

## Minimum requirements for own funds and eligible liabilities

From January 1<sup>st</sup> 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.

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

		Requirement for own funds and eligible liabilities for C-SIIs (TLAC)				
		June-21	March-21	December-20	September-20	June-20
<b>Own Funds and eligible liabilities, ratios and components</b>						
<b>1</b>	Own funds and eligible liabilities	4.926	3.983	4.404	4.231	4.163
<b>2</b>	Total risk exposure amount (TREA)	17.554	17.816	17.986	17.373	17.567
<b>3</b>	Own funds and eligible liabilities as a percentage of the total risk exposure amount	28,06%	22,36%	24,48%	24,36%	23,70%
<b>4</b>	Total exposure measure (TEM)	49.185	56.503	57.153	57.358	58.325
<b>5</b>	Own funds and eligible liabilities as a percentage of the total exposure measure	10,02%	7,05%	7,70%	7,38%	7,14%
<b>6a</b>	Does the subordination exemption in Article 72b(4) of Regulation (EU) No 575/2013 apply? (5% exemption)	No	No	No	No	No
<b>6b</b>	Aggregate amount of permitted non-subordinated eligible liabilities instruments if the subordination discretion as per Article 72b(3) of Regulation (EU) No 575/2013 is applied (max 3.5% exemption)	0	0	0	0	0
<b>6c</b>	Share of the total non-subordinated liabilities that is included in own funds and eligible liabilities	0	0	0	0	0

**Creditors ranking (TLAC3)**

Figures in million euros

		Creditor ranking				
		Own Funds *	AT1 instruments	Subordinated Debt	Senior Non preferred	TOTAL
<b>1</b>	Description of creditor ranking					
<b>2</b>	Total capital and liabilities net of credit risk mitigation	4.139	400	12	500	<b>5.052</b>
<b>3</b>	Subset of row 2 that are excluded liabilities	0	0	0	0	<b>0</b>
<b>4</b>	Total capital and liabilities less excluded liabilities (row 2 minus row 3)	4.139	400	12	500	<b>5.052</b>
<b>5</b>	Subset of row 4 that are potentially eligible as TLAC	4.139	400	12	500	<b>5.052</b>
<b>6</b>	Subset of row 5 with 1 year ≤ residual maturity < 2 years	0	0	0	0	<b>0</b>
<b>7</b>	Subset of row 5 with 2 years ≤ residual maturity < 5 years	0	0	0	0	<b>0</b>
<b>8</b>	Subset of row 5 with 5 years ≤ residual maturity < 10 years	0	0	8	500	<b>508</b>
<b>9</b>	Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	0	0	0	0	<b>0</b>
<b>10</b>	Subset of row 5 that is perpetual securities	4.139	400	4	0	<b>4.544</b>

\* Share Capital + Other Reserves and retained earnings + Result of the current year

## TLAC Composition (TLAC1)

		Figures in million euros
		Requirement for own funds and eligible liabilities for G-SIIs (TLAC)
<b>Own funds and eligible liabilities</b>		
1	Common Equity Tier 1 capital (CET 1)	3.947
2	Additional Tier 1 capital (AT1)	400
6	T2 capital (T2)	79
11	Own funds for the purpose of Articles 92a CRR and 45 BRRD	4.426
<b>Own funds and eligible liabilities: Non-regulatory capital elements</b>		
12	Eligible liabilities instruments issued directly by the resolution entity that are subordinated to excluded liabilities (not grandfathered)	500
EU-12a	Eligible liabilities instruments issued directly by other entities within the resolution group that are subordinated to excluded liabilities (not grandfathered)	0
EU-12b	Eligible liabilities instruments issued that are subordinated to excluded liabilities issued (not grandfathered)	0
EU-12c	Tier 2 instruments with a residual maturity of at least one year to the extent they do not qualify as Tier 2 items	0
13	Eligible liabilities not subordinated to excluded liabilities (not grandfathered pre cap)	0
EU-13a	Eligible liabilities not subordinated to excluded liabilities issued before 27 June 2019 (pre cap)	0
14	Amount of non subordination instruments eligible, where applicable after application of Article 72b (3) CRR	0
17	Eligible liabilities items before adjustments	500
EU-17a	Of which subordinated	0
<b>Own funds and eligible liabilities: Adjustments to non-regulatory capital elements</b>		
18	Own funds and eligible liabilities items before adjustments	4.926
19	Deductions of Exposures between MPE resolution groups	0
20	Deductions of Investments in other eligible liabilities instruments	0
22	Own funds and eligible liabilities after adjustments	4.926
<b>Risk-weighted exposure amount and leverage exposure measure of the resolution group</b>		
23	Total Risk exposure amount	17.554
24	Total exposure measure	49.185
<b>Ratio of own funds and eligible liabilities</b>		
25	Own funds and eligible liabilities (as percentage of total risk exposure amount)	28,06%
26	Own funds and eligible liabilities (as percentage of total exposure measure)	10,02%
27	CET1 (as a percentage of TREA) available after meeting the resolution group's requirements	9,21%
28	Institution specific combined buffer requirement	2,88%
29	Of which: capital conservation buffer requirement	2,50%
30	Of which: countercyclical buffer requirement	0,00%
31	Of which: systemic risk buffer requirement	0,38%
EU-31a	Of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0,00%
<b>Memorandum items</b>		
EU-32	Total amount of excluded liabilities referred to in Article 72a (2) CRR	32.393

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

EUR Million		June 30th 2021		
1 Issuer		Santander Totta SGPS, S.A.	Banco Santander Totta, S.A.	Banco Santander Totta, S.A.
2 Unique identifier (ex CUSIP, ISIN or Bloomberg identifier for private placement)		PTSTOCOM0007	PTBSREOM0028	PTCPPOEE0004
3 Regulatory Treatment		Portuguese law	Portuguese law	Portuguese law
<b>Governing law(s) of the instrument</b>				
4 Transitional CRR rules		AT1 Capital	Tier 2 capital	Tier 2 capital
5 Post-transitional CRR rules		AT1 Capital	Tier 2 capital	Tier 2 capital
6 Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated		Consolidated	Solo and Consolidated	Solo and Consolidated
7 Instrument type (types to be specified by each jurisdiction)		AT1 Capital Instrument	Subordinated	Subordinated
8 Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)		400	8	4
9 Nominal amount of instrument		100,000 EUR	7,599 EUR	4,298 EUR
9a Issue price		100%	100%	100%
9b Redemption price		100%	100%	100%
10 Accounting classification		Capital - dividends	Liability - amortised cost	Liability - amortised cost
11 Original date of issuance		14-01-2021	6-10-2016	23-02-2001
12 Perpetual or dated		Perpetual	Dated	Perpetual
13 Original maturity date		n/a	6-10-2026	n/a
14 Issuer call subject to prior supervisory approval		Yes	Yes	Yes
15 Optional call date, contingent call dates and redemption amount		14-01-2026	at all time	at all time
16 Subsequent call dates, if applicable		Quarterly after the first call date	n/a	n/a
<b>Coupons &amp; dividends</b>				
17 Fixed or floating dividend/coupon		Fixed	Fixed	Variable
18 Coupon rate and any related index		4,90%	7,50%	Euribor 6 Meses + 1.60% for the first 20 terms Euribor 6 Meses + 1.75% for the remainder
19 Existence of a dividend stopper		No	No	No
20a Fully discretionary, partially discretionary or mandatory (in terms of timing)		Fully discretionary	Mandatory	Mandatory
20b Fully discretionary, partially discretionary or mandatory (in terms of amount)		Fully discretionary	Mandatory	Mandatory
21 Existence of step up or other incentive to redeem		No	No	No
22 Noncumulative or cumulative		Non Cumulative	Cumulative	Cumulative
23 Convertible or non-convertible		Convertible	Convertible	Convertible
24 If convertible, conversion trigger(s)		Triggers to statutory bail-in powers and mandatory write-down/conversion of capital instruments	Triggers to statutory bail-in powers and mandatory write-down/conversion of capital instruments	Triggers to statutory bail-in powers and mandatory write-down/conversion of capital instruments
25 If convertible, fully or partially		Fully or partially	Fully or partially	Fully or partially
26 If convertible, conversion rate		To be determined at conversion	To be determined at conversion	To be determined at conversion
27 If convertible, mandatory or optional conversion		Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions	Mandatory upon satisfaction of certain conditions
28 If convertible, specify instrument type convertible into		Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1
29 If convertible, specify issuer of instrument it converts into		Santander Totta SGPS, S.A.	Banco Santander Totta, S.A.	Banco Santander Totta, S.A.
30 Write-down features		Yes	Yes	Yes
31 If write-down, write-down trigger(s)		Trigger Level: Min CET1 5.125%	Triggers to statutory bail-in powers and mandatory write-down/conversion of capital instruments	Triggers to statutory bail-in powers and mandatory write-down/conversion of capital instruments
32 If write-down, full or partial		May be written down fully or partially	May be written down fully or partially	May be written down fully or partially
33 If write-down, permanent or temporary		Temporary	Permanent	Permanent
34 If temporary write-down, description of write-up mechanism		If issuer has positive results may, subject to its MDA, increase the nominal value of the instrument on a pro rata basis with other equivalent instruments (that can be used for loss absorbing and allow to be written down) up to the original nominal amount of the instrument.	n/a	n/a
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)		AT1 Capital Instruments	Subordinated debt instruments not eligible as capital	Subordinated debt instruments not eligible as capital
36 Non-compliant transitioned features		No	No	No
37 If yes, specify non-compliant features		n/a	n/a	n/a