

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

(A public limited liability company incorporated in Spain)

**Financial Disclosure Statement**

**For the year ended 31 December 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 year ended	
		31 Dec 2021 HK\$'000	31 Dec 2020 HK\$'000
Interest income		656,894	903,107
Interest expense		(221,147)	(674,193)
Other operating income			
- Gains less losses arising from trading in foreign currencies		35,559	226,819
- Gains less losses arising on securities held for trading purposes		(2,409)	475
- Gains less losses from other trading activities		1,211	(689)
- Net fees and commission income	1	170,206	112,391
- Loss from disposal of property, plant and equipment		(147)	-
- Others		161,566	90,687
<b>Total operating income</b>		<b>801,733</b>	<b>658,597</b>
Operating expenses			
- Staff expenses		(446,007)	(413,494)
- Rental expenses		(36,725)	(37,294)
- Other expenses		(226,246)	(167,324)
Charge of impairment allowances for loans and other exposures		(6,198)	(30,666)
<b>Total operating expenses</b>		<b>(715,176)</b>	<b>(648,778)</b>
<b>Profit before taxation</b>		<b>86,557</b>	<b>9,819</b>
Tax expense		(38,963)	(16,220)
<b>Profit / (loss) after taxation</b>		<b>47,594</b>	<b>(6,401)</b>

**Unaudited Balance Sheet**

	Note	31 Dec 2021 HK\$'000	30 Jun 2021 HK\$'000
<b>ASSETS</b>			
Cash and balances with banks (except those included in amount due from overseas offices)		592,285	1,828,680
Due from Exchange Fund		1,524,329	16,778
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)		578,406	2,681,211
Amount due from overseas offices		30,522,582	35,706,424
Trade bills		3,227,770	6,704,387
Securities held for trading purposes		-	4,699,909
Loans and receivables and other accounts	2	28,130,640	41,264,281
Investment securities		9,811,362	7,394,811
Property, plant and equipment		48,557	62,984
<b>TOTAL ASSETS</b>		<b>74,435,931</b>	<b>100,359,465</b>
<b>LIABILITIES</b>			
Deposits and balances from banks (except those included in amount due to overseas offices)		1,159,330	6,564,295
Due to Exchange Fund		-	5,839,694
Deposits from customers			
- demand deposits and current accounts		598,703	426,368
- savings deposits		4,016,364	663,376
- time, call and notice deposits		5,480,414	2,688,497
Amount due to overseas offices		52,242,378	73,244,705
Certificates of deposit issued		-	1,164,833
Accrued interest, other liabilities and provisions		10,938,742	9,767,697
<b>TOTAL LIABILITIES</b>		<b>74,435,931</b>	<b>100,359,465</b>

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

	For the year ended	
	31 Dec 2021 HK\$'000	31 Dec 2020 HK\$'000
Gross fees and commission income	234,901	159,383
Gross fees and commission expenses	(64,695)	(46,992)
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Net fees and commission income	<u>170,206</u>	<u>112,391</u>

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

	31 Dec 2021 HK\$'000	30 Jun 2021 HK\$'000
	Loans and advances to customers (note 8)	20,101,423
Accrued interest and other accounts	8,070,849	8,615,680
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	28,172,272	41,313,058
Impairment allowances		
- Stage 1	(8,511)	(6,601)
- Stage 2	(33,121)	(42,176)
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	<u>28,130,640</u>	<u>41,264,281</u>

**3. Impaired loans and advances**

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

**4. Derivative transactions**

	31 Dec 2021 HK\$'000	30 Jun 2021 HK\$'000
Nominal amounts		
- Exchange rate-related derivative contracts	372,160,497	608,162,187
- Interest rate derivative contracts	81,302,150	37,958,687

**Unaudited Supplementary Information (Continued)**

<b>4. Derivative transactions (continued)</b>	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	HK\$'000	HK\$'000
Fair value assets		
- Exchange rate-related derivative contracts	6,993,898	7,763,133
- Interest rate derivative contracts	883,887	657,700
Fair value liabilities		
- Exchange rate-related derivative contracts	7,226,992	7,465,530
- Interest rate derivative contracts	925,128	707,585

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.

<b>5. Off-balance sheet exposures</b>	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	HK\$'000	HK\$'000
Contractual amounts		
- Direct credit substitutes	1,623,622	1,630,575
- Transaction-related contingencies	2,861,703	2,058,760
- Trade-related contingencies	3,763,398	2,201,864
- Other commitments	58,350,983	39,650,644

**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. The basis of geographical segments and individual countries is in accordance with the definitions set out in the Banking (Disclosure) Rules and the “Return of International Banking Statistics” issued by the Hong Kong Monetary Authority (“HKMA”). 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 31 Dec 2021</b>						
Developed countries	30,929	2,452	-	2,450	-	35,831
<i>Of which: Spain</i>	30,735	-	-	-	-	30,735
Offshore centres	334	-	1,361	6,951	-	8,646
<i>Of which: Hong Kong</i>	331	-	1,361	4,233	-	5,925
Developing Asia and Pacific	3,093	-	2,361	5,589	-	11,043
<i>Of which: China</i>	2,740	-	2,361	5,589	-	10,690

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

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

The analysis of gross amount of loans and advances to customers by major countries or geographical segments is 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:

	31 Dec 2021		30 Jun 2021	
	HK\$'000	% to total advances to customers	HK\$'000	% to total advances to customers
Gross amount of advances				
- China	7,895,531	39.28%	10,089,248	30.86%
- Hong Kong	6,721,272	33.44%	17,369,734	53.12%
- Others	3,435,665	17.09%	3,756,886	11.49%
- Cayman Island	2,048,955	10.19%	1,481,510	4.53%
	<u>20,101,423</u>	<u>100.00%</u>	<u>32,697,378</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 the following industry categories:

	31 Dec 2021		30 Jun 2021	
	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	200,193	-	1,553,110	80.00%
- Wholesale and retail trade	335,470	-	-	-
- Manufacturing	1,766,608	-	-	-
- Others	1,000,000	-	1,504,211	-
	<u>3,302,271</u>		<u>3,057,321</u>	
Trade Finance	5,951,541	0.39%	13,156,371	0.20%
Loans and advances for use outside Hong Kong	<u>10,847,611</u>	-	<u>16,483,686</u>	0.99%
Gross loans and advances to customers (note 2)	<u><u>20,101,423</u></u>		<u><u>32,697,378</u></u>	

**9. Overdue or rescheduled assets**

As at 31 December 2021 and 30 June 2021, 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 31 December 2021 and 30 June 2021.

**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 HKMA.

Types of Counterparties	On-balance sheet exposure HK\$ million	Off-balance sheet exposure HK\$ million	Total HK\$ million
<b>As at 31 Dec 2021</b>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	9,161	2,283	11,444
2. Local governments, local government-owned entities and their subsidiaries and JVs	336	-	336
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	4,114	271	4,385
4. Other entities of central government not reported in item 1 above	-	720	720
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>13,611</b>	<b>3,274</b>	<b>16,885</b>
Total assets after provision	74,138		
On-balance sheet exposures as percentage of total assets	18.36%		

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

Types of Counterparties	On-balance sheet exposure HK\$ million	Off-balance sheet exposure HK\$ million	Total HK\$ million
<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)**
**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	Others	Total
<b>As at 31 Dec 2021</b>				
Spot assets	4,398	30,425	27,308	62,131
Spot liabilities	(976)	(49,873)	(16,146)	(66,995)
Forward purchases	80,401	176,860	61,957	319,218
Forward sales	(83,206)	(157,630)	(73,117)	(313,953)
Net options position	-	-	-	-
Net long (short) position	617	(218)	2	401
Net structural position	-	6	-	6

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 options position	-	-	-	-	-	-
Net long (short) position	96	(129)	47	26	61	101
Net structural position	-	5	-	-	-	5

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

**13. Liquidity information disclosures**
**i. Liquidity maintenance ratio ("LMR")**

	For the quarter ended	
	31 Dec 2021	31 Dec 2020
Average LMR for the financial period	57.95%	56.81%

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).

**Unaudited Supplementary Information (Continued)****13. Liquidity information disclosures (continued)****ii Liquidity risk management**

Liquidity risk comprises the risk of the Banco Santander, S.A. Hong Kong Branch (the “Branch”) not being able to fund increases in its assets or meet obligations as they fall due without incurring unacceptable losses. Liquidity risk identification, measurement, monitoring and control for the Branch are commensurate with the limited scope of our business and its role as the funding center in Asia-Pacific.

Risk Management Policies and the Risk Tolerance are set at the Head Office level. This risk tolerance is transmitted to the Branch level by the setting of individual branch liquidity gap measures, other liquidity metrics, and controls.

*Governance*

The Santander approach to risk management is committee-based for all decisions. The Branch has a Finance Forum, responsible for the management of assets, liabilities, commitments and contingent liabilities of the Branch. Its role is to ensure that the management of the risk profile and liquidity profile of the Branch is carried on within the approved limits and policies. Finance Forum formulates and approves on a yearly basis a strategic funding plan for the Branch. The plan is regularly reviewed to take into account of projected balance sheet growth and liquidity sources. The Branch also has an Asia SCIB Executive Risk Forum (“APAC ERF”), responsible for approving risk documents and limits, including but not limited to, those related to liquidity. The support units assigned with the responsibilities to identify, measure and monitor risks are independent of the business origination functions. Asia Pacific Market & Structural Risk is responsible for the monitoring of liquidity risks. Accounting and Control area is responsible for the calculation of the liquidity maintenance ratios and provides all the relevant data on balance sheet in order to closely monitor the daily liquidity situations. Financial Management designs and executes funding strategies in accordance with the Branch Liquidity Risk Management Standards. The management of daily liquidity position is delegated to Global Market department.

*Liquidity metrics reporting*

The Branch has put in place a set of metrics and monitoring tools to measure and identify its liquidity risk. Daily monitoring of LMR and LMR projections are done by the Accounting and Control area. In addition, Asia Pacific Market & Structural Risk team prepares daily and monthly liquidity monitoring reports including liquidity gap, liquidity asset buffer, liquidity stress testing, intraday liquidity stress testing, liquidity coverage ratio, and net stable funding ratio, etc. which are submitted for review in Finance Forum and APAC ERF.

*Stress testing*

Monthly stress tests are carried out in order to identify sources of potential liquidity strain, monitor liquidity exposures and assess impact of future liquidity stresses on the Branch’s cash flows, liquidity position, profitability and solvency. These scenarios cover institution-specific, market-wide stress scenarios and a combination of both. The design of the stress test is adequate to the Branch business scope and funding structure and will be reviewed on a yearly basis along with the Liquidity Risk Management Manual to ensure its effectiveness.

Results of the stress tests are reported to APAC ERF and Finance Forum, and are considered in the Branch’s strategic funding plan and the formulation of the Contingency Funding Plan.

**Unaudited Supplementary Information (Continued)**
**13. Liquidity information disclosures (continued)**
**ii. Liquidity risk management (continued)**
*Funding and market access*

The aim is to maintain a self-funding posture to the greatest extent possible, always considering the liquidity position at Santander Group level, and optimizing the cost of funds. In this sense, Santander Head Office issues guidelines to assess market opportunities pricing conditions. However, as a full branch of Banco Santander, S.A., the Head Office is always ready as a source of funding for the Branch in times of stress. The Branch actively pursues funding from different market sources and Finance Forum reviews the liabilities compositions monthly to ensure that funding concentrations are managed to a minimum with the constraints of the business model.

*Maintenance of liquidity cushion*

The Branch holds a liquidity cushion to cope with liquidity needs at all times, including during periods of stress. The composition of the Branch's liquidity cushion consists of cash and high quality marketable securities issued or guaranteed by sovereigns. Currently the Branch holds Hong Kong Exchange Fund Bills (HKD), Japan Government Bond (JPY) and Singapore Government Bond (SGD) for these purposes.

*Contingency Funding Plan ("CFP")*

The Branch maintains a framework to monitor and respond to potential liquidity problems. The objective is to define a series of liquidity risk triggers, critical events and the appropriate response by the Branch to these warnings. The CFP prescribes possible courses of action with defined roles and responsibilities to address any stress situations and prepare the Branch for additional funding pressures should they develop. The CFP will be reviewed on at least an annual basis by Finance Forum and it is validated by Santander headquarters in order to ensure its consistency with other entities within the group.

*Sources of Funding*

	<b>31 Dec 2021</b> HK\$ million	<b>31 Dec 2020</b> HK\$ million
Deposits from customers	10,102	2,753
Funding raised from banks	607	748
Funding raised from connected banks	52,807	55,030
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Total Funding Sources	<u>63,516</u>	<u>58,531</u>

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

The table below analyses the on- and off-balance sheet items of the Branch, broken down into maturity buckets and the resultant liquidity gaps:

HK\$ million	Total amount	Next day	2 to 7 days	8 days to 1 month	>1 month up to 3 months	>3 months up to 6 months	>6 months up to 1 year	>1 year up to 2 years	>2 years up to 3 years	>3 years up to 5 years	Over 5 years	Balancing amount
As at 31 Dec 2021												
Amount receivable arising from derivative contracts	3,846	21,325	26,013	40,208	90,390	33,664	44,333	13,700	4,942	4,799	1,128	-
Cash and due from banks	33,296	14,699	767	9,117	3,532	1,341	2,972	658	210	-	-	-
Trade bills	3,228	54	122	620	1,572	737	123	-	-	-	-	-
Debt securities held	9,811	9,811	-	-	-	-	-	-	-	-	-	-
Loans and advances to customers	19,974	204	730	3,702	7,537	2,529	1,769	1,406	1,458	639	-	-
Other assets	97	1	-	17	4	-	-	9	-	-	-	66
<b>Total on-balance sheet assets</b>	<b>70,252</b>	<b>46,094</b>	<b>27,632</b>	<b>53,664</b>	<b>103,035</b>	<b>38,271</b>	<b>49,197</b>	<b>15,773</b>	<b>6,610</b>	<b>5,438</b>	<b>1,128</b>	<b>66</b>
<b>Total off-balance sheet claims</b>	<b>23,398</b>	<b>7,799</b>	<b>15,599</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Deposits from customers	10,102	4,716	359	625	2,122	541	1,275	-	464	-	-	-
Amount payable arising from derivative contracts	4,120	21,294	26,029	40,280	90,353	33,773	44,464	13,712	5,014	4,813	1,161	-
Due to banks	53,414	4,533	3,732	12,096	23,974	9,001	-	-	-	-	78	-
Debt securities issued	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities and reserves	2,616	-	1,100	15	230	8	27	43	47	-	1	1,145
<b>Total on-balance sheet liabilities</b>	<b>70,252</b>	<b>30,543</b>	<b>31,220</b>	<b>53,016</b>	<b>116,679</b>	<b>43,323</b>	<b>45,766</b>	<b>13,755</b>	<b>5,525</b>	<b>4,813</b>	<b>1,240</b>	<b>1,145</b>
<b>Total off-balance sheet obligations</b>	<b>29,893</b>	<b>863</b>	<b>26,215</b>	<b>69</b>	<b>1,336</b>	<b>-</b>	<b>1,409</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contractual maturity mismatch</b>		<b>22,487</b>	<b>(14,204)</b>	<b>579</b>	<b>(14,980)</b>	<b>(5,052)</b>	<b>2,022</b>	<b>2,018</b>	<b>1,085</b>	<b>625</b>	<b>(112)</b>	
<b>Cumulative contractual maturity mismatch</b>		<b>22,487</b>	<b>8,283</b>	<b>8,862</b>	<b>(6,118)</b>	<b>(11,170)</b>	<b>(9,148)</b>	<b>(7,130)</b>	<b>(6,045)</b>	<b>(5,420)</b>	<b>(5,532)</b>	

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

HK\$ million	Total amount	Next day	2 to 7 days	8 days to 1 month	>1 month up to 3 months	>3 months up to 6 months	>6 months up to 1 year	>1 year up to 2 years	>2 years up to 3 years	>3 years up to 5 years	Over 5 years	Balancing amount
As at 31 Dec 2020												
Amount receivable arising from derivative contracts	4,204	546	54,347	28,427	173,439	26,182	27,898	6,107	1,037	3,351	160	-
Cash and due from banks	29,433	1,268	11,329	5,133	4,914	4,607	800	1,315	67	-	-	-
Trade bills	4,205	-	112	714	2,538	788	53	-	-	-	-	-
Debt securities held	12,822	12,822	-	-	-	-	-	-	-	-	-	-
Loans and advances to customers	22,969	204	94	5,536	8,765	2,720	2,631	755	1,467	148	649	-
Other assets	129	-	-	-	14	-	-	-	9	-	-	106
<b>Total on-balance sheet assets</b>	<b>73,762</b>	<b>14,840</b>	<b>65,882</b>	<b>39,810</b>	<b>189,670</b>	<b>34,297</b>	<b>31,382</b>	<b>8,177</b>	<b>2,580</b>	<b>3,499</b>	<b>809</b>	<b>106</b>
<b>Total off-balance sheet claims</b>	<b>23,260</b>	<b>7,753</b>	<b>15,507</b>	-	-	-	-	-	-	-	-	-
Deposits from customers	2,753	1,293	293	178	402	587	-	-	-	-	-	-
Amount payable arising from derivative contracts	4,256	494	54,324	28,432	173,423	26,259	27,902	6,179	1,038	3,352	171	-
Due to banks	55,778	1,100	5,574	10,391	25,828	12,069	-	739	-	-	77	-
Debt securities issued	9,504	-	-	3,101	6,403	-	-	-	-	-	-	-
Other liabilities and reserves	1,471	-	11	15	120	15	62	65	54	32	63	1,034
<b>Total on-balance sheet liabilities</b>	<b>73,762</b>	<b>2,887</b>	<b>60,202</b>	<b>42,117</b>	<b>206,176</b>	<b>38,930</b>	<b>27,964</b>	<b>6,983</b>	<b>1,092</b>	<b>3,384</b>	<b>311</b>	<b>1,034</b>
<b>Total off-balance sheet obligations</b>	<b>23,773</b>	<b>-</b>	<b>18,652</b>	<b>706</b>	<b>1,061</b>	<b>32</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,322</b>
<b>Contractual maturity mismatch</b>		<b>19,706</b>	<b>2,535</b>	<b>(3,013)</b>	<b>(17,567)</b>	<b>(4,665)</b>	<b>3,418</b>	<b>1,194</b>	<b>1,488</b>	<b>115</b>	<b>498</b>	
<b>Cumulative contractual maturity mismatch</b>		<b>19,706</b>	<b>22,241</b>	<b>19,228</b>	<b>1,661</b>	<b>(3,004)</b>	<b>414</b>	<b>1,608</b>	<b>3,096</b>	<b>3,211</b>	<b>3,709</b>	



**Unaudited Supplementary Information (Continued)**
**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 2021 Annual Report of Banco Santander, S.A. at <https://www.santander.com/en/shareholders-and-investors/financial-and-economic-information#annual-report> for details.

The Branch has implemented three deferred variable remuneration plans for Senior Management and Key Personnel in different roles and compensation levels. The Senior Management and Key Personnel consists of Chief Executive, Alternate Chief Executives, Heads of Risk Control Functions, senior management reporting to Chief Executive who are considered as material risk takers, and the material risk takers. The variable remuneration consists of a combination of a minimum of 40% deferred payment in cash, shares or phantom shares to be paid in three years.

Due to the small number of senior management and key personnel in the Branch, the aggregate numbers of the remuneration are disclosed as below.

**REM1: Remuneration Awarded during Financial Year 2021<sup>1</sup>**

Remuneration amount and quantitative information (HK\$'000)		Senior Management & Key Personnel
Fixed remuneration	Number of employees	15
	<b>Total fixed remuneration in cash</b>	<b>47,504</b>
Variable remuneration	Number of employees	15
	<b>Total variable remuneration</b>	<b>72,459</b>
	Of which: immediate cash	27,991
	Of which: deferred cash	10,323
	Of which: immediate shares	15,484
	Of which: deferred shares & phantom shares	18,661
<b>Total remuneration</b>		<b>119,963</b>

**REM2: Special payments**

No guaranteed bonus, sign-on award or severance payment was made to senior management and key personnel in 2021.

<sup>1</sup> Banco Santander, S.A. Hong Kong Branch has adopted the remuneration system of Banco Santander, S.A. Head Office, and in addition, implemented a new local deferral plan in 2021.

**Unaudited Supplementary Information (Continued)**
**14. Disclosure on remuneration (continued)**
**REM3: Deferred remuneration<sup>1</sup>**

<b>Deferred and retained remuneration</b> (HK\$'000)	Total amount of outstanding deferred remuneration	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
<b>Senior Management &amp; Key Personnel</b>	<b>64,640</b>	<b>35,193</b>	-	-	<b>13,770</b>
Cash	29,447	-	-	-	8,222
Shares & Phantom Shares <sup>2</sup>	35,193	35,193	-	-	5,548

Should there be any discrepancy between the English and Chinese versions, the English version shall prevail.

<sup>1</sup> Banco Santander, S.A. Hong Kong Branch has adopted the remuneration system of Banco Santander, S.A. Head Office, and in addition, implemented a new local deferral plan in 2021.

<sup>2</sup> The value is based on the closing share price of Banco Santander, S.A. as of 30 December 2021.

**Group Consolidated Financial Information**

<b>Capital and capital adequacy</b>	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
Capital ratio (Basel III)		
CET1 capital ratio	12.12%	12.11%
Tier 1 capital ratio	13.79%	13.67%
Total capital ratio	16.41%	15.82%
	EUR Million	EUR Million
Total equity	97,053	95,745
 <b>Other financial information</b>	 <b>31 Dec 2021</b>	 <b>30 Jun 2021</b>
	EUR Million	EUR Million
Total assets	1,595,835	1,568,636
Total liabilities	1,498,782	1,472,891
Total advances to customers	972,682	954,518
Total customer deposits	918,344	894,127
	<b>For the year ended</b>	
	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	EUR Million	EUR Million
Pre-tax profit / (loss)	14,547	(2,076)



### **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.

A handwritten signature in blue ink, appearing to read "D. Gibson", is written over a horizontal line.

**Derek James Gibson**

Alternate Chief Executive

Banco Santander, S.A. Hong Kong Branch

(A public limited liability company incorporated in Spain)