

Banco Santander, S.A.
Hong Kong Branch

(A public limited liability company incorporated in Spain)

Financial Disclosure Statement

For the year ended 31 December 2022

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Unaudited Income Statement

	Note	For the year ended	
		31 Dec 2022 HK\$'000	31 Dec 2021 HK\$'000
Interest income		1,358,855	656,894
Interest expense		(1,096,522)	(221,147)
Other operating income			
- Gains less losses arising from trading in foreign currencies		308,999	35,559
- Gains less losses arising from securities held for trading purposes		745	(2,409)
- Gains less losses from other trading activities		(91,282)	1,211
- Net fees and commission income	1	99,033	170,206
- Loss from disposal of property, plant and equipment		(27)	(147)
- Others		273,525	161,566
Total operating income		853,326	801,733
Operating expenses			
- Staff expenses		(482,837)	(446,007)
- Rental expenses		(34,880)	(36,725)
- Other expenses		(242,757)	(226,246)
Charge of impairment allowances for loans and receivables		2,914	(6,198)
Total operating expenses		(757,560)	(715,176)
Profit before taxation		95,766	86,557
Tax expense		(34,524)	(38,963)
Profit after taxation		61,242	47,594

Unaudited Balance Sheet

	Note	31 Dec 2022 HK\$'000	30 Jun 2022 HK\$'000
ASSETS			
Cash and balances with banks (except those included in amount due from overseas offices)		1,756,746	856,443
Due from Exchange Fund		727,752	14,006
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)		388,237	523,901
Amount due from overseas offices		41,596,328	25,699,139
Trade bills		5,888,789	8,886,678
Securities held for trading purposes		-	4,953,384
Loans and receivables and other accounts	2	41,012,627	41,180,250
Investment securities		11,489,283	8,260,928
Property, plant and equipment		98,508	112,862
TOTAL ASSETS		102,958,270	90,487,591
LIABILITIES			
Deposits and balances from banks (except those included in amount due to overseas offices)		10,605,764	4,771,503
Due to Exchange Fund		-	-
Deposits from customers			
- demand deposits and current accounts		130,348	86,274
- savings deposits		7,854,975	4,728,122
- time, call and notice deposits		11,116,236	7,357,133
Amount due to overseas offices		51,018,998	50,022,819
Certificates of deposit issued		5,081,350	7,712,075
Accrued interest, other liabilities and provisions		17,150,599	15,809,665
TOTAL LIABILITIES		102,958,270	90,487,591

Unaudited Supplementary Information
1. Net fees and commission income

	For the year ended	
	31 Dec 2022 HK\$'000	31 Dec 2021 HK\$'000
Gross fees and commission income	180,142	234,901
Gross fees and commission expenses	(81,109)	(64,695)
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Net fees and commission income	99,033	170,206
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2. Loans and receivables and other accounts

	31 Dec 2022 HK\$'000	30 Jun 2022 HK\$'000
	Loans and advances to customers (note 8)	25,716,096
Accrued interest and other accounts	15,334,867	14,290,747
	<hr/>	<hr/>
	41,050,963	41,221,204
Impairment allowances		
- Stage 1	(10,436)	(8,580)
- Stage 2	(27,900)	(32,374)
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	41,012,627	41,180,250
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3. Impaired loans and advances

There were no impaired loans and advances to customers or banks as at 31 December 2022 and 30 June 2022.

4. Derivative transactions

	31 Dec 2022 HK\$'000	30 Jun 2022 HK\$'000
	Nominal amounts	
- Exchange rate-related derivative contracts	497,601,710	513,625,162
- Interest rate derivative contracts	152,497,745	136,200,418

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

	31 Dec 2022	30 Jun 2022
	HK\$'000	HK\$'000
Fair value assets		
- Exchange rate-related derivative contracts	10,047,193	11,059,152
- Interest rate derivative contracts	4,761,180	2,892,555
Fair value liabilities		
- Exchange rate-related derivative contracts	10,505,411	10,816,048
- Interest rate derivative contracts	4,426,429	2,668,154

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

	31 Dec 2022	30 Jun 2022
	HK\$'000	HK\$'000
Contractual amounts		
- Direct credit substitutes	2,208,365	2,220,054
- Transaction-related contingencies	4,448,818	2,960,009
- Trade-related contingencies	4,379,502	9,387,710
- Other commitments	61,785,819	45,311,768
- Others (forward forward deposits placed)	290,922	7,318,713

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		
As at 31 Dec 2022						
Developed countries	42,854	6,643	2	2,923	-	52,422
<i>Of which: Spain</i>	41,781	-	-	-	-	41,781
Offshore centres	1,014	-	2,072	14,755	-	17,841
<i>Of which: Hong Kong</i>	995	-	2,072	8,780	-	11,847
Developing Asia and Pacific	4,085	-	-	4,337	-	8,422

HK\$ million	Banks	Official sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
As at 30 Jun 2022						
Developed countries	27,328	7,056	-	2,556	-	36,940
<i>Of which: Spain</i>	26,173	-	-	1	-	26,174
<i>Of which: Japan</i>	2	7,056	-	-	-	7,058
Offshore centres	533	1,299	1,178	14,208	-	17,218
<i>Of which: Hong Kong</i>	529	-	1,178	11,934	-	13,641
Developing Asia and Pacific	7,433	-	1,982	5,134	-	14,549
<i>Of which: China</i>	7,204	-	1,982	5,134	-	14,320

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 the total gross amount of advances are disclosed as follows:

	31 Dec 2022	
	HK\$'000	% to total advances to customers
Gross amount of advances		
- China	4,319,593	16.80%
- Hong Kong	12,033,522	46.79%
- Singapore	3,446,014	13.40%
- Others	5,916,967	23.01%
	<u>25,716,096</u>	<u>100.00%</u>
Overdue or impaired loans	-	
	<u>-</u>	
	30 Jun 2022	
	HK\$'000	% to total advances to customers
Gross amount of advances		
- Hong Kong	14,088,452	52.31%
- China	7,365,679	27.35%
- Others	5,476,326	20.34%
	<u>26,930,457</u>	<u>100.00%</u>
Overdue or impaired loans	-	
	<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 2022		30 Jun 2022	
	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				
- Electricity and gas	-	-	295,138	-
- Financial concerns	68,000	-	95,000	-
- Wholesale and retail trade	333,218	-	313,870	-
- Manufacturing	2,176,538	-	2,049,571	-
- Others	1,428,262	-	1,533,870	-
	<u>4,006,018</u>		<u>4,287,449</u>	
Trade Finance	14,171,300	-	14,005,048	7.01%
Loans and advances for use outside Hong Kong	<u>7,538,778</u>	3.44%	<u>8,637,960</u>	2.86%
Gross loans and advances to customers (note 2)	<u><u>25,716,096</u></u>		<u><u>26,930,457</u></u>	

9. Overdue or rescheduled assets

As at 31 December 2022 and 30 June 2022, 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 2022 and 30 June 2022.

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 the “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
As at 31 Dec 2022			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	10,080	4,011	14,091
2. Local governments, local government-owned entities and their subsidiaries and JVs	543	-	543
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	5,522	2,070	7,592
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	143	-	143
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	-	-	-
Total	<u>16,288</u>	<u>6,081</u>	<u>22,369</u>
Total assets after provision	102,956		
On-balance sheet exposures as percentage of total assets	<u>15.82%</u>		

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

Types of Counterparties	On-balance sheet exposures HK\$ million	Off-balance sheet exposures HK\$ million	Total HK\$ million
As at 30 Jun 2022			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	15,018	3,734	18,752
2. Local governments, local government-owned entities and their subsidiaries and JVs	314	-	314
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	5,475	3,121	8,596
4. Other entities of central government not reported in item 1 above	781	728	1,509
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	-	-	-
Total	21,588	7,583	29,171
Total assets after provision	90,485		
On-balance sheet exposures as percentage of total assets	23.86%		

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
As at 31 Dec 2022				
Spot assets	1,018	48,380	44,588	93,986
Spot liabilities	(1,163)	(77,550)	(16,804)	(95,517)
Forward purchases	137,853	243,336	70,179	451,368
Forward sales	(137,203)	(214,650)	(97,914)	(449,767)
Net options position	-	-	-	-
	=====	=====	=====	=====
Net long/ (short) position	505	(484)	49	70
	=====	=====	=====	=====
Net structural position	-	4	-	4
	=====	=====	=====	=====

HK\$ million	CNY	USD	Others	Total
As at 30 Jun 2022				
Spot assets	2,503	53,154	26,596	82,253
Spot liabilities	(1,386)	(64,787)	(16,183)	(82,356)
Forward purchases	123,237	228,220	112,525	463,982
Forward sales	(124,455)	(215,874)	(122,889)	(463,218)
Net option position	-	-	-	-
	=====	=====	=====	=====
Net long/ (short) position	(101)	713	49	661
	=====	=====	=====	=====
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 2022	31 Dec 2021
Average LMR for the financial period	40.73%	57.95%

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.

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 underlying risk appetite limits are set at Head Office level. These risk appetite limits are then adopted by the Branch for 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 liquidity risk of the Branch is carried out within the approved limits and policies. The 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 the projected balance sheet growth and liquidity sources. The Branch also has an Asia SCIB Executive Risk Forum (“APAC ERF”), responsible for approving risk policies, procedures and limits, including those related to liquidity. The support units assigned with the responsibilities to identify, measure and monitor risks are independent from the business origination functions. Asia Pacific Market & Structural Risk is responsible for the monitoring of liquidity risks. Financial Control is responsible for the calculation of the liquidity maintenance ratio (the “LMR”) and provides the relevant information in order to closely monitor the daily liquidity ratios. Financial Management designs and executes the strategic funding plan of the Branch, aligned with the business strategy, overall funding plan and risk appetite of the Group. The structural liquidity position of the Branch is managed by Financial Management. Operational and intraday liquidity management is delegated to the Short Term Markets desk (STM).

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 Financial Control. In addition, Asia Pacific Market & Structural Risk monitors reports including but not limited to, liquidity gaps, liquidity asset buffer, liquidity stress testing, intraday liquidity stress testing, liquidity coverage ratio and net stable funding ratio.

Stress testing

Monthly stress test is 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 the combination of both. The design of the stress test is commensurate to the Branch’s business scope and funding structure. It is reviewed at least annually to ensure its effectiveness.

Results of the stress tests are reported to the 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 Branch is responsible for managing its own financial resources, always in coordination with the liquidity position at Santander Group level. Santander Head Office issues pricing guidelines to ensure coordinated pricing strategy across Santander S.A. branches. Banco Santander, S.A. Head Office is always ready to provide funding support to all international branches, including the Hong Kong Branch. The Branch actively pursues a diversified funding mix. Funding profile is monthly reported to the Finance Forum, who monitors its alignment with risk appetite and strategy.

Maintenance of liquidity buffer

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

Contingency Funding Plan ("CFP")

The Branch maintains a framework to monitor and respond to potential liquidity stress. 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 situation and prepare the Branch for funding pressures should they develop. The CFP is reviewed at least on an annual basis by the Finance Forum and it is validated by Santander headquarters.

Sources of Funding

	31 Dec 2022 HK\$ million	31 Dec 2021 HK\$ million
Deposits from customers	23,100	10,102
Funding raised from banks	5,412	607
Funding raised from connected banks	52,485	52,807
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Total Funding Sources	80,997	63,516
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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 2022												
Amount receivable arising from derivative contracts	10,796	40,103	32,182	48,603	74,226	45,605	60,415	20,325	18,011	11,624	1,987	-
Cash and due from banks	44,574	23,470	7,145	7,128	4,830	580	624	496	145	155	-	-
Trade bills	5,889	244	556	1,407	2,587	1,048	47	-	-	-	-	-
Debt securities held	11,489	11,489	-	-	-	-	-	-	-	-	-	-
Loans and advances to customers	25,579	231	3,019	4,251	4,393	6,672	826	3,065	1,921	865	337	-
Other assets	458	-	-	283	4	-	-	-	-	9	-	162
Total on-balance sheet assets	98,785	75,537	42,902	61,672	86,040	53,905	61,912	23,886	20,077	12,653	2,324	162
Total off-balance sheet claims	23,698	7,802	8,093	7,803	-	-	-	-	-	-	-	-
Deposits from customers	19,197	8,325	3,172	1,466	4,314	773	246	558	343	-	-	-
Amount payable arising from derivative contracts	10,919	40,182	32,194	48,990	74,224	45,673	60,230	20,511	17,968	11,616	1,928	-
Due to banks	61,800	12,135	9,866	6,991	27,818	4,475	41	397	-	-	78	-
Debt securities issued	5,081	-	-	2,341	400	2,341	-	-	-	-	-	-
Other liabilities and reserves	1,788	-	-	98	207	8	20	54	38	29	9	1,325
Total on-balance sheet liabilities	98,785	60,642	45,232	59,886	106,963	53,270	60,537	21,520	18,349	11,645	2,015	1,325
Total off-balance sheet obligations	28,655	979	23,994	1,530	1,601	551	-	-	-	-	-	-
Contractual maturity mismatch		21,718	(18,231)	8,059	(22,524)	84	1,375	2,366	1,728	1,008	309	-
Cumulative contractual maturity mismatch		21,718	3,487	11,546	(10,978)	(10,894)	(9,519)	(7,153)	(5,425)	(4,417)	(4,108)	-

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 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
Total on-balance sheet assets	70,252	46,094	27,632	53,664	103,035	38,271	49,197	15,773	6,610	5,438	1,128	66
Total off-balance sheet claims	23,398	7,799	15,599	-	-	-	-	-	-	-	-	-
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
Total on-balance sheet liabilities	70,252	30,543	31,220	53,016	116,679	43,323	45,766	13,755	5,525	4,813	1,240	1,145
Total off-balance sheet obligations	29,893	863	26,215	69	1,336	-	1,409	-	-	-	-	-
Contractual maturity mismatch	22,487	22,487	(14,204)	579	(14,980)	(5,052)	2,022	2,018	1,085	625	(112)	-
Cumulative contractual maturity mismatch	22,487	22,487	8,283	8,862	(6,118)	(11,170)	(9,148)	(7,130)	(6,045)	(5,420)	(5,532)	-

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 2022 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 two 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 other 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 four 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 2022¹

Remuneration amount and quantitative information (HK\$'000)		Senior Management & Key Personnel
Fixed remuneration	Number of employees	16
	Total fixed remuneration in cash	46,823
Variable remuneration	Number of employees	16
	Total variable remuneration	77,404
	Of which: immediate cash	27,433
	Of which: deferred cash	12,673
	Of which: immediate shares	19,009
	Of which: deferred shares & phantom shares	18,289
Total remuneration		124,227

REM2: Special payments

No guaranteed bonus, sign-on award or severance payment was made to senior management and key personnel in 2022.

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

Unaudited Supplementary Information (Continued)
14. Disclosure on remuneration (continued)
REM3: Deferred remuneration¹

Deferred and retained remuneration (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
Senior Management & Key Personnel	72,628	40,181	-	-	15,585
Cash	32,447	-	-	-	8,755
Shares & Phantom Shares ²	40,181	40,181	-	-	6,830

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

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

² The value is based on the closing share price of Banco Santander, S.A. as of 30 December 2022.

Group Consolidated Financial Information
Capital and capital adequacy

	31 Dec 2022	30 Jun 2022
Capital ratio (Basel III)		
CET1 capital ratio	12.18%	12.25%
Tier 1 capital ratio	13.63%	13.70% *
Total capital ratio	15.99%	16.17% *

	EUR Million	EUR Million
Total equity	97,585	97,462

Other financial information

	31 Dec 2022	30 Jun 2022
	EUR Million	EUR Million
Total assets	1,734,659	1,722,840
Total liabilities	1,637,074	1,625,378
Total loans and advances to customers	1,036,004	1,037,721
Total customer deposits	1,025,401	973,787

	For the year ended	
	31 Dec 2022	31 Dec 2021
	EUR Million	EUR Million
Pre-tax profit	15,250	14,547

* The Tier 1 capital ratio and Total capital ratio as of 30 Jun 2022 are stated as per the final Q2 2022 Pillar 3 disclosure

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.

**Marcelo Ricardo Scenna**

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