

**Banco Santander, S.A.**  
**Hong Kong Branch**

(A public limited liability company incorporated in Spain)

**Financial Disclosure Statement**

**For the six months ended 30 June 2021**

**BANCO SANTANDER, S.A.**  
**HONG KONG BRANCH**  
(A public limited liability company incorporated in Spain)

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## Unaudited Income Statement

	Note	For the six months ended	
		30 Jun 2021 HK\$'000	30 Jun 2020 HK\$'000
Interest Income		325,806	573,134
Interest Expense		(129,583)	(527,675)
Other operating income			
- Gains less losses arising from trading in foreign currencies		16,135	126,181
- Gains less losses on securities held for trading purposes		(256)	590
- Gains less losses from other trading activities		18,150	(1,917)
- Net fees and commission income	1	80,812	58,964
- Others		59,214	24,368
<b>Total operating income</b>		<b>370,278</b>	<b>253,645</b>
Operating expenses			
- Staff expenses		(212,318)	(195,225)
- Rental expenses		(18,239)	(18,822)
- Other expenses		(96,617)	(84,743)
Charge for impairment allowances for loans and receivables		(14,092)	(8,481)
<b>Total operating expenses</b>		<b>(341,266)</b>	<b>(307,271)</b>
<b>Profit/(Loss) before taxation</b>		<b>29,012</b>	<b>(53,626)</b>
Tax expenses		(17,500)	(500)
<b>Profit/(Loss) after taxation</b>		<b>11,512</b>	<b>(54,126)</b>

**Unaudited Balance Sheet**

	Note	30 Jun 2021 HK\$'000	31 Dec 2020 HK\$'000
<b>ASSETS</b>			
Cash and balances with banks (except those included in amount due from overseas offices)		1,828,680	2,272,215
Due from Exchange Fund		16,778	25,575
Placement with banks which have a residual contractual maturity of more than one month but not more than 12 months (except those included in amount due from overseas offices)		2,681,211	4,800,229
Amount due from overseas offices		35,706,424	22,308,508
Trade bills		6,704,387	4,205,425
Securities held for trading purposes		4,699,909	-
Loans and receivables and other accounts	2	41,264,281	27,821,997
Investment securities		7,394,811	12,821,986
Property, plant and equipment		62,984	78,109
<b>TOTAL ASSETS</b>		<b>100,359,465</b>	<b>74,334,044</b>
<b>LIABILITIES</b>			
Deposits and balances from banks (except those included in amount due to overseas offices)		6,564,295	1,545,735
Due to Exchange Fund		5,839,694	-
Deposits from customers			
- demand deposits and current accounts		426,368	237,452
- savings deposits		663,376	1,055,073
- time, call and notice deposits		2,688,497	1,459,562
Amount due to overseas offices		73,244,705	54,231,918
Certificates of deposit issued		1,164,833	9,504,020
Accrued interest, other liabilities and provisions		9,767,697	6,300,284
<b>TOTAL LIABILITIES</b>		<b>100,359,465</b>	<b>74,334,044</b>

**Unaudited Supplementary Information**
**1. Net fees and commission income**

	<b>For the six months ended</b>	
	<b>30 Jun 2021</b>	<b>30 Jun 2020</b>
	HK\$'000	HK\$'000
Gross fees and commission income	108,926	79,642
Gross fees and commission expenses	(28,114)	(20,678)
	<hr/>	<hr/>
Net fees and commission income	<u>80,812</u>	<u>58,964</u>

**2. Loans and receivables and other accounts**

	<b>30 Jun 2021</b>	<b>31 Dec 2020</b>
	HK\$'000	HK\$'000
Loans and advances to customers (note 8)	32,697,378	23,090,903
Accrued interest and other accounts	8,615,680	4,765,315
	<hr/>	<hr/>
	41,313,058	27,856,218
Impairment allowances		
- Stage 1	(6,601)	(10,131)
- Stage 2	(42,176)	(24,090)
	<hr/>	<hr/>
	<u>41,264,281</u>	<u>27,821,997</u>

**3. Impaired loans and advances**

There were no impaired loans and advances to customers or banks as at 30 June 2021 and 31 December 2020.

**4. Derivative transactions**

	<b>30 Jun 2021</b>	<b>31 Dec 2020</b>
	HK\$'000	HK\$'000
Nominal amounts		
- Exchange rate-related derivative contracts	608,162,187	373,222,853
- Interest rate derivative contracts	37,958,687	42,216,268

**Unaudited Supplementary Information (Continued)**
**4. Derivative transactions (continued)**

	<b>30 Jun 2021</b>	<b>31 Dec 2020</b>
	HK\$'000	HK\$'000
Fair value assets		
- Exchange rate-related derivative contracts	7,763,133	3,807,262
- Interest rate derivative contracts	657,700	849,397
Fair value liabilities		
- Exchange rate-related derivative contracts	7,465,530	3,819,699
- Interest rate derivative contracts	707,585	889,205

The above derivative assets and liabilities, being the positive or negative marked-to-market value of the respective derivative contracts, represent gross replacement costs. They do not take into account the effects of bilateral netting arrangements.

**5. Off-balance sheet exposures**

	<b>30 Jun 2021</b>	<b>31 Dec 2020</b>
	HK\$'000	HK\$'000
Contractual amounts		
- Direct credit substitutes	1,630,575	1,850,182
- Transaction-related contingencies	2,058,760	1,461,795
- Trade-related contingencies	2,201,864	2,417,549
- Other commitments	39,650,644	44,626,719

**Unaudited Supplementary Information (Continued)**
**6. International claims**

International claims refer to exposures to counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any recognized risk transfer. Only countries constituting 10% or more of our total international claims are disclosed as follows:

HK\$ million	Banks	Official sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
<b>As at 30 Jun 2021</b>						
Developed countries	37,550	4,075	-	1,673	-	43,298
<i>Of which: Spain</i>	35,853	-	-	-	-	35,853
Offshore centres	1,059	3,159	5,050	14,982	-	24,250
<i>Of which: Hong Kong</i>	604	-	5,049	11,710	-	17,363
Developing Asia and Pacific	7,832	-	2,594	7,534	-	17,960
<i>Of which: China</i>	7,824	-	2,594	7,534	-	17,952

HK\$ million	Banks	Official sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
<b>As at 31 Dec 2020</b>						
Developed countries	22,771	10,722	-	1,444	-	34,937
<i>Of which: Spain</i>	22,432	-	-	-	-	22,432
<i>Japan</i>	7	10,722	-	-	-	10,729
Offshore centres	501	-	2,455	13,804	-	16,760
<i>Of which: Hong Kong</i>	497	-	2,455	10,799	-	13,751
Developing Asia and Pacific	9,948	-	1,964	2,742	-	14,654
<i>Of which: China</i>	9,946	-	1,964	2,742	-	14,652

**Unaudited Supplementary Information (Continued)**
**7. Gross loans and advances to customers by geographical areas**

Analysis of gross amount of loans and advances to customers by major countries or geographical segments in accordance with the location of the counterparties, after taking into account any recognized risk transfer. In general, risk transfer applies when the loans and advances are guaranteed by a party in a country which is different from that of the customer. Major countries constituting 10% or more of our total gross amount of advances are disclosed as follows:

	30 Jun 2021		31 Dec 2020	
	HK\$'000	% to total advances to customers	HK\$'000	% to total advances to customers
Gross amount of advances				
- Hong Kong	17,369,734	53.12%	13,480,753	58.38%
- China	10,089,248	30.86%	4,692,151	20.32%
- Others	5,238,396	16.02%	4,917,999	21.30%
	<u>32,697,378</u>	<u>100.00%</u>	<u>23,090,903</u>	<u>100.00%</u>
Overdue or impaired loans	<u>-</u>		<u>-</u>	



## Unaudited Supplementary Information (Continued)

### 8. Sector information

Analysis of gross advances to customers and the percentage of secured advances classified into following industry categories:

	30 Jun 2021		31 Dec 2020	
	HK\$'000	% of gross advances covered by collateral or other security	HK\$'000	% of gross advances covered by collateral or other security
Loans and advances for use in Hong Kong				
- Industrial, commercial & financial				
- Financial concerns	1,553,110	80.00%	1,240,536	100%
- Wholesale and retail trade	-	-	1,046,512	-
- Manufacturing	-	-	211,615	-
- Others	1,504,211	-	560,134	-
	<u>3,057,321</u>		<u>3,058,797</u>	
Trade Finance	13,156,371	0.20%	8,657,358	3.78%
Loans and advances for use outside Hong Kong	16,483,686	0.99%	11,374,748	-
	<u>32,697,378</u>		<u>23,090,903</u>	

### 9. Overdue or rescheduled assets

As at 30 June 2021 and 31 December 2020, there were no loans and advances to customers or other assets which were overdue for more than three months, nor were there any rescheduled assets.

### 10. Repossessed assets

There were no repossessed assets held as at 30 June 2021 and 31 December 2020.

**Unaudited Supplementary Information (Continued)**
**11. Non-bank Mainland exposures**

The following Mainland exposures to non-bank counterparties are prepared in accordance with the completion instructions for Return of Mainland Activities issued by the Hong Kong Monetary Authority (“HKMA”).

<b>Types of Counterparties</b>	<b>On-balance sheet exposures HK\$ million</b>	<b>Off-balance sheet exposures HK\$ million</b>	<b>Total HK\$ million</b>
<b>As at 30 Jun 2021</b>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	22,662	2,182	24,844
2. Local governments, local government-owned entities and their subsidiaries and JVs	62	87	149
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,439	424	3,863
4. Other entities of central government not reported in item 1 above	622	715	1,337
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
<b>Total</b>	<b>26,785</b>	<b>3,408</b>	<b>30,193</b>
Total assets after provision	100,357		
On-balance sheet exposures as percentage of total assets	26.69%		

**Unaudited Supplementary Information (Continued)**
**11. Non-bank Mainland exposures (Continued)**

The following Mainland exposures to non-bank counterparties are prepared in accordance with the completion instructions for Return of Mainland Activities issued by the Hong Kong Monetary Authority (“HKMA”).

<b>Types of Counterparties</b>	<b>On-balance sheet exposures HK\$ million</b>	<b>Off-balance sheet exposures HK\$ million</b>	<b>Total HK\$ million</b>
<b>As at 31 Dec 2020</b>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	13,246	2,386	15,632
2. Local governments, local government-owned entities and their subsidiaries and JVs	1,109	417	1,526
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,312	249	2,561
4. Other entities of central government not reported in item 1 above	378	512	890
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
<b>Total</b>	<b>17,045</b>	<b>3,564</b>	<b>20,609</b>
Total assets after provision	74,330		
On-balance sheet exposures as percentage of total assets	22.93%		

**Unaudited Supplementary Information (Continued)**
**12. Currency risk**

The net positions or net structural positions in foreign currencies are disclosed when each currency constitutes 10% or more of the respective total net position or total net structural position in all foreign currencies.

HK\$ million	CNY	USD	JPY	EUR	Others	Total
<b>As at 30 Jun 2021</b>						
Spot assets	5,677	48,327	4,254	27,771	6,983	93,012
Spot liabilities	(484)	(76,072)	(2,554)	(14,422)	(3,776)	(97,308)
Forward purchases	69,454	303,445	114,602	47,036	20,814	555,351
Forward sales	(74,551)	(275,829)	(116,255)	(60,359)	(23,960)	(550,954)
Net option position	-	-	-	-	-	-
Net long (short) position	96	(129)	47	26	61	101
Net structural position	-	5	-	-	-	5

HK\$ million	CNY	USD	JPY	EUR	Others	Total
<b>As at 31 Dec 2020</b>						
Spot assets	1,750	42,392	11,100	12,654	4,000	71,896
Spot liabilities	(322)	(50,672)	(10,720)	(7,982)	(3,619)	(73,315)
Forward purchases	68,735	174,165	15,809	30,618	6,914	296,241
Forward sales	(70,314)	(165,591)	(16,130)	(35,282)	(7,367)	(294,684)
Net option position	-	-	-	-	-	-
Net long (short) position	(151)	294	59	8	(72)	138
Net structural position	-	5	-	-	-	5

Delta equivalent approach method is used to calculate net options position of the Branch.

**Unaudited Supplementary Information (Continued)****13. Liquidity information disclosures**

	<b>For the quarter ended</b>	
	<b>30 Jun 2021</b>	<b>30 Jun 2020</b>
Average LMR for the financial period	77.74%	76.30%

The average liquidity maintenance ratio is the simple average of each month's average liquidity maintenance ratio for the reporting period. Liquidity maintenance ratio is calculated in accordance with the guidelines of the HKMA and the Banking (Liquidity) Rules.

The liquidity information disclosure is also available under section "Shareholders and Investors" on Banco Santander S.A.'s website at [www.santander.com](http://www.santander.com).

**14. Disclosure on remuneration**

Pursuant to section 3 of Supervisory Policy Manual (CG-5) Guideline on a Sound Remuneration System issued by the HKMA, Banco Santander, S.A. Hong Kong Branch complies with the requirements and has adopted the remuneration systems of Banco Santander, S.A. Head Office. Please refer to the 2020 Annual Report of Banco Santander, S.A. for details.

**Group Consolidated Financial Information**
**Capital and capital adequacy**

	<b>30 Jun 2021</b>	<b>31 Dec 2020</b>
Capital ratio (Basel III)		
CET1 capital ratio	12.11%	12.34%
Tier 1 capital ratio	13.67%	13.95%
Total capital ratio	15.82%	16.18%

	EUR Million	EUR Million
Total equity	95,745	91,322

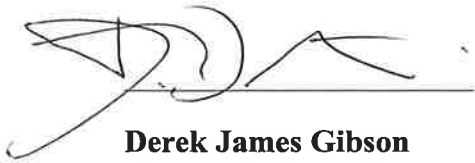
**Other financial information**

	<b>30 Jun 2021</b>	<b>31 Dec 2020</b>
	EUR Million	EUR Million
Total assets	1,568,636	1,508,250
Total liabilities	1,472,891	1,416,928
Total advances to customers	954,518	916,199
Total customer deposits	894,127	849,310

	<b>For the six months ended</b>	
	<b>30 Jun 2021</b>	<b>30 Jun 2020</b>
	EUR Million	EUR Million
Pre-tax profit / (loss)	6,914	(6,410)

**Statement of Compliance**

This Disclosure Statement has been prepared in accordance with the Banking (Disclosure) Rules and the disclosure standards as stated in the Hong Kong Monetary Authority's Supervisory Policy Manual on "Guideline on the Application of the Banking (Disclosure) Rules". To the best of my knowledge, the disclosure is not false or misleading in any material respect.



**Derek James Gibson**  
Alternate Chief Executive  
Banco Santander, S.A. Hong Kong Branch  
(A public limited liability company incorporated in Spain)