

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

(A public limited liability company incorporated in Spain)

**Financial Disclosure Statement**

**For the year ended 31 December 2023**



**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 2023 HK\$'000	31 Dec 2022 HK\$'000
Interest income		2,988,795	1,358,855
Interest expense		(3,122,027)	(1,096,522)
Other operating income			
- Gains less losses arising from trading in foreign currencies		651,859	308,999
- Gains less losses arising from securities held for trading purposes		(763)	745
- Gains less losses from other trading activities		105,571	(91,282)
- Net fees and commission income	1	85,638	99,033
- Loss from disposal of property, plant and equipment		-	(27)
- Others		289,237	273,525
<b>Total operating income</b>		<b>998,310</b>	<b>853,326</b>
Operating expenses			
- Staff expenses		(533,514)	(482,837)
- Rental expenses		(34,508)	(34,880)
- Other expenses		(287,183)	(242,757)
Change of impairment allowances for loans and receivables		(11,657)	2,914
<b>Total operating expenses</b>		<b>(866,862)</b>	<b>(757,560)</b>
<b>Profit before taxation</b>		<b>131,448</b>	<b>95,766</b>
Tax expense		(45,120)	(34,524)
<b>Profit after taxation</b>		<b>86,328</b>	<b>61,242</b>

**Unaudited Balance Sheet**

	Note	31 Dec 2023 HK\$'000	30 Jun 2023 HK\$'000
<b>ASSETS</b>			
Cash and balances with banks (except those included in amount due from overseas offices)		2,162,753	1,111,706
Due from Exchange Fund		328,529	1,047,091
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)		407,344	506,940
Amount due from overseas offices		44,757,503	24,508,990
Trade bills		813,070	1,425,437
Securities held for trading purposes		3,839,739	7,452,476
Loans and receivables and other accounts	2	35,956,169	38,960,367
Investment securities		11,466,643	6,968,943
Property, plant and equipment		69,508	83,460
<b>TOTAL ASSETS</b>		<b>99,801,258</b>	<b>82,065,410</b>
<b>LIABILITIES</b>			
Deposits and balances from banks (except those included in amount due to overseas offices)		7,411,013	4,223,032
Due to Exchange Fund		1,000,000	7,836,250
Deposits from customers			
- demand deposits and current accounts		105,007	240,697
- savings deposits		6,244,755	1,086,178
- time, call and notice deposits		19,316,233	12,743,914
Amount due to overseas offices		48,904,470	35,142,012
Certificates of deposit issued		3,682,273	4,420,406
Accrued interest, other liabilities and provisions		13,137,507	16,372,921
<b>TOTAL LIABILITIES</b>		<b>99,801,258</b>	<b>82,065,410</b>

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

	For the year ended	
	31 Dec 2023 HK\$'000	31 Dec 2022 HK\$'000
Gross fees and commission income	209,688	180,142
Gross fees and commission expenses	(124,050)	(81,109)
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Net fees and commission income	85,638	99,033
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**2. Loans and receivables and other accounts**

	31 Dec 2023 HK\$'000	30 Jun 2023 HK\$'000
	Loans and advances to customers (note 8)	24,011,359
Accrued interest and other accounts	11,995,311	15,955,386
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	36,006,670	38,989,062
Impairment allowances		
- Stage 1	(5,831)	(5,477)
- Stage 2	(44,670)	(23,218)
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	35,956,169	38,960,367
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**3. Impaired loans and advances**

There were no impaired loans and advances to customers or banks as at 31 December 2023 and 30 June 2023.

**4. Derivative transactions**

	31 Dec 2023 HK\$'000	30 Jun 2023 HK\$'000
	Nominal amounts	
- Exchange rate-related derivative contracts	561,816,772	608,567,243
- Interest rate derivative contracts	378,878,118	308,262,797

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

	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	HK\$'000	HK\$'000
Fair value assets		
- Exchange rate-related derivative contracts	6,188,615	9,755,121
- Interest rate derivative contracts	4,925,612	5,508,943
Fair value liabilities		
- Exchange rate-related derivative contracts	6,104,765	9,024,244
- Interest rate derivative contracts	4,222,140	4,894,632

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>31 Dec 2023</b>	<b>30 Jun 2023</b>
	HK\$'000	HK\$'000
Contractual amounts		
- Direct credit substitutes	2,233,890	2,114,717
- Transaction-related contingencies	10,069,800	8,281,229
- Trade-related contingencies	1,930,885	4,469,281
- Other commitments	58,151,926	56,763,387
- Others (forward forward deposits placed)	-	140,523

**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 2023</b>						
Developed countries	46,826	6,539	148	1,937	-	55,450
<i>Of which: Spain</i>	<i>45,391</i>	-	<i>45</i>	-	-	<i>45,436</i>
Offshore centres	631	218	3,282	11,929	-	16,060
<i>Of which: Hong Kong</i>	<i>559</i>	-	<i>3,259</i>	<i>8,699</i>	-	<i>12,517</i>

HK\$ million	Banks	Official sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
<b>As at 30 Jun 2023</b>						
Developed countries	25,580	5,016	182	1,919	-	32,697
<i>Of which: Spain</i>	<i>24,710</i>	-	-	<i>79</i>	-	<i>24,789</i>
Offshore centres	586	2,059	3,895	10,567	-	17,107
<i>Of which: Hong Kong</i>	<i>578</i>	-	<i>3,895</i>	<i>7,626</i>	-	<i>12,099</i>
Developing Asia and Pacific	57	2,520	-	5,532	-	8,109
<i>Of which: China</i>	<i>57</i>	<i>2,520</i>	-	<i>4,748</i>	-	<i>7,325</i>





**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 2023		30 Jun 2023	
	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	236,745	-	249,757	-
- Wholesale and retail trade	345,271	-	342,068	-
- Manufacturing	2,157,946	-	2,145,912	-
- Others	1,137,630	13.73%	545,413	-
	<u>3,877,592</u>		<u>3,283,150</u>	
Trade Finance	11,254,720	1.59%	8,603,430	0.69%
Loans and advances for use outside Hong Kong	<u>8,879,047</u>	0.96%	<u>11,147,096</u>	2.34%
Gross loans and advances to customers (note 2)	<u><u>24,011,359</u></u>		<u><u>23,033,676</u></u>	

**9. Overdue or rescheduled assets**

As at 31 December 2023 and 30 June 2023, 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 2023 and 30 June 2023.

**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
<b>As at 31 Dec 2023</b>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	12,797	3,734	16,531
2. Local governments, local government-owned entities and their subsidiaries and JVs	392	-	392
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	6,694	690	7,384
4. Other entities of central government not reported in item 1 above	-	-	-
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>19,883</b>	<b>4,424</b>	<b>24,307</b>
Total assets after provision	99,798		
On-balance sheet exposures as percentage of total assets	19.92%		

**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
<b>As at 30 Jun 2023</b>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	11,273	5,637	16,910
2. Local governments, local government-owned entities and their subsidiaries and JVs	387	-	387
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	4,841	1,368	6,209
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	17	-	17
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>16,518</b>	<b>7,005</b>	<b>23,523</b>
Total assets after provision	82,062		
On-balance sheet exposures as percentage of total assets	20.13%		

**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	EUR	SGD	Others	Total
<b>As at 31 Dec 2023</b>					
Spot assets	5,739	18,693	5,077	62,542	92,051
Spot liabilities	(7,510)	(6,167)	(902)	(71,528)	(86,107)
Forward purchases	134,720	70,837	3,389	310,217	519,163
Forward sales	(133,095)	(83,271)	(7,548)	(301,193)	(525,107)
Net option position	-	-	-	-	-
	=====	=====	=====	=====	=====
Net long/ (short) position	(146)	92	16	38	-
	=====	=====	=====	=====	=====
Net structural position	-	-	-	3	3
	=====	=====	=====	=====	=====
HK\$ million		CNY	USD	Others	Total
<b>As at 30 Jun 2023</b>					
Spot assets		3,872	48,986	22,446	75,304
Spot liabilities		(1,622)	(61,971)	(9,296)	(72,889)
Forward purchases		154,869	264,159	78,832	497,860
Forward sales		(157,989)	(250,334)	(91,903)	(500,226)
Net option position		-	-	-	-
		=====	=====	=====	=====
Net long/ (short) position		(870)	840	79	49
		=====	=====	=====	=====
Net structural position		-	3	-	3
		=====	=====	=====	=====

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 2023	31 Dec 2022
Average LMR for the financial period	41.80%	40.73%

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 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 Risk Control Forum (“APAC RCF”), responsible for approving risk policies and procedure and an Asia SCIB Executive Risk Forum (“APAC ERF”), responsible for approving 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 RCF 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), China Government Bond (CNY, CNH) and China Policy Bank Bond (CNY) 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*

	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	HK\$ million	HK\$ million
Deposits from customers	30,983	23,100
Funding raised from banks	3,119	5,412
Funding raised from connected banks	49,600	52,485
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Total Funding Sources	<u>83,702</u>	<u>80,997</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 2023												
Amount receivable arising from derivative contracts	9,992	46,554	35,544	73,649	85,681	56,001	85,032	61,406	40,252	11,264	5,119	-
Cash and due from banks	48,221	16,837	3,002	6,482	5,431	8,099	7,099	516	311	418	26	-
Trade bills	814	37	101	288	226	127	35	-	-	-	-	-
Debt securities held	15,306	15,306	-	-	-	-	-	-	-	-	-	-
Loans and advances to customers	23,874	54	2,884	7,559	6,363	1,916	2,485	1,524	405	50	634	-
Other assets	304	-	-	59	21	-	-	-	-	9	-	215
<b>Total on-balance sheet assets</b>	<b>98,511</b>	<b>78,788</b>	<b>41,531</b>	<b>88,037</b>	<b>97,722</b>	<b>66,143</b>	<b>94,651</b>	<b>63,446</b>	<b>40,968</b>	<b>11,741</b>	<b>5,779</b>	<b>215</b>
<b>Total off-balance sheet claims</b>	<b>23,428</b>	<b>7,809</b>	<b>7,809</b>	<b>7,810</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Deposits from customers	26,075	6,964	1,208	2,218	3,683	6,733	4,916	353	-	-	-	-
Amount payable arising from derivative contracts	9,205	46,539	35,467	73,838	85,495	55,941	84,887	62,278	39,855	10,944	4,761	-
Due to banks	57,627	9,068	8,708	6,942	24,995	2,943	4,028	865	-	-	78	-
Debt securities issued	3,682	-	-	456	750	1,442	1,034	-	-	-	-	-
Other liabilities and reserves	1,922	-	1	147	239	9	66	49	23	15	-	1,373
<b>Total on-balance sheet liabilities</b>	<b>98,511</b>	<b>62,571</b>	<b>45,384</b>	<b>83,601</b>	<b>115,162</b>	<b>67,068</b>	<b>94,931</b>	<b>63,545</b>	<b>39,878</b>	<b>10,959</b>	<b>4,839</b>	<b>1,373</b>
<b>Total off-balance sheet obligations</b>	<b>27,538</b>	<b>392</b>	<b>26,235</b>	<b>208</b>	<b>490</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contractual maturity mismatch</b>	<b>23,634</b>	<b>23,634</b>	<b>(22,279)</b>	<b>12,038</b>	<b>(17,653)</b>	<b>(1,415)</b>	<b>(280)</b>	<b>(99)</b>	<b>1,090</b>	<b>782</b>	<b>940</b>	<b>-</b>
<b>Cumulative contractual maturity mismatch</b>	<b>23,634</b>	<b>23,634</b>	<b>1,355</b>	<b>13,393</b>	<b>(4,260)</b>	<b>(5,675)</b>	<b>(5,955)</b>	<b>(6,054)</b>	<b>(4,964)</b>	<b>(4,182)</b>	<b>(3,242)</b>	<b>-</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 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	44,573	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	25,580	231	3,019	4,251	4,393	6,672	826	3,065	1,921	865	337	-
Other assets	458	-	-	283	4	-	-	-	-	9	-	162
<b>Total on-balance sheet assets</b>	<b>98,785</b>	<b>75,537</b>	<b>42,902</b>	<b>61,672</b>	<b>86,040</b>	<b>53,905</b>	<b>61,912</b>	<b>23,886</b>	<b>20,077</b>	<b>12,653</b>	<b>2,324</b>	<b>162</b>
<b>Total off-balance sheet claims</b>	<b>23,698</b>	<b>7,802</b>	<b>8,093</b>	<b>7,803</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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	12,134	9,866	6,991	27,818	4,475	41	397	-	-	78	-
Debt securities issued	5,081	-	-	2,340	400	2,341	-	-	-	-	-	-
Other liabilities and reserves	1,788	-	-	98	207	8	20	54	38	29	9	1,325
<b>Total on-balance sheet liabilities</b>	<b>98,785</b>	<b>60,641</b>	<b>45,232</b>	<b>59,885</b>	<b>106,963</b>	<b>53,270</b>	<b>60,537</b>	<b>21,520</b>	<b>18,349</b>	<b>11,645</b>	<b>2,015</b>	<b>1,325</b>
<b>Total off-balance sheet obligations</b>	<b>28,655</b>	<b>979</b>	<b>23,994</b>	<b>1,530</b>	<b>1,601</b>	<b>551</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contractual maturity mismatch</b>		<b>21,719</b>	<b>(18,231)</b>	<b>8,060</b>	<b>(22,524)</b>	<b>84</b>	<b>1,375</b>	<b>2,366</b>	<b>1,728</b>	<b>1,008</b>	<b>309</b>	<b>-</b>
<b>Cumulative contractual maturity mismatch</b>		<b>21,719</b>	<b>3,488</b>	<b>11,548</b>	<b>(10,976)</b>	<b>(10,892)</b>	<b>(9,517)</b>	<b>(7,151)</b>	<b>(5,423)</b>	<b>(4,415)</b>	<b>(4,106)</b>	<b>-</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 2023 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 2023<sup>1</sup>**

Remuneration amount and quantitative information (HK\$'000)		Senior Management & Key Personnel
Fixed remuneration	Number of employees	13
	<b>Total fixed remuneration in cash</b>	<b>42,904</b>
Variable remuneration	Number of employees	13
	<b>Total variable remuneration</b>	<b>67,220</b>
	Of which: immediate cash	23,204
	Of which: deferred cash	11,419
	Of which: immediate shares	17,128
	Of which: deferred shares & phantom shares	15,469
<b>Total remuneration</b>		<b>110,124</b>

**REM2: Special payments**

No guaranteed bonus, sign-on award or severance payment was made to senior management and key personnel in 2023.

<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 local deferral plan.

**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>75,421</b>	<b>47,486</b>	-	-	<b>13,621</b>
Cash	27,935	-	-	-	6,232
Shares & Phantom Shares <sup>2</sup>	47,486	47,486	-	-	7,389

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 local deferral plan.

<sup>2</sup> The value is based on the closing share price of Banco Santander, S.A. as of 29 December 2023.

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

	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
Capital ratio (Basel III)		
CET1 capital ratio	12.3%	12.3%
Tier 1 capital ratio	13.8%	13.7%
Total capital ratio	16.4%	16.0%

EUR Million                      EUR Million

Total equity	104,241	102,044
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**Other financial information**

	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	EUR Million	EUR Million
Total assets	1,797,062	1,780,493
Total liabilities	1,692,821	1,678,449
Total loans and advances to customers	1,036,349	1,045,044
Total customer deposits	1,047,169	1,013,778

**For the year ended**

	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	EUR Million	EUR Million
Pre-tax profit	16,459	15,250

**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)