

MEMORANDUM

To: ODOE Energy Facility Siting Council

From: David Skidmore, Chief Audit Executive

Date: May 29, 2023

Re: Banco Santander – Credit and Financial Assurance Evaluation

Summit Wind Farm, LLC requested the Siting Council evaluate the credit worthiness and financial status of Banco Santander Group for purposes of adding Banco Santander to the agency’s list of entities that are approved to provide performance letters of credit.

The Siting Division requested ODOE’s Chief Audit Executive complete an evaluation of Banco Santander and its US Banking entity. We completed our evaluation using publicly available financial report filings and credit rating agency reports.

Background

The Summit Wind Farm is an approved wind energy generation facility that would consist of up to 72 wind turbines with a peak generating capacity of 194.4 megawatts, located within a site boundary of approximately 11,000 acres. Summit Ridge Wind LLC is a wholly owned subsidiary of Aypa Power LLC.

Banco Santander SA is a Madrid-based, multinational bank holding company with banking operations throughout Europe and the Americas and ranked as the 19th largest bank in the world with assets of approximately \$1.9 trillion. Banco Santander, SA reported record profits in 2022 with earnings per share growth of 23%, return on total equity of 13.4% and record profits of \$10.3 billion.

Banco Santander Holding USA has approximately \$147 billion in assets and is a wholly owned subsidiary of Banco Santander SA. Banco Santander’s USA holdings are comprised of 6 financial services entities, including Santander Bank NA, a US. Regulated, full-service commercial bank with assets of approximately \$105 billion as of March 31, 2023. Bank Santander NA operates primarily in the Northeast corridor (Massachusetts, New York, New Hampshire, Pennsylvania, Rhode Island, Connecticut, and Delaware) with its biggest presence in Massachusetts. They underwrite financial instruments for business clients, including standby letters of credit. As of March 31, 2023, Santander Bank NA had a total capital ratio of 15.34%, which is well above the “well capitalized bank” range based on federal banking regulations. For the year ended 2022, Santander Bank, NA reported net income of \$295.1 million with total assets of approximately \$100 billion.

Credit Rating

We reviewed the 4 major credit rating agency scores for Banco Santander, SA and available credit agency ratings for Bank Santander NA.

Banco Santander credit agency ratings are noted below:

Rating Agency	Long Term Financial Strength Rating	Long Term Outlook
Fitch	A-1 (5/23)	Stable
Moody's	A-2 (1/23)	Stable
Standard & Poor	A+ (7/22)	Stable
DBRS Morning Star	A (10/22)	Stable

Available Bank Santander NA's credit agency ratings are noted below:

Rating Agency	Long Term Financial Strength Rating	Long Term Outlook
Fitch	BBB+ ⁱ (5/23)	Stable
Standard & Poor	A-1 (7/22)	Stable

The ratings take into consideration a company's overall financial situation, including its debt, ability to generate income, its capital strength, its payment history on debt obligations, its revenues, and its enterprise risk management practices.

Bank Santander's US operations, including Bank Santander, are supported by its parent company's financial strength.

Conclusion

Based on the results of the 4 credit rating agencies for Banco Santander SA as well as the separate rating results for Bank Santander NA, we conclude that Banco Santander and its US banking affiliate display an overall strong capacity to meet its financial obligations, including those related to the issuance of standby letters of credit for purposes of providing financial assurance on contract obligations. Credit agencies also reported a stable long term outlook for Banco Santander and Bank Santander.

cc: Todd Cornett, Assistant Director, Siting Division

Attachment 1: Banco Santander Rating Summary

Attachment 2: Bank Santander S&P Rating

Attachment 3: Bank Santander Fitch Rating

ⁱ - Defined as Good Credit Quality with a low default risk and capacity for payment of commitments considered adequate, though adverse business or economic conditions are more likely to impair this capacity.

Ratings

This page details the ratings awarded to the Company by the following credit rating agencies: Dominion Bond Rating Service (henceforth "DBRS"), Fitch Ratings ,Ireland (henceforth "Fitch"), Moody's Investors Service España, S.A. (henceforth "Moody's"), S&P Global Ratings Europe limited, Ireland (henceforth "Standard & Poor's") Gesellschaft für Bonitätsbeurteilung mbH (henceforth "GBB-Rating") and Scope Ratings (henceforth "Scope").

Table of Ratings by Agency

Agency	Long Term	Short Term	Outlook	Reports		
DBRS	A (High)	R-1 (Middle)	Stable	October 2022 pdf 400 Kb	December 2021 pdf 390 K	October 2021 pdf 53,8 Kb
Fitch	A- (Senior A)	F2 (Senior F1)	Stable	May 2023 pdf 333 Kb	December 2022 pdf 223 Kb May 2022 pdf 266 Kb	June 2021 (2) pdf 535 kb June 2021 pdf 53 kb
Moody's	A2	P-1	Stable	January 2023 pdf 1,28 Mb	July 2022 pdf 2,56 Mb	July 2021 pdf 129 Kb
Standard & Poor's	A+	A-1	Stable	July 2022 pdf 142 Kb	March 2022 pdf 142 Kb	December 2021 pdf 155 Kb July 2021 pdf 1.4 Mb
JCR Japan	A+	-	Stable	December 2022 pdf 413 Kb	December 2021 pdf 413 Kb	November 2020 pdf 416 Kb
Scope	AA-	S-1+	Stable	September 2021 pdf 116 Kb	September 2019 pdf 317 Kb	March 2018 pdf 298 Kb
GBB-Rating	A+	-	Stable	May 2021 pdf 390 Kb	May 2020 pdf 800 Kb	May 2019 pdf 705 Kb
EthiFinance Ratings	A	-	Stable	December 2022 pdf 542 Kb	December 2021 pdf 433 Kb	December 2020 pdf 784 Kb

The credit rating can be revised, cancelled or withdrawn at any time by the ratings agency.

The aforementioned credit ratings are only an estimation and should not prevent potential investors in bonds issued by the company from undertaking their own analysis of the Company or the bonds it issues.

The long term debt rating categories used by the aforementioned agencies are as follows:

Agencia	Moody's	Standard & Poors	Fitch	DBRS
Investment Category	Aaa Aa A Baa	AAA AA A BBB	AAA AA A BBB	AAA AA A BBB
Especulative Category	Ba B Caa Ca C	BB B CCC CC C	BB B CCC CC C	BB B CCC CC C

Moody's assigns numeric modifiers 1, 2 and 3 to each generic ratings classification from Aa through B. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Standard & Poor's applies a plus (+) or minus (-) sign in categories AA through CCC to show relative standing within the major rating categories.

Fitch applies these same signs from the AAA category. The short term debt rating categories used by these agencies are as follows:

Moody's	Standard & Poors	Fitch	DBRS
Prime-1 Prime-2 Prime-3	A-1 A-2 A-3 B C	F1 F2 F3 B C	R-1 R-2 R-3 R-4 R-5

Standard & Poor's and Fitch both apply a plus sign (+) within the categories A-1 and F1.

These credit ratings do not constitute a recommendation to buy, sell or subscribe to the bonds issued by the Company. The credit rating can be revised, cancelled or withdrawn at any time by the ratings agency.

The aforementioned credit ratings are only an estimation and should not prevent potential investors in bonds issued by the company from undertaking their own analysis of the Company or the bonds it issues.

ENTITY

Santander Bank N.A.

Banks/Global / North America/United States

EU Endorsed, UK Endorsed; Solicited by or on behalf of the issuer (sell side)

ESG RELEVANCE

1	2	3	4	5
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01 Ratings

RATING	ACTION	DATE	TYPE
BBB+	Affirmed	14-Jun-2022	Long Term Issuer Default Rating
F2	Affirmed	14-Jun-2022	Short Term Issuer Default Rating
WD	Withdrawn	14-Jun-2022	Support Rating
bbb+	New Rating	14-Jun-2022	Shareholder Support Rating
bb+	Affirmed	14-Jun-2022	Viability Rating
WD	Withdrawn	25-Jan-2012	Individual Rating

Ratings Key

Outlook

Watch

POSITIVE

NEGATIVE

EVOLVING

STABLE

* Ratings displayed in orange denotes EU or UK Unsolicited and Non-Participatory Ratings

Where there was a review with no rating action (Review – No Action), please refer to the “Latest Rating Action Commentary” for an explanation of key rating drivers

*Premium Content is displayed in Fitch Red

RATING HISTORY

	LONG TERM ISSUER DEFAULT RATING	SHORT TERM ISSUER DEFAULT RATING	SUPPORT RATING	SHAREHOLDER SUPPORT RATING	VIABILITY RATING	INDIVIDUAL RATING	
DATE :	14-Jun-2022	18-Jun-2021	30-Jun-2020	01-Apr-2020	15-Jul-2019	19-Jul-2018	17-Nov-2017
RATING :	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+
ACTION :	Affirmed	Affirmed	Affirmed	Affirmed	Affirmed	Affirmed	New Rating

02 Rating Actions

RATING ACTION COMMENTARY / TUE 14 JUN, 2022

Fitch Affirms Santander Holdings USA at 'BBB+'; Outlook Stable

RATING ACTION COMMENTARY / FRI 18 JUN, 2021

Fitch Affirms Santander Holdings USA at 'BBB+'; Outlook Stable

RATING ACTION COMMENTARY / TUE 30 JUN, 2020

Fitch Affirms Santander Holdings USA at 'BBB+'; Outlook Negative

RATING.

Fitch Holdings USA at 'BBB+'; Outlook Negative

03 Insights

RATING REPORT / THU 23 FEB, 2023

Santander Holdings USA, Inc. - Update

RATING REPORT / FRI 15 JUL, 2022

Santander Holdings USA, Inc.

NAV

Santander Holdings USA, Inc.

RATING REPORT / FRI 30 JUL, 2021

Santander Holdings USA, Inc.

NAV

Santander Holdings USA, Inc.

RATING REPORT / THU 17 SEP, 2020

Santander Holdings USA, Inc.

RAT

Santander Holdings USA, Inc.

NAVIGATOR REPORT / WED 02 SEP, 2020

Santander Holdings USA, Inc. - Ratings Navigator

NON

Fitch Holdings USA, Inc.

04 Sector Outlooks

OUTLOOK REPORT / FRI 06 JAN, 2023

Global Banks 2023 Outlook Compendium

OUTLOOK REPORT / THU 05 JAN, 2023

Credit Outlook 2023: Credit Markets at a Crossroads (Excel)

OUT

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OUT

OUTLOOK REPORT / THU 05 JAN, 2023

Macro Challenges Dominate Credit Risk: 2023 Global Outlook Overview

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OUTLOOK REPORT / FRI 16 DEC, 2022

Global Banking Regulation Outlook 2023

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OUT

OUTLOOK REPORT / MON 12 DEC, 2022

Global Housing and Mortgage Outlook - 2023

In

D|

05 Securities and Obligations

RATED ENTITY / DEBT ↕	RATINGS ↕	ENTITY DETAILS ↕	DEBT TYPE & IDENTIFIERS ↕	OTHER DETAILS ↕
<p>Issuer: Santander Bank N.A.</p> <p>Debt Level: long-term deposits</p> <p>Issue: long-term deposits</p>	<p>14-Jun-2022</p> <p>A-</p> <p>Affirmed</p> <p>Long Term Rating</p> <p>RATING HISTORY</p>	<p>Country: United States</p> <p>Sectors: Banks</p> <p>Disclosures: EU Endorsed, UK Endorsed; Solicited by or on behalf of the issuer (sell side)</p>	<p>long-term deposits; deposits</p>	<p>Currency: USD</p> <p>Amount: 0</p> <p>Placement: Public</p>
<p>Issuer: Santander Bank N.A.</p> <p>Debt Level: short-term deposits</p> <p>Issue: short-term deposits</p>	<p>14-Jun-2022</p> <p>F2</p> <p>Affirmed</p> <p>Short Term Rating</p> <p>RATING HISTORY</p>	<p>Country: United States</p> <p>Sectors: Banks</p> <p>Disclosures: EU Endorsed, UK Endorsed; Solicited by or on behalf of the issuer (sell side)</p>	<p>short-term deposits; deposits</p>	<p>Currency: USD</p> <p>Amount: 0</p> <p>Placement: Private Placement</p>
<p>Issuer: Santander Bank N.A.</p> <p>Debt Level: senior unsecured</p> <p>Issue: USD bond/note</p>	<p>14-Jun-2022</p> <p>BBB+</p> <p>Affirmed</p> <p>Long Term Rating</p> <p>RATING HISTORY</p>	<p>Country: United States</p> <p>Sectors: Banks</p> <p>Disclosures: EU Endorsed, UK Endorsed; Solicited by or on behalf of the issuer (sell side)</p>	<p>senior unsecured; bond/note</p>	<p>Currency: USD</p> <p>Amount: 0</p> <p>Placement: Public</p>

PREVIOUS

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10 rows ▼

NEXT

06 Government Support

DETAILS OF GOVERNMENT SUPPORT

Effective Date	31-Mar-2023
Policy Bank ⓘ	No
Rating Driven by Government Support ⓘ	No
Long Term Rating Type Excluding Government Support ⓘ	Long Term Issuer Default Rating

07 Disclosures

ORIGINAL RATING DATE

Long Term Issuer Default Rating	28-May-1998
Short Term Issuer Default Rating	28-May-1998
Support Rating	01-Jun-2000
Shareholder Support Rating	14-Jun-2022
Viability Rating	20-Jul-2011
Individual Rating	01-Jun-2000

ENDORSEMENT STATUS

EU Endorsed, UK Endorsed

COUNTRY OF FITCH OFFICE

UNITED STATES

SOLICITATION STATUS

Long Term Issuer Default Rating	Solicited - Sell Side
Short Term Issuer Default Rating	Solicited - Sell Side
Shareholder Support Rating	Solicited - Sell Side
Viability Rating	Solicited - Sell Side

COUNTRY OF ANALYST

UNITED STATES

08 Identifiers

TYPE:	FDIC Cert Number	LEI
IDENTIFIER:	29950	TR24TWEY5RVRQV65HD49

09 Criteria

12 EXPIRED CRITERIA
NOV 2021 Bank Rating Criteria - Effective from 12 November 2021 to 7 September 2022

02 EXPIRED CRITERIA
MAY 2019 Short-Term Ratings Criteria - Effective from 2 May 2019 to 6 March 2020

28 EXPIRED CRITERIA
FEB 2020 Bank Rating Criteria - Effective from 28 February 2020 to 12 November 2021

12 EXPIRED CRITERIA
OCT 2018 Bank Rating Criteria - Effective from 12 October 2018 to 28 February 2020

10 Analysts

Mark Narron

Primary Rating Analyst

John Ralph

Secondary Rating Analyst

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector

Ratings Key

POSITIVE

NEGATIVE

EVOLVING

STABLE

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*Premium Content is displayed in Fitch Red

Outlook

Watch

* ESG Relevance is applicable for international scale ratings only

S&P Global Ratings affirms Santander Bank, NA at "A-" (Local Currency LT credit rating); outlook stable

July 25, 2022 [Cbonds](#)

S&P Global Ratings affirmed the "A-" Local Currency LT credit rating of Santander Bank, NA on July 22, 2022. The outlook is stable.

Company – [Santander Bank, NA](#)

Full name Santander Bank, N. A.

Registration country USA

Industry Banks