

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)

		Figures in million euros				
		September-20	June-20	March-20	December-19	September-19
1	Total Loss Absorbing Capacity (TLAC) available	4.374	4.230	3.638	3.514	3.838
1a	Fully loaded ECL accounting model TLAC available	4.374	4.230	3.638	3.514	3.838
2	Total RWA at the level of the resolution group	17.373	17.567	18.596	18.681	18.779
3	TLAC as a percentage of RWA (row1/row2) (%)	25,2%	24,1%	19,6%	18,8%	20,4%
3a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA (%)	25,2%	24,1%	19,6%	18,8%	20,4%
4	Leverage exposure measure at the level of the resolution group	57.358	58.325	54.573	54.188	54.741
5	TLAC as a percentage of leverage exposure measure (row1/row4) (%)	7,6%	7,3%	6,7%	6,5%	7,0%
5a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model Leverage exposure measure (%)	7,6%	7,3%	6,7%	6,5%	7,0%

Creditors ranking (TLAC3)

		Figures in million euros			
		Creditor ranking			
1	Description of creditor ranking	Capital	AT1 instruments	Subordinated Debt	TOTAL
2	Total capital and liabilities net of credit risk mitigation	4.073	600	12	4.685
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)	4.073	600	12	4.685
5	Subset of row 4 that are potentially eligible as TLAC	4.073	600	12	4.685
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	4.073	600	4	4.677

TLAC Composition (TLAC1)
Figures in million euros

Regulatory capital elements of TLAC and adjustments		September-20
1	Common Equity Tier 1 capital (CET1)	3.705
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	-57
10	T2 instruments eligible under the TLAC framework	69
11	TLAC arising from regulatory capital	4.374
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	4.374
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	4.374
Risk-weighted assets and leverage exposure measure for TLAC purposes		
23	Total risk-weighted assets adjusted as permitted under the TLAC regime	17.373
24	Leverage exposure measure	57.358
TLAC ratios and buffers		
25	TLAC (as a percentage of risk-weighted assets adjusted as permitted under the TLAC regime)	25,18%
26	TLAC (as a percentage of leverage exposure)	7,63%
27	CET1 (as a percentage of risk-weighted assets) available after meeting the resolution group's minimum capital and TLAC requirements	9,18%

Main features of own funds instruments of the creditors ranking (TLAC2)

EUR Million		June 30th 2020			
Issuer	Santander Totta SGPS, S.A.	Santander Totta SGPS, S.A.	Banco Santander Totta, S.A.	Banco Santander Totta, S.A.	
Unique identifier (eg CUYesP, IYesN or Bloomberg identifier for private placement)	PTSTOBOM0008	PTSTOADM0009	PTBSREOM0028	PTCPPOOE0004	
Regulatory Treatment					
Governing law(s) of the instrument	Lei Portuguesa	Lei Portuguesa	Lei Portuguesa	Lei Portuguesa	
TranYesional CRR rules	Capital Nivel 1	Capital Nivel 1	Capital Nivel 2	Capital Nivel 2	
Post-tranYesional CRR rules	Admissivel	Admissivel	Admissivel	Admissivel	
Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Consolidado Grupo Portugal	Consolidado Grupo Portugal	Consolidado Grupo Portugal	Consolidado Grupo Portugal	
Instrument type (types to be specified by each jurisdiction)	Instrumentos de Capital de Nivel 1	Instrumentos de Capital de Nivel 1	Instrumentos de Capital de Nivel 2	Instrumentos de Capital de Nivel 2	
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	300	300	8	4	
Nominal amount of instrument	100.000 EUR	100.000 EUR	1.000 EUR	1.000 EUR	
Issue price	100%	100%	100%	100%	
Redemption price	100%	100%	100%	100%	
Accounting classification	Capital - dividendos	Capital - dividendos	Resultado Liquido - juros a pagar	Resultado Liquido - juros a pagar	
Original date of issuance	22-06-2016	30-12-2015	6-10-2016	23-02-2001	
Perpetual or dated	Perpetuo	Perpetuo	Prazo fixo	Perpetuo	
Original maturity date	Sem Vencimento	Sem Vencimento	6-10-2026	Sem Vencimento	
Issuer call subject to prior supervisory approval	Sim	Sim	Sim	Sim	
Optional call date, contingent call dates and redemption amount	22-06-2021	17-01-2021	a todo o tempo	a todo o tempo	
Subsequent call dates, if applicable	Anual	Anual	não aplicável	não aplicável	
Coupons & dividends					
Fixed or floating dividend/coupon	Fixo	Fixo	Fixo	Variável	
Coupon rate and any related index	10,50%	9,90%	7,50%	Euribor 6 Meses + 1.60% para os primeiros vinte periodos Euribor 6 Meses + 1.75% para os seguintes	
Existence of a dividend stopper	Sim	Sim	Não	Não	
Fully discretionary, partially discretionary or mandatory (in terms of timing)	Discrição total	Discrição total	Obrigatoriedade	Obrigatoriedade	
Fully discretionary, partially discretionary or mandatory (in terms of amount)	Discrição total	Discrição total	Obrigatoriedade	Obrigatoriedade	
Existence of step up or other incentive to redeem	Não	Não	Não	Não	
Noncumulative or cumulative	Não cumulativo	Não cumulativo	Não cumulativo	Não cumulativo	
Convertible or non-convertible	Não convertível	Não convertível	Não convertível	Não convertível	
If convertible, conversion trigger(s)	n/a	n/a	n/a	n/a	
If convertible, fully or partially	n/a	n/a	n/a	n/a	
If convertible, conversion rate	n/a	n/a	n/a	n/a	
If convertible, mandatory or optional conversion	n/a	n/a	n/a	n/a	
If convertible, specify instrument type convertible into	n/a	n/a	n/a	n/a	
If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a	n/a	
Write-down features	Sim	Sim	n/a	n/a	
If write-down, write-down trigger(s)	Trigger Level: MinCET1 8%	Trigger Level: MinCET1 8%	n/a	n/a	
If write-down, full or partial	Depende do valor da redução. Pode ser total ou parcial	Depende do valor da redução. Pode ser total ou parcial	n/a	n/a	
If write-down, permanent or temporary	Temporária	Temporária	n/a	n/a	
If temporary write-down, description of write-up mechanism	Se o emitente apresentar resultados positivos, pode, sujeito ao montante máximo distribuível (MDA), aumentar o valor nominal do instrumento numa base pro rata com outros instrumentos equivalentes (loss absorbing e que permitem write down) até ao montante máximo de reposição do valor. Qualquer reposição não pode exceder o valor nominal original do instrumento.	Se o emitente apresentar resultados positivos, pode, sujeito ao montante máximo distribuível (MDA), aumentar o valor nominal do instrumento numa base pro rata com outros instrumentos equivalentes (loss absorbing e que permitem write down) até ao montante máximo de reposição do valor. Qualquer reposição não pode exceder o valor nominal original do instrumento.	n/a	n/a	
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Instrumentos de Capital de Nivel 2	Instrumentos de Capital de Nivel 2	Outros passivos não cobertos por regimes de proteção de depósitos	Outros passivos não cobertos por regimes de proteção de depósitos	
Non-compliant tranYesioned features	Não	Não	Não	Não	
If yes, specify non-compliant features					