



KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT
For the year ended 31 December 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
Year End
Results**



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



Wells Fargo Bank N.A.
Hong Kong Branch

Key Financial Information Disclosure Statement for the year ended 31 December 2016 prepared in accordance with Banking (Disclosure) Rules.

Section A – Branch Information

I. Unaudited Profit and loss information

	Year ended 31 Dec 2016 HK\$'000	Year ended 31 Dec 2015 HK\$'000
(i) Interest income	249,471	207,102
(ii) Interest expense	(154,488)	(81,477)
Net interest income	94,983	125,625
(iii) Non-interest income		
- Gains less losses arising from trading in foreign currencies	(429)	3,553
- Gains less losses from the disposal of property, plant and equipment	(40)	(175)
- Net Income from fees and commission (Fees and commission expenses: 2016: 10,029k; 2015: 22,240k)	217,886	246,169
- Others	861,082	718,574
Total non-interest income	1,078,499	968,121
Total income	1,173,482	1,093,746
(iv) Operating expenses		
- Staff expenses	(699,409)	(579,336)
- Rental expenses	(99,508)	(108,481)
- Other expenses	(235,475)	(232,407)
(v) Recovery and write back of impaired assets	2,022	610
Total expenses and other charges	(1,032,370)	(919,614)
Profit / (Loss) before taxation	141,112	174,132
(vi) Taxation provision	(5,495)	(4,710)
Profit / (Loss) after taxation	135,617	169,422



Wells Fargo Bank N.A.
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II. Unaudited Balance sheet information

	As at 31 Dec 2016	As at 30 Jun 2016
	HK\$'000	HK\$'000
Assets		
(i) Cash and balances with banks <i>(except those included in amount due from overseas offices)</i>	4,079,012	1,513,641
(ii) Advances to banks maturing between one and twelve months <i>(except those included in amount due from overseas offices)</i>	36,759	19,655
(iii) Placements with banks maturing between one and twelve months <i>(except those included in amount due from overseas offices)</i>	9,351,558	3,412,450
(iv) Due from Exchange Fund	836	1,022
(v) Amount due from overseas offices	12,667,306	4,489,014
(vi) Trade bills	7,093,907	8,678,546
(vii) Advances and other accounts		
- Advances to customers	1,187,618	343,111
- Accrued interest and other accounts	205,379	78,010
- Impairment allowances for impaired assets	-	-
(viii) Property, plant and equipment and investment properties	72,538	80,249
Total assets	34,694,913	18,615,698
Liabilities		
(i) Deposits and balances from banks <i>(except those included in amount due to overseas offices)</i>	1,269,265	-
(ii) Deposits from customers		
- Demand deposits and current accounts	107,669	119,943
- Saving deposits	807,681	557,581
- Time, call and notice deposits	155,141	160,900
Total deposits from customers	1,070,491	838,424
(iii) Amount due to overseas offices	31,866,117	17,460,534
(iv) Other liabilities	489,040	316,740
Total liabilities	34,694,913	18,615,698



Wells Fargo Bank N.A.
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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 period, the total income in 2016 increased by 7.3% from the same period last year to HK\$1,173 million, while net interest income decreased by 24.4% to HK\$95 million, non-interest income increased by 11.4% to HK\$1,078 million. Total expenses increased by 12.3% to HK\$1,032 million, with staff costs increased by 20.7%, rental expenses decreased by 8.3% and other expenses increased by 1.3%.

Total assets were at HK\$34.7 billion as of 31 Dec 2016. Gross advances to customers increased 246.1% from 30 Jun 2016 to HK\$1,188 million. Customer deposits increased 27.7% from 30 Jun 2016 to HK\$1.07 billion.

The Bank’s overall liquidity position remains good. Average liquidity maintenance ratio was 100.11% for the year ended 31 Dec 2016, compared to 116.26% for the year ended 31 Dec 2015.

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



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III. Additional balance sheet information

1. Gross advances to customers

	Collateral Value As at 31 Dec 2016 HK\$'000	Gross Advances As at 31 Dec 2016 HK\$'000	Collateral Value As at 30 Jun 2016 HK\$'000	Gross Advances As at 30 Jun 2016 HK\$'000
Analysed by industry:				
Loans for use in Hong Kong				
- Industrial, commercial and financial	-	-	-	-
- Individuals				
- Loans for the purchase of other residential properties	-	-	-	-
Trade finance	-	792,808	905	343,111
Loans for use outside Hong Kong	-	394,810	-	-
Total advances to customers	-	1,187,618	905	343,111

Analysed by geographical segments:	Gross Advances As at 31 Dec 2016 HK\$'000	Gross Advances As at 30 Jun 2016 HK\$'000
- Cayman Islands	443,210	19,397
- Hong Kong	53,881	50,519
- New Zealand	307,867	-
- U.S.A.	382,660	273,195
Total advances to customers	1,187,618	343,111

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 31 Dec 2016 HK\$'000	As at 30 Jun 2016 HK\$'000
	36,759	19,655

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



III. Additional balance sheet information *(continued)*

3. International claims

HK\$ million	Banks	Official Sector	Non-bank private sector			Total
			Non-bank financial institutions	Non-financial private sector	Others	
As at 31 Dec 2016						
Developing Asia and Pacific	16,752	-	-	-	-	16,752
of which – China	8,609	-	-	-	-	8,609
of which – Taiwan	4,335	-	-	-	-	4,335
 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

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 31 Dec 2016 (30 Jun 2016: Nil).

5. 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 31 Dec 2016 was Nil (30 Jun 2016: Nil).
6. There were no overdue advances to customers as at 31 Dec 2016 (30 Jun 2016: Nil).
7. There were no rescheduled advances to customers, banks and other financial institutions as at 31 Dec 2016 (30 Jun 2016: Nil).
8. There were no overdue advances to bank as at 31 Dec 2016 (30 Jun 2016: Nil). No other overdue advances to other financial institutions as at 31 Dec 2016 (30 Jun 2016: Nil).
9. There were no repossessed assets held as at 31 Dec 2016 (30 Jun 2016: Nil).



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III. Additional balance sheet information *(continued)*

10. There was no non-bank mainland exposure as at 31 Dec 2016 (30 Jun 2016: 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 31 Dec 2016 HK\$ million	As at 30 Jun 2016 HK\$ million
Currency	USD	USD
Spot assets	33,435	17,974
Spot liabilities	(34,457)	(18,472)
Forward purchases	1,251	583
Forward sales	(128)	(102)
Net long/(short) position	101	(17)

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

IV. Unaudited Off-balance sheet information

	As at 31 Dec 2016 HK\$'000	As at 30 Jun 2016 HK\$'000
Contingent liabilities and commitments		
(i)		
Direct credit substitutes	343,928	399,086
Trade-related contingencies	2,153,550	3,239,920
Other commitments		
- one year or less	945,836	352,767
Others	2,021	620
	3,445,335	3,992,393
(ii)		
Exchange rate contracts	1,376,771	683,768
Interest rate contracts	488,578	977,490
	1,865,349	1,661,258

The total fair value of the above reported instruments obtained by marking to market was HK\$16.27 million as at 31 Dec 2016 (30 Jun 2016: HK\$0.1 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 year ended 31 Dec 2016 was 100.11% (the year ended 31 Dec 2015 was 116.26%). 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.



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

Amounts reported are expressed in US Dollars (The exchange rate as at 31 Dec 2016 was USD1=HKD7.7552, 30 Jun 2016 was USD1=HKD7.7589, 31 Dec 2015 was USD1=HKD7.75035)

I. Capital and capital adequacy

	As at 31 Dec 2016 USD (In Million)	As at 30 Jun 2016 USD (In Million)
(i) Total shareholders' equity	199,581	201,745
(ii) Consolidated Capital Adequacy Ratio	16.08%	15.60%

(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 31 Dec 2016 USD (In Million)	As at 30 Jun 2016 USD (In Million)
(i) Total Assets	1,930,115	1,889,235
(ii) Total Liabilities	1,729,618	1,686,574
(iii) Loans (net of allowance for loan losses)	956,185	945,493
(iv) Deposits from customers	1,306,079	1,245,473
	31 Dec 2016 USD (In Million)	31 Dec 2015 USD (In Million)
(v) Pre-tax profits for the year ended 31 Dec	32,120	33,841



Wells Fargo Bank N.A.
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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 :  _____

Date : 29th March, 2017