program designed to serve LMI families and geographies, the Connecticut Housing Finance Authority's affordable housing program, the Fannie Mae Home Ready Program, and the Massachusetts Housing Partnership. The bank also originated a significant number of SBA PPP loans in response to the COVID-19 pandemic.

---

[58] The Webster Bank Evaluation was conducted using the OCC's Large Bank CRA Examination Procedures. Examiners reviewed the bank's HMDA and small business lending for each AA, and multifamily and SBA PPP loans meeting the community development definition from January 1, 2020, to December 31, 2022.

[59] The Webster Bank Evaluation covered AAs located in two states and two CSAs. The states that received a statewide rating are Connecticut and New York. The statewide rating for a particular state did not reflect the bank's rating and performance in the part of the state that was separately captured within a CSA in that same state. The CSAs that received their own rating are the Boston CSA and New York CSA. The Webster Bank Evaluation included a full-scope review of at least one AA in every state where Webster Bank had a branch. Webster Bank's performance under the Lending, Investment, and Service Tests was based on a weighted average, based on deposits, of the bank's two state and two CSA ratings, with performance in the state of Connecticut receiving the most consideration, and performance in the New York CSA receiving the second most consideration.

With respect to the Investment Test, examiners found that Webster Bank had a significant or excellent level of qualified community development investments and grants in each of its AAs, including in a leadership position, and particularly those that are not routinely provided by private investors. Examiners also found that Webster Bank makes use of innovative or complex investments to support community development initiatives.

With respect to the Service Test, examiners found that Webster Bank's service delivery systems are accessible to geographies and individuals of different income levels in each of the bank's AAs. Examiners also found that Webster Bank is a leader, or provides a significant level, of community development services in most of its AAs, including by providing technical assistance to nonprofits and foundations, supporting financial education programs, and having its employees participate in affordable housing initiatives.

Additional Supervisory Views

In its review of the proposal, the Board consulted with and considered the views of the OCC as the primary federal supervisor of Santander Bank and Webster Bank. The Board also considered the results of the most recent consumer compliance examinations of Santander Bank and Webster Bank, which included reviews of the banks' compliance-management programs and their compliance with consumer protection laws and regulations, including fair lending. The Board also considered the results of the most recent consumer compliance examinations of Santander Bank and of Webster Bank by the CFPB.

The Board has taken this information, as well as the CRA performance records of Santander Bank and Webster Bank, into account in evaluating the proposal, including in considering whether Applicants have the experience and resources to ensure that the combined organization would help meet the credit needs of the communities to be served following consummation of the proposed transaction.

Additional Convenience and Needs Considerations

The Board also considers other potential effects of the proposal on the convenience and needs of the communities to be served. This includes, for example, the combined organization's business model and intended marketing and outreach and existing and anticipated product and service offerings in the communities to be served by the organization, any additional plans the combined organization has for meeting the needs of its communities following consummation, and any other information the Board deems relevant.

Applicants assert that the proposal would combine two highly complementary banking organizations with strong customer-oriented cultures, compatible business models, robust risk management, and dedication to economically empowering the communities they serve. Applicants assert that the resulting institution will build on SHUSA's and Webster's commitment to community banking and their digital platforms to create an enhanced, more competitive financial institution in the Northeast region that provides all customers with high-quality products and services. Applicants also assert that the greater financial strength, lower funding costs, and broader product suite and scale of the combined institution will enable SHUSA and Santander Bank to compete more effectively in the Northeast region on price, service, and products, which will benefit customers in markets currently served by either institution, and will enhance Santander's capacity to lend to consumers and LMI communities.

Branch Closures

Physical branches remain important to many banking organizations' ability to meet the credit needs of the local communities in which they operate. When banking organizations combine, whether through acquisitions, mergers, or consolidations, the combination has the potential to increase or to reduce consumers' and small businesses' access to available credit and other banking services. Although the Board does not have the authority to prohibit a bank from closing a branch, the Board focuses on the impact of expected branch closures, consolidations, and relocations that occur in connection with a proposal on the convenience and needs of the communities to be served by the resulting institution. In particular, the Board considers the effect of any closures, consolidations, or relocations on LMI communities.

Federal banking law provides a specific mechanism for addressing branch closings, including requiring that a bank provide notice to the public and the appropriate federal supervisory agency before a branch is closed.[60] In addition, the federal banking supervisory agencies evaluate a bank's record of opening and closing branches, particularly branches located in LMI geographies or primarily serving LMI individuals, as part of the CRA examination process.[61]

Applicants represent that there is some overlap in the legacy branch networks of Santander Bank and Webster Bank, and that, although the resulting Santander Bank may consolidate one or more bank branches to reduce redundancy and make the delivery of customer services more efficient in the future, Santander Bank has not made any final decisions to close or consolidate branches in connection with the proposal. Applicants also represent that Santander Bank will take into account the impact of any changes to its branch network on LMI communities and will seek to minimize any such impact. Santander Bank does not expect any branch changes to reduce access to banking for the communities Santander Bank and Webster Bank currently serve.

Conclusion on Convenience and Needs Considerations

The Board has considered all the facts of record, including the records of the relevant depository institutions under the CRA, the institutions' records of compliance with fair lending and other consumer protection laws, supervisory information, information provided by Applicants, the public comments on the proposal, and other potential effects of the proposal on the convenience and needs of the communities to be served. Based on that review, the Board determines that the convenience and needs factor is consistent with approval.

---

[60] *See* 12 U.S.C. § 1831r-1. The bank also is required to provide reasons and other supporting data for the closure, consistent with the institution's written policy for branch closings.

[61] *See, e.g.*, 12 CFR 228.24(d)(2) (2023).

Financial Stability Considerations

Section 3 of the BHC Act requires the Board to consider "the extent to which a proposed acquisition, merger, or consolidation would result in greater or more concentrated risks to the stability of the United States banking or financial system."[62] In addition, section 4 of the BHC Act requires the Board to balance the expected public benefits of the proposal with the "risk to the stability of the United States banking or financial system."[63]

To assess the likely effect of a proposed transaction on the stability of the United States banking or financial system, the Board considers a variety of metrics that capture the systemic "footprint" of the resulting firm and the incremental effect of the transaction on the systemic footprint of the acquiring firm. These metrics include measures of the size of the resulting firm, the availability of substitute providers for any critical products and services offered by the resulting firm, the interconnectedness of the resulting firm with the banking or financial system, the extent to which the resulting firm contributes to the complexity of the financial system, and the extent of the cross-border activities of the resulting firm.[64] These categories are not exhaustive, and additional categories could inform the Board's decision.

In addition to these quantitative measures, the Board considers qualitative factors, such as the opacity and complexity of an institution's internal organization, that are indicative of the relative degree of difficulty of resolving the resulting firm. A financial institution that can be resolved in an orderly manner is less likely to inflict material damage on the broader economy.[65]

---

[62] 12 U.S.C. § 1842(c)(7).

[63] 12 U.S.C. § 1843(j)(2)(A).

[64] Many of the metrics considered by the Board measure an institution's activities relative to the United States financial system.

[65] For further discussion of the financial stability standard, see *Capital One Financial Corporation*, FRB Order No. 2012-2 (February 14, 2012).

In this case, the Board has considered information relevant to risks to the stability of the U.S. banking or financial system. The Board reviewed publicly available data, data compiled through the supervisory process, and data obtained through information requests to the institutions involved in the proposal, as well as qualitative information.

An organization's size is one important indicator of the risk that the organization may pose to the U.S. banking or financial system. Congress has imposed specific size-based limitations on the amount of deposits and liabilities a banking organization may control.[66] Size also is among the factors that the Board must take into consideration in differentiating among banking organizations under section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.[67] The proposed acquisition would increase the size of BSSA's combined U.S. operations by approximately 33 percent, as measured by total assets, to approximately $335.3 billion.[68] However, BSSA's combined U.S. operations would hold only approximately 1 percent of

---

[66] 12 U.S.C. §§ 1842(d)(2)(A) and 1852 (imposing a 10 percent nationwide deposit limit and a 10 percent nationwide liabilities limit on potential combinations by banking organizations).

[67] *See* 12 U.S.C. § 5365(a)(2)(A). The Board has previously used size as a simple measure of a banking organization's potential systemic impact and has differentiated the stringency of capital and liquidity requirements based on total consolidated asset size.

[68] SHUSA currently is a "Category IV banking organization" for purposes of the Board's enhanced prudential standards. *See* 12 CFR part 252. In acting on this application, the Board reviewed information submitted by SHUSA detailing its plans to comply with the enhanced prudential standards that would apply to it as a Category III banking organization following consummation. In addition, BSSA's combined U.S. operations exceeded the Category III threshold in the fourth quarter of 2025, and the Board also has reviewed information submitted by BSSA detailing its plans to comply with the enhanced prudential standards that apply to it as a Category III foreign banking organization, following the applicable transition period. *See, e.g.,* 12 CFR 252, subpart O.

BSSA is currently a triennial full filer for its combined U.S. operations under the resolution plan rule, 12 CFR parts 243 and 381, and the firm is schedule to file its next full resolution plan by July 2028. Upon becoming a Category III banking organization, Santander Bank would also become a triennial full filer under the resolution plan rule.

total U.S. financial system assets, deposits, or liabilities, and approximately 1.3 percent of exposures.

Analysis of measures of financial stability risks other than size points to limited risks. BSSA's combined U.S. operations would not be a critical services provider or so interconnected with other firms or markets that the firm would pose significant risk to the U.S. financial system in the event of financial distress, and the cross-border activities of BSSA's combined U.S. operations would not increase materially. In addition, the BSSA's combined U.S. operations following consummation would not exhibit an organizational structure, complex interrelationships, or unique characteristics that would complicate resolution of the firm's U.S. operations.[69]

In light of all the facts and circumstances, this transaction would not appear to result in meaningfully greater or more concentrated risks to the stability of the U.S. banking or financial system. Based on these and all other facts of record, the Board determines that considerations relating to financial stability are consistent with approval.

Acquisition of Nonbanking Companies

Applicants also have filed a notice under sections 4(c)(8) and (j) of the BHC Act to acquire the Webster Nonbanking Companies and thereby engage in financial and investment advisory activities. The Board previously has determined by regulation that these activities are closely related to banking for purposes of section 4(c)(8) of the BHC Act.[70] Applicants have stated that they would conduct these activities in

---

[69] In addition, the Board considered the global systemically important bank holding company ("G-SIB") method 1 score of BSSA's combined U.S. operations following the transaction. The G-SIB method 1 score is a measure of an institution's systemic importance and is a weighted sum of an institution's indicators of size, interconnectedness, complexity, cross-jurisdictional activity, and substitutability. *See* 80 *Federal Register* 49082 (August 14, 2015). On consummation of the proposal, the Board estimates that the G-SIB method 1 score for BSSA's combined U.S. operations would increase only slightly and would remain well below the threshold that identifies a financial institution as a G-SIB.

[70] *See* 12 CFR 225.28(b)(6).

accordance with the Board's regulations governing these activities for bank holding companies.

Section 4(j)(2)(A) of the BHC Act requires the Board to "consider whether performance of the activity by a bank holding company or a subsidiary of such company can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or risk to the stability of the United States banking or financial system."[71]

Under the proposal, Applicants would acquire a controlling interest in each of the Webster Nonbanking Companies and thereby engage in financial and investment advisory activities. There are public benefits to be derived from permitting bank holding companies to make potentially profitable investments in financial companies and to allocate their resources in the manner they consider to be most efficient when such investments and actions are consistent, as in this case, with the relevant considerations under the BHC Act.[72] The proposal would allow SHUSA to continue to provide the financial and investment advisory services that Webster currently provides to the Marathon Direct Lending Fund through MW Advisor.

The Board concludes that the performance of the proposed nonbanking activities, as assessed under Regulation Y, Board precedent, and this order, is not likely to result in significant adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices, or risk to the stability of the U.S. banking or financial system. Based on the entire record, and

---

[71] 12 U.S.C. § 1843(j)(2)(A).

[72] *See, e.g.*, *Capital One Financial Corporation*, FRB Order No. 2025-10 (Apr. 18, 2025), *LINKBANCORP, Inc.*, FRB Order No. 2023-007 (Nov. 15, 2023); *First Citizens BancShares, Inc.*, FRB Order No. 2021-12 (Dec. 17, 2021); *The Toronto-Dominion Bank*, FRB Order No. 2020-04 (Sept. 30, 2020); *Morgan Stanley*, 94 Federal Reserve Bulletin C103 (2008); *Arvest Bank Group*, 89 Federal Reserve Bulletin 439 (2003); *The Charles Schwab Corporation*, 86 Federal Reserve Bulletin 494 (2000).

for the reasons discussed above, the Board concludes that the balance of benefits and potential adverse effects related to competition, financial and managerial resources, convenience to the public, financial stability, and other factors weigh in favor of approval of the proposal. Accordingly, the Board determines that the balance of the public benefits under the standard of section 4(j)(2) of the BHC Act is consistent with approval.

Conclusion

Based on the foregoing and all the facts of record, the Board determines that the proposal should be, and hereby is, approved. In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act and other applicable statutes. The Board's approval is specifically conditioned on compliance by Applicants with all the conditions imposed in this order and on any commitments made to the Board in connection with the proposal. The Board's approval also is conditioned on receipt by Applicants of all required regulatory approvals. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.[73]

The proposal may not be consummated before the fifteenth calendar day after the effective date of this order or later than three months thereafter, unless such

[73] *See* 12 U.S.C. § 1818(b)(1).

period is extended for good cause by the Board or the Federal Reserve Bank of Boston, acting under delegated authority.

By order of the Board of Governors,[74] effective August 4, 2026.

(signed) Benjamin W. McDonough

Benjamin W. McDonough
Secretary of the Board

[74] Voting for this action: Chairman Warsh, Vice Chair Jefferson, Vice Chair for Supervision Bowman, and Governors Powell, Waller, Cook, and Barr.

Appendix I

Deposit Data in States Where Santander Bank and Webster Bank Both Operate [65]									
	Santander Bank			Webster Bank			Merged Entity		
State	Rank of Insured Depository Institution [66] by Deposits	Deposits Controlled (in millions)	Percentage of Total Deposits	Rank of Insured Depository Institution by Deposits	Deposits Controlled (in millions)	Percentage of Total Deposits	Rank of Insured Depository Institution by Deposits	Deposits Controlled (in millions)	Percentage of Total Deposits
Connecticut	13th	$1,897	1.07	2nd	$40,415	22.78	1st	$42,312	23.85
Massachusetts	4th	$33,226	5.51	30th	$2,017	0.33	4th	$35,243	5.85
New York	23rd	$11,145	0.43	15th	$23,648	0.90	11th	$34,792	1.33
Rhode Island	5th	$2,652	5.96	10th	$526	1.18	4th	$3,178	7.14

65 State deposit ranking and deposit data are as of June 30, 2025.

66 In this context, insured depository institutions include commercial banks, savings and loan associations, and savings banks.

Appendix II

Applicants / Webster Banking Markets Consistent with Board Precedent and the 1995 Bank Merger Guidelines

Data are as of June 30, 2025. All rankings, deposit market shares, and HHIs are based on thrift deposits weighted at 50 percent. The remaining number of competitors noted in each market includes thrift institutions.

Hartford, CT – Hartford County (minus the towns of Enfield and Suffield); Tolland County (minus the town of Somers); Barkhamsted, Harwinton, and New Hartford towns in Litchfield County; the towns of Cromwell, East Haddam, East Hampton, Haddam, Middletown (city), and Portland in Middlesex County; Colchester and Lebanon towns in New London County; Ashford, Chaplin, Eastford, Hampton, Scotland, and Windham towns in Windham County; all in Connecticut.

	Rank	Amount of Deposits	Market Deposit Share (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
Santander Pre-Consummation	7	$1.6 B	2.9	2,776	58	25
Webster	3	$5.6 B	10.1			
Santander Post-Consummation	2	$7.3 B	13.0			

Boston, MA–NH – Essex, Middlesex, Norfolk, and Suffolk counties, Massachusetts; Berkley, Dighton, Easton, Freetown, Mansfield, North Attleborough, Norton, Raynham, and Taunton city townships in Bristol County, Massachusetts; Abington, Bridgewater, Brockton city, Carver, Duxbury, East Bridgewater, Halifax, Hanover, Hanson, Hingham, Hull city, Kingston, Lakeville, Marion, Marshfield, Middleborough, Norwell, Pembroke, Plymouth, Plympton, Rochester, Rockland, Scituate, West Bridgewater, and Whitman townships in Plymouth County, Massachusetts; Berlin, Blackstone, Bolton, Harvard, Hopedale, Mendon, Milford, Millville, Southborough, Upton, and Uxbridge townships in Worcester County, Massachusetts; Amherst, Brookline, Greenfield, Greenville, Hollis, Hudson, Litchfield, Lyndeborough, Mason, Merrimack, Milford, Mont Vernon, Nashua city, Pelham, Temple, and Wilton townships in Hillsborough County, New Hampshire; Atkinson, Chester, Danville, Derry, East Kingston, Fremont, Hampstead, Hampton Falls, Kensington, Kingston, Londonderry, Newton, Plaistow, Raymond, Salem, Sandown, Seabrook, South Hampton, and Windham townships in Rockingham County, New Hampshire.

	Rank	Amount of Deposits	Market Deposit Share (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
Santander Pre-Consummation	3	$30.6 B	9.4	1,370	7	96
Webster	28	$1.2 B	0.4			
Santander Post-Consummation	3	$31.8 B	9.7			

Springfield, MA–CT – Ashfield, Buckland, Conway, Deerfield, Hawley, Leverett, New Salem, Shelburne, Shutesbury, Sunderland, Wendell, and Whately towns in Franklin County, Massachusetts; Hampden County, Massachusetts (minus Holland and Brimfield); Hampshire County, Massachusetts (minus Middlefield); the towns of Enfield and Suffield, Hartford County, Connecticut; and Somers in Tolland County, Connecticut.

	Rank	Amount of Deposits	Market Deposit Share (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
Santander Pre-Consummation	17	$235 M	1.1			
Webster	15	$373 M	1.7	835	4	20
Santander Post-Consummation	14	$608 M	2.8			

New Bedford, MA – the towns of Acushnet, Dartmouth, Fairhaven, and New Bedford city in Bristol County, and Mattapoisett in Plymouth County, all in Massachusetts.

	Rank	Amount of Deposits	Market Deposit Share (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
Santander Pre-Consummation	2	$785 M	17.8			
Webster	8	$349 M	7.9	1,596	281	9
Santander Post-Consummation	1	$1.1 B	25.7			

Metro New York City, NY–NJ–CT–PA – Fairfield County, Connecticut; portions of Litchfield County, Connecticut; portions of New Haven County, Connecticut; the counties of Bronx, Dutchess, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Suffolk, Sullivan, Ulster, and Westchester, New York; portions of Columbia County, New York; portions of Greene County, New York; the counties of Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, and Union, New Jersey; portions of Burlington County, New Jersey; portions of Mercer County, New Jersey; portions of Warren County, New Jersey; Pike County, Pennsylvania; portions of Monroe County, Pennsylvania; and portions of Wayne County, Pennsylvania.

	Rank	Amount of Deposits	Market Deposit Share (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
Santander Pre-Consummation	16	$24.2 B	0.9			
Webster	9	$56.8 B	2.1	1,602	4	186
Santander Post-Consummation	8	$81.0 B	3.0			

Providence, RI–MA – Bristol, Kent, Newport, and Providence counties, Rhode Island; Charlestown, Exeter, Narragansett, New Shoreham, North Kingstown, Richmond, and South Kingstown townships in Washington County, Rhode Island; and Attleboro, Fall River, Rehoboth, Seekonk, Somerset, Swansea, and Westport townships in Bristol County, Massachusetts.

	Rank	Amount of Deposits	Market Deposit Share (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
Santander Pre-Consummation	3	$3.2 B	6.7	1,848	27	18
Webster	12	$955 B	2.0			

Santander Post-Consummation	3	$4.2 B	8.6			