

# Executive Summary

The consolidated fully-loaded CET1 ratio stood at 12.75% at the end of December 2021, which represents an increase of 102 basis points compared to 2020, with the phased-in CET1 ratio of 12.98%, which represents an increase of 83 basis points compared to 2020. The difference between both ratios is mainly explained by the effect of the temporary adjustments for the treatment of the solvency indicators of the impacts of IFRS 9.

These ratios include the effects of the divestments in Paraguay in the first quarter and in the United States in the second quarter of 2021. Additionally, these ratios include the negative non recurring impact of €696 million from the net costs associated with the restructuring process in Spain, as well as the deduction of the total amount of the share buyback program authorized by the European Central Bank, for an amount of €3.5 billion. Excluding these impacts, during the 2021 financial year a high organic generation of results has been registered, which, net of shareholder remuneration and remuneration of the Contingent Convertible bonds (CoCos, for its acronym in English), have contributed +82 basis points to the CET1 ratio and have made it possible to cover the negative evolution of market variables, as well as supervisory impacts and regulatory changes.

Fully loaded risk-weighted assets (RWA) decreased by approximately €-45.4 billion in 2021 compared to 2020, mainly due to the aforementioned divestments in Paraguay and the United States.

Additional Tier 1 capital (AT1) fully-loaded stood at 1.87% (1.86% phased-in) at the end of December 2021, which

includes the reduction effect of €1 billion due to early amortization of an issuance of CoCos dating back to 2016, offset by the positive effect of reducing RWAs.

The Tier 2 fully-loaded ratio stood at 2.37%, which represents an increase of +7 basis points compared to 2020, mainly explained by the effect of the RWA reduction during the 2021 financial year. Regarding the tier 2 phased-in, stood at 2.40%, the difference being with respect to the fully-loaded Tier 2 ratio, mainly due to the temporary treatment of certain subordinated issues.

As a consequence of the foregoing, the fully-loaded total capital ratio stands at 16.99% as of December 2021, with the total phased-in ratio being 17.24% as of the same date.

The Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) in the Group remained well above 100% throughout 2021. At December 31, 2021, these ratios stood at 165% (213% considering the excess liquidity of the subsidiaries) and 135%, respectively. Although these requirements are only established at Group level, this minimum is comfortably exceeded in all subsidiaries.

As for the leverage ratio, as of December 31, 2021, the fully loaded ratio was 6.69% (6.80% phased-in), above the minimum required ratio of 3.06%.

The following table shows the main metrics according article 447 of the CRR:

**Table 1.** EU KM1 - Key metrics (Million Euros)

	12-31-2021	9-30-2021	6-30-2021
<b>Available own funds (amounts)</b>			
Common Equity Tier 1 (CET1) capital	39,949	44,558	43,903
Tier 1 capital	45,686	50,329	49,599
Total capital	53,069	58,098	57,287
<b>Risk-weighted exposure amounts</b>			
Total risk-weighted exposure amount	307,795	303,002	305,599
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>			
Common Equity Tier 1 ratio (%)	12.98 %	14.71 %	14.37 %
Tier 1 ratio (%)	14.84 %	16.61 %	16.23 %
Total capital ratio (%)	17.24 %	19.17 %	18.75 %
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>			
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.50 %	1.50 %	1.50 %
of which: to be made up of CET1 capital (percentage points)	0.84 %	0.84 %	0.84 %
of which: to be made up of Tier 1 capital (percentage points)	1.13 %	1.13 %	1.13 %
Total SREP own funds requirements (%)	9.50 %	9.50 %	9.50 %
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>			
Capital conservation buffer (%)	2.50 %	2.50 %	2.50 %
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	—	—	—
Institution specific countercyclical capital buffer (%)	0.01 %	0.01 %	0.01 %
Systemic risk buffer (%)	—	—	—
Global Systemically Important Institution buffer (%)	—	—	—
Other Systemically Important Institution buffer	0.75 %	0.75 %	0.75 %
Combined buffer requirement (%)	3.26 %	3.26 %	3.26 %
Overall capital requirements (%)	12.76 %	12.76 %	12.76 %
CET1 available after meeting the total SREP own funds requirements (%)	23,501	28,366	27,572
<b>Leverage ratio</b>			
Total exposure measure	671,789	663,861	665,751
Leverage ratio (%)	6.80 %	7.58 %	7.45 %
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>			
Additional own funds requirements to address the risk of excessive leverage (%)	—	—	—
of which: to be made up of CET1 capital (percentage points)	—	—	—
Total SREP leverage ratio requirements (%)	3.06 %	3.06 %	3.06 %
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>			
Leverage ratio buffer requirement (%)	—	—	—
Overall leverage ratio requirements (%)	3.06 %	3.06 %	3.06 %
<b>Liquidity Coverage Ratio</b>			
Total high-quality liquid assets (HQLA) (Weighted value - average)	103,823	109,943	108,610
Cash outflows - Total weighted value	87,615	86,066	84,470
Cash inflows - Total weighted value	24,712	21,575	23,775
Total net cash outflows (adjusted value)	62,903	64,491	60,696
Liquidity coverage ratio (%)	165.05 %	170.48 %	178.94 %
<b>Net Stable Funding Ratio</b>			
Total available stable funding	430,759	431,415	429,074
Total required stable funding	319,017	320,752	320,838
NSFR ratio (%)	135.03 %	134.50 %	133.74 %

This table is a summary of the main metrics presented in the Pillar 3 report.

- For information on Capital and solvency, see section 3, Eligible own funds and minimum requirements.
- For information on Leverage, see section 5, Leverage ratio.
- For information on Liquidity ratios, see section 4.5. Liquidity risk.