

Minimum requirements for own funds and eligible liabilities

From January 1st 2019, a requirement for total loss-absorbing capacity (TLAC) was introduced, as defined by the Financial Stability Board. In the EU TLAC requirements were implemented via EU regulation 2019/876 (also known as CRR II) that came into force in June 2019. This new regulation includes the new framework for the minimum requirements for eligible liabilities (MREL).

According with article 92a of EU regulation 2019/876, this requirement is applied to institutions considered a G-SII or that are part of a G-SII. Given the fact that Santander Totta SPGS, SA is almost fully owned by Banco Santander SA (considered a G-SII), this requirement is also applicable to Santander Totta SGPS, SA.

MREL includes own funds and eligible liabilities that can be written down or converted into capital in order to absorb losses or recapitalize the bank in the event of its failure. With this new framework new information disclosure is also included. Since final formats of this disclosure are still pending for final approval, the disclosures made on this section are done accordingly with the formats made available by the Basel Committee for the Pillar 3 disclosures requirements.

Santander Totta SGPS, SA's requirement is

- 16% of total consolidated RWAs;
- 6% of total consolidated leverage exposure

Key metrics (KM2)

	March-20	December-19	September-19	June-19	March-19
1 Total Loss Absorbing Capacity (TLAC) available	3.638	3.514	3.838	3.772	3.572
1a Fully loaded ECL accounting model TLAC available	3.638	3.514	3.838	3.772	3.572
2 Total RWA at the level of the resolution group	18.596	18.681	18.779	18.765	19.925
3 TLAC as a percentage of RWA (row1/row2) (%)	19,6%	18,8%	20,4%	20,1%	17,9%
3a Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL	19,6%	18,8%	20,4%	20,1%	17,9%
4 Leverage exposure measure at the level of the resolution group	54.188	54.188	54.741	54.697	54.588
5 TLAC as a percentage of leverage exposure measure (row1/row4) (%)	6,7%	6,5%	7,0%	6,9%	6,5%
5a Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL	6,7%	6,5%	7,0%	6,9%	6,5%

Creditors ranking (TLAC3)

		Figures in million euros			
		Creditor ranking			
1	Description of creditor ranking (free text)	Capital	AT1 instruments	Subordinated Debt	TOTAL
2	Total capital and liabilities net of credit risk mitigation	3.969	600	12	4.581
3	Subset of row 2 that are excluded liabilities	0	0	0	0
4	Total capital and liabilities less excluded liabilities (row 2 minus row 3)	3.969	600	12	4.581
5	Subset of row 4 that are potentially eligible as TLAC	3.969	600	12	4.581
6	Subset of row 5 with 1 year ≤ residual maturity < 2 years	0	0	0	0
7	Subset of row 5 with 2 years ≤ residual maturity < 5 years	0	0	0	0
8	Subset of row 5 with 5 years ≤ residual maturity < 10 years	0	0	8	8
9	Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	0	0	0	0
10	Subset of row 5 that is perpetual securities	3.969	600	4	4.574

TLAC Composition (TLAC1)

		Figures in million euros
Regulatory capital elements of TLAC and adjustments		March-20
1	Common Equity Tier 1 capital (CET1)	2.964
2	Additional Tier 1 capital (AT1) before TLAC adjustments	600
3	AT1 ineligible as TLAC as issued out of subsidiaries to third parties	0
4	Other adjustments	0
5	AT1 instruments eligible under the TLAC framework	600
6	Tier 2 capital (T2) before TLAC adjustments	12
7	Amortised portion of T2 instruments where remaining maturity > 1 year	0
8	T2 capital ineligible as TLAC as issued out of subsidiaries to third parties	0
9	Other adjustments	-62
10	T2 instruments eligible under the TLAC framework	74
11	TLAC arising from regulatory capital	3.638
Non-regulatory capital elements of TLAC		
12	External TLAC instruments issued directly by the bank and subordinated to excluded liabilities	0
13	External TLAC instruments issued directly by the bank which are not subordinated to excluded liabilities but meet all other TLAC term sheet requirements	0
14	Of which: amount eligible as TLAC after application of the caps	0
15	External TLAC instruments issued by funding vehicles prior to 1 January 2022	0
16	Eligible ex ante commitments to recapitalise a G-SIB in resolution	0
17	TLAC arising from non-regulatory capital instruments before adjustments	0
Non-regulatory capital elements of TLAC: adjustments		
18	TLAC before deductions	3.638
19	Deductions of exposures between MPE resolution groups that correspond to items eligible for TLAC (not applicable to SPE G-SIBs)	0
20	Deduction of investments in own other TLAC liabilities	0
21	Other adjustments to TLAC	0
22	TLAC after deductions	3.638
Risk-weighted assets and leverage exposure measure for TLAC purposes		
23	Total risk-weighted assets adjusted as permitted under the TLAC regime	18.596
24	Leverage exposure measure	54.188
TLAC ratios and buffers		
25	TLAC (as a percentage of risk-weighted assets adjusted as permitted under the TLAC regime)	19,56%
26	TLAC (as a percentage of leverage exposure)	6,71%
27	CET1 (as a percentage of risk-weighted assets) available after meeting the resolution group's minimum capital and TLAC requirements	3,56%