



KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT
For the six months ended 30 June 2016

- The Statement is displayed in the banking hall of the Wells Fargo Bank N.A. Hong Kong Branch at the following addresses:

**27/F., Three Pacific Place,
1 Queen's Road East, Hong Kong**

**7/F., Cityplaza Four, 12 Taikoo Wan Road,
Taikoo Shing Island East, Hong Kong**

- A copy of the Statement has been lodged with the public registry of the Hong Kong Monetary Authority for public inspection.
- For any enquiry on the Statement, please contact Mr. Charles Tse (APAC Group Controller) at 3650-8063.



**Key Financial Information
Disclosure Statement**

**2016
Interim
Results**

Six months ended 30 June 2016



**Wells Fargo Bank N.A.
Hong Kong Branch**



Wells Fargo Bank N.A.
Hong Kong Branch

Key Financial Information Disclosure Statement for the six months ended 30 June 2016 prepared in accordance with Banking (Disclosure) Rules.

Section A – Branch Information

I. Unaudited Profit and loss information

	Six months ended 30 Jun 2016 HK\$'000	Six months ended 30 Jun 2015 HK\$'000
(i) Interest income	101,094	108,598
(ii) Interest expenses	(55,148)	(39,485)
Net interest income	45,946	69,113
(iii) Non-interest income		
- Gains less losses arising from trading in foreign currencies	(153)	2,041
- Gains less losses from the disposal of property, plant and equipment	(11)	(146)
- Net Income from fees and commissions (Fee and commissions expenses: 2016: 3,137k; 2015: 11,566k)	98,697	113,536
- Others	423,763	165,867
Total non-interest income	522,296	281,298
Total income	568,242	350,411
(iv) Operating expenses		
- Staff expenses	(328,256)	(263,424)
- Rental expenses	(43,332)	(67,711)
- Other expenses	(124,336)	(138,592)
(v) Recovery and write back of impaired assets	1,676	-
Total expenses and other charges	(494,248)	(469,727)
Profit / (Loss) before taxation	73,994	(119,316)
(vi) Taxation provision	(2,274)	-
Profit / (Loss) after taxation	71,720	(119,316)

II. Unaudited Balance sheet information

	As at 30 Jun 2016	As at 31 Dec 2015
	HK\$'000	HK\$'000
Assets		
(i) Cash and balances with banks <i>(except those included in amount due from overseas offices)</i>	1,513,641	264,875
(ii) Advances to banks maturing between one and twelve months <i>(except those included in amount due from overseas offices)</i>	19,655	55,250
(iii) Placements with banks maturing between one and twelve months <i>(except those included in amount due from overseas offices)</i>	3,412,450	5,386,493
(iv) Due from Exchange Fund	1,022	881
(v) Amount due from overseas offices	4,489,014	5,687,903
(vi) Trade bills	8,678,546	9,849,105
(vii) Advances and other accounts		
- Advances to customers	343,111	494,820
- Accrued interest and other accounts	78,010	62,398
- Impairment allowances for impaired assets	-	-
(viii) Property, plant and equipment and investment properties	80,249	88,070
Total assets	18,615,698	21,889,795
Liabilities		
(i) Deposits and balances from banks <i>(except those included in amount due to overseas offices)</i>	-	-
(ii) Deposits from customers		
- Demand deposits and current accounts	119,943	152,666
- Saving deposits	557,581	806,597
- Time, call and notice deposits	160,900	193,558
Total deposits from customers	838,424	1,152,821
(iii) Amount due to overseas offices	17,460,534	20,459,598
(iv) Other liabilities	316,740	277,376
Total liabilities	18,615,698	21,889,795



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Wells Fargo Bank N.A. Hong Kong Branch

Review of Activities

Wells Fargo Bank N.A. – Hong Kong Branch (“the Branch”) is a branch of Wells Fargo Bank N.A. (“the head office”).

The major business of the Branch is to serve FI and corporate customers with a full range of trade related product and services. The Branch, as the regional hub, supports Wells Fargo customers across Asia.

During the six months ended 30 Jun 2016, the total income increased by 62.2% from the same period last year to HK\$568 million, while net interest income decreased by 33.5% to HK\$46 million, non-interest income increased by 85.7% to HK\$522 million. Total expenses increased by 5.2% to HK\$494 million, with staff costs increased by 24.6%, rental expenses decreased by 36.0% and other expenses decreased by 10.3%.

Total assets were at HK\$18.6 billion as of 30 Jun 2016. Gross advances to customers decreased 30.7% from 31 Dec 2015 to HK\$343 million. Customer deposits decreased 27.3% from 31 Dec 2015 to HK\$0.8 billion.

The Bank’s overall liquidity position remains good. Average liquidity maintenance ratio was 105.48% for the six months ended 30 Jun 2016, compared to 116.06% for the six months ended 30 Jun 2015.

The Bank’s financial position reflects significant investments in local resources to help strengthen overall internal controls and to effectively manage risks.



Wells Fargo Bank N.A.
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III. Additional balance sheet information

1. Gross advances to customers

	Collateral Value As at 30 Jun 2016 HK\$'000	Gross Advances As at 30 Jun 2016 HK\$'000	Collateral Value As at 31 Dec 2015 HK\$'000	Gross Advances As at 31 Dec 2015 HK\$'000
Analysed by industry:				
Loans for use in Hong Kong				
- Industrial, commercial and financial	-	-	-	-
- Individuals				
- Loans for the purchase of other residential properties	-	-	152	152
	-	-	152	152
Trade finance	905	343,111	-	494,668
Loans for use outside Hong Kong	-	-	-	-
Total advances to customers	905	343,111	152	494,820

Analysed by geographical segments:

	Gross Advances As at 30 Jun 2016 HK\$'000	Gross Advances As at 31 Dec 2015 HK\$'000
- Cayman Islands	19,397	186,033
- Hong Kong	50,519	53,706
- U.S.A.	273,195	255,081
Total advances to customers	343,111	494,820

The above analysis of gross advances to customers by geographical segments is based on the physical location and/or the place of business operations of the customers and transfer of risk has been taken account of. In general, risk transfer is made when the advances are guaranteed by a party in a country which is different from that of the customer.

2. Gross Advances to bank

	As at 30 Jun 2016 HK\$'000	As at 31 Dec 2015 HK\$'000
	19,655	55,250

There were no advances to other financial institutions as at 30 Jun 2016 (31 Dec 2015: Nil). There was no individual impairment allowances and suspended interest as at 30 Jun 2016 (31 Dec 2015: Nil).



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III. Additional balance sheet information *(continued)*

3. International claims

HK\$ million	Banks	Non-bank private sector			Others	Total
		Official Sector	Non-bank financial institutions	Non-financial private sector		
As at 30 Jun 2016						
Developing Asia and Pacific	9,821	-	-	-	-	9,821
of which – China	4,568	-	-	-	-	4,568
of which – India	2,928	-	-	-	-	2,928
<u>As at 31 Dec 2015</u>						
Developing Asia and Pacific	11,817	-	-	-	-	11,817
of which – China	6,063	-	-	-	-	6,063
of which – India	3,212	-	-	-	-	3,212

International claims which constitute not less than 10% of total international claims are disclosed above based on the physical location of the counterparty after taking into account the transfer of risks. In general, risk transfer is made when claims are guaranteed by a party in a country which is different from that of the counterparty or when the claims are on an overseas branch of a bank whose head office is located in another country.

4. Impairment allowances for impaired assets were as follows:

The collective impairment allowances are centrally done on a global basis by Head Office in U.S.A. based on an assessment of the degree of credit risk inherent in Hong Kong Branch's overall portfolio of loans and advances and other exposures.

Individual impairment allowance for impaired assets is made against loans and advances or other exposures as and when they are considered necessary by the management.

There were no collective impairment allowances and individual impairment allowances as at 30 Jun 2016 (31 Dec 2015: Nil).

- Individual impaired loans are those advances where full repayments of principal and / or interest are considered unlikely. Loans are impaired if there is objective evidence of impairment, as at 30 Jun 2016 was Nil (31 Dec 2015: Nil).
- There were no overdue advances to customers as at 30 Jun 2016 (31 Dec 2015: Nil).
- There were no rescheduled advances to customers, banks and other financial institutions as at 30 Jun 2016 (31 Dec 2015: Nil).
- There were no overdue advances to bank as at 30 Jun 2016 (31 Dec 2015: Nil). No other overdue advances to other financial institutions as at 30 Jun 2016 (31 Dec 2015: Nil).
- There were no repossessed assets held as at 30 Jun 2016 (31 Dec 2015: Nil).



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III. Additional balance sheet information *(continued)*

10. There was no non-bank mainland exposure as at 30 Jun 2016 (31 Dec 2015: Nil).

11. Foreign currency risk exposure

The net position in a particular foreign currency is disclosed below if the net position (in absolute terms) constitutes 10% or more of the total net position in all foreign currencies.

	As at 30 Jun 2016 HK\$ million	As at 31 Dec 2015 HK\$ million
Currency	USD	USD
Spot assets	17,974	21,357
Spot liabilities	(18,472)	(21,729)
Forward purchases	583	352
Forward sales	(102)	-
Net long/(short) position	(17)	(20)

There was no structural and net option position as at 30 Jun 2016 (at 31 Dec 2015: Nil).

IV. Unaudited Off-balance sheet information

	As at 30 Jun 2016 HK\$'000	As at 31 Dec 2015 HK\$'000
Contingent liabilities and commitments		
(i)		
Direct credit substitutes	399,086	1,116,397
Trade-related contingencies	3,239,920	2,758,171
Other commitments		
- one year or less	352,767	1,088,051
Others	620	-
	3,992,393	4,962,619
(ii)		
Exchange rate contracts	683,768	352,471
Interest rate contracts	977,490	387,518
	1,661,258	739,989

The total fair value of the above reported instruments obtained by marking to market was HK\$0.1 million as at 30 Jun 2016 (31 Dec 2015: -HK\$1.3 million). The Branch does not enter into any bilateral arrangement for these contracts.



V. Liquidity information

1. Liquidity maintenance ratio

The average liquidity maintenance ratio for the six months ended 30 Jun 2016 was 105.48% (the six months ended 30 Jun 2015 was 116.06%). The average liquidity maintenance ratio is the simple average of each calendar month's average liquidity maintenance ratio calculated in accordance with the Banking (Liquidity) Rules (Rule 48) made by the Monetary Authority under section 97H of the Banking Ordinance.

2. Approach to liquidity risk management

Wells Fargo Bank N.A., Hong Kong Branch ("the Branch") has primary responsibility for ensuring it is able to meet all on and off-balance sheet obligations as they mature without incurring excessive cost, while continuing to fund its assets and growth therein. The Branch is required to conform to the liquidity regime prescribed by the Hong Kong Monetary Authority ("the HKMA") and to meet the HKMA's requirements. The Corporate Governance Groups has the responsibility to ensure that the liquidity risk management policies and practices of the Branch are in accordance with its globally coordinated, centralized approach to liquidity risk management.

The liquidity management policy ("the Policy") is reviewed and approved by APAC Regional Asset and Liability Committee ("APAC ALCO") and Hong Kong Branch Management and Control Committee ("HKMCC") on an annual basis. However, it is likely that the Policy will evolve on a more frequent basis as business activity changes in response to stress test outputs or a changing regulatory environment.

Prudent liquidity planning and management are crucial to maintaining a sound balance sheet and stable earnings at an acceptable level as well as withstanding the stresses resulting from an internal problem or crisis in the marketplace.

Proper liquidity management requires an organizational structure with clearly defined segregation of roles and responsibilities. Further, liquidity limits are established to ensure that the Branch maintains appropriate liquidity under both normal and stressed conditions. Liquidity risk reports including stress testing results are prepared regularly. Proper processes to report the liquidity risk reports and any issues to senior management are established.

As it is crucial to the Branch's viability to maintain appropriate liquidity, a contingency funding plan in addition to the liquidity risk reports is maintained.

VI. Remuneration

Hong Kong Branch adopts the remuneration policy and practices formulated by Wells Fargo & Company. Please refer to the Proxy Statement of Wells Fargo & Company for details of the Board Compensation, Human Resources Committee and major characteristics of the remuneration system.



Section B – Wells Fargo & Company and Subsidiaries Group information (Consolidated basis)

Amounts reported are expressed in USD Dollars (The exchange rate as at 30 Jun 2016 was USD1=HKD7.7589, 31 Dec 2015 was USD1=HKD7.75035, 30 Jun 2015 was USD1=HKD7.7523)

I. Capital and capital adequacy

	As at 30 Jun 2016 USD (In Million)	As at 31 Dec 2015 USD (In Million)
(i) Total shareholders' equity	201,745	193,132
(ii) Consolidated Capital Adequacy Ratio	15.60%	15.77%

(Consolidated Capital Adequacy Ratio was computed in accordance with the Basel III Capital Accord. In addition, allowance for market risk has been incorporated in calculating the Consolidated Capital Adequacy Ratio)

II Other financial information

	As at 30 Jun 2016 USD (In Million)	As at 31 Dec 2015 USD (In Million)
(i) Total Assets	1,889,235	1,787,632
(ii) Total Liabilities	1,686,574	1,593,607
(iii) Loans (net of allowance for loan losses)	945,493	905,014
(iv) Deposits from customers	1,245,473	1,223,312
	30 Jun 2016 USD (In Million)	30 Jun 2015 USD (In Million)
(v) Pre-tax profits for the six months ended 30 Jun	16,303	16,712



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Wells Fargo Bank N.A., Hong Kong Branch Chief Executive's Declaration of Compliance

I, Jeffrey Ming LEE, being Chief Executive of Wells Fargo Bank N.A., Hong Kong branch, declare that the information disclosed in this unaudited statement complies fully with Banking (Disclosure) Rules and Supervisory Policy Manual "Guideline on the application of the Banking (Disclosure) Rules" and is not false or misleading.

Signature :

A handwritten signature in black ink, appearing to be "J. Ming Lee", written over a horizontal line.

Date :

28th September, 2016