



KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT

For the year ended 31 December 2021

- Wells Fargo Bank, National Association is organized under the laws of the USA with limited liability.
- To comply with the Banking (Disclosure) Rules, the Bank has set up a 'Hong Kong Branch Disclosures' section on its website (<https://global.wf.com/disclosures/>) to house the information related to "Financial Disclosure Statement" as required by the Banking (Disclosure) Rules.
- 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
- 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. Jeff Lee (APAC Chief Financial Officer) at +852 3856 0870.



**Key Financial Information
Disclosure Statement**

**2021
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 2021

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Wells Fargo Bank N.A.
Hong Kong Branch

Key Financial Information Disclosure Statement

2021 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 2021 prepared in accordance with Banking (Disclosure) Rules.

Section A – Branch Information

I. Unaudited Profit and loss information

	Year ended 31 Dec 2021 HK\$'000	Year ended 31 Dec 2020 HK\$'000
(i) Interest income	80,262	228,563
(ii) Interest expense	(11,583)	(143,825)
Net interest income	68,679	84,738
(iii) Non-interest income		
- Gains less losses arising from non-trading activities in foreign currencies	(180)	3,495
- Gains less losses from the disposal of property, plant and equipment	55	(172)
- Net Income from fees and commission	108,322	106,674
- Others	1,318,573	1,406,713
Total non-interest income	1,426,770	1,516,710
Total income	1,495,449	1,601,448
(iv) Operating expenses		
- Staff expenses	(759,757)	(934,429)
- Rental expenses	(99,753)	(95,631)
- Other expenses	(566,229)	(601,662)
(v) Recovery and write back of impaired assets	-	-
Total expenses and other charges	(1,425,739)	(1,631,722)
Profit / (Loss) before taxation	69,710	(30,274)
(vi) Taxation provision	(9,613)	(4,958)
Profit / (Loss) after taxation	60,097	(35,232)



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

	31 Dec 2021	30 Jun 2021
	HK\$'000	HK\$'000
Assets		
(i) Cash and balances with banks (except those included in amount due from overseas offices)	92,279	1,049,663
(ii) Advances to banks maturing between one and twelve months (except those included in amount due from overseas offices)	-	-
(iii) Placements with banks maturing between one and twelve months (except those included in amount due from overseas offices)	-	233,817
(iv) Due from Exchange Fund	852	864
(v) Amount due from overseas offices	1,126,809	794,583
(vi) Trade bills	2,642,247	3,114,693
(vii) Loans and receivables		
- Loans and advances to customers	2,280,574	3,335,147
- Accrued interest and other accounts	162,954	203,976
- Impairment allowances for impaired assets	-	-
(viii) Property, plant and equipment and investment properties	185,471	223,101
Total assets	6,491,186	8,955,844
Liabilities		
(i) Deposits from customers		
- Demand deposits and current accounts	-	8,238
- Savings deposits	-	222,618
- Time, call and notice deposits	-	8,303
(ii) Amount due to overseas offices	5,451,312	7,735,282
(iii) Other liabilities	1,039,874	981,403
Total liabilities	6,491,186	8,955,844



Wells Fargo Bank N.A.

Hong Kong Branch

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 financial institutions and corporate customers with loans, deposits and trade related product and services. The Branch, as the regional hub, supports Wells Fargo customers across Asia.

During the year ended 31 Dec 2021, the Branch generated total income HK\$1,495.4 million in 2021, down 6.62% from 2020. Net interest income decreased 18.95% to HK\$68.7 million and non-interest income decreased 5.93% to HK\$1,426.7 million. Total expenses decreased 12.62% to HK\$1,425.7 million.

Total assets were at HK\$6.5 billion as of 31 Dec 2021. Total liabilities excluding inter-group balances were at HK\$1.0 billion as of 31 Dec 2021. Gross advances to customers were HK\$2.3 billion, decreased 31.62% from 30 Jun 2021. Customer deposits were Nil, decreased 100% from 30 Jun 2021.

The Bank’s overall liquidity position remains good. Average liquidity maintenance ratio was 2903.90% for the quarter ended 31 Dec 2021, compared to 777.02% for quarter ended 30 Sep 2021 and 380.97% for quarter ended 31 Dec 2020.

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.
Hong Kong Branch

III. Additional balance sheet information

1. Gross advances to customers

	Collateral value 31 Dec 2021 HK\$'000	Gross advances 31 Dec 2021 HK\$'000	Collateral value 30 Jun 2021 HK\$'000	Gross advances 30 Jun 2021 HK\$'000
<i>Analysed by industry:</i>				
Loans for use in Hong Kong				
- Industrial, commercial and financial	-	-	-	-
- Individuals				
- Loans for the purchase of other residential properties	-	-	-	-
Trade finance	-	2,280,574	-	3,335,147
Loans for use outside Hong Kong	-	-	-	-
Total advances to customers	-	2,280,574	-	3,335,147
		Gross advances 31 Dec 2021 HK\$'000		Gross advances 30 Jun 2021 HK\$'000
<i>Analysed by geographical segments:</i>				
- U.S.A.		2,280,574		3,335,147
Total advances to customers		2,280,574		3,335,147

The above analysis of gross advances to customers by geographical segments is based on the location 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 banks

	Gross advances 31 Dec 2021 HK\$'000	Gross advances 30 Jun 2021 HK\$'000
Gross advances to banks	-	-

There were no advances to other financial institutions as at 31 Dec 2021 (30 Jun 2021: Nil). There was no individual impairment allowances and suspended interest as at 31 Dec 2021 (30 Jun 2021: Nil).



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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 2021						
Developing Asia and Pacific	2,101	-	-	-	-	2,101
of which – China	1,781	-	-	-	-	1,781
Developed Countries	104	-	-	2,341	-	2,445
of which – U.S.A.	45	-	-	2,341	-	2,386
As at 30 Jun 2021						
Developing Asia and Pacific	3,547	-	-	-	-	3,547
of which – China	3,071	-	-	-	-	3,071
Developed Countries	498	-	-	3,335	-	3,833
of which – U.S.A.	443	-	-	3,335	-	3,778

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 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 2021 (30 Jun 2021: 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 2021 was Nil (30 Jun 2021: Nil).
6. There were no overdue advances to customers as at 31 Dec 2021 (30 Jun 2021: Nil).
7. There were no rescheduled advances to customers, banks and other financial institutions as at 31 Dec 2021 (30 Jun 2021: Nil).
8. There were no advances to banks which have been overdue for more than 3 months as at 31 Dec 2021 (30 Jun 2021: Nil). No other overdue advances to other financial institutions as at 31 Dec 2021 (30 Jun 2021: Nil).
9. There were no repossessed assets held as at 31 Dec 2021 (30 Jun 2021: Nil).



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III. Additional balance sheet information *(continued)*

10. Non-bank Mainland China Exposures:

Types of Counterparties	31 Dec 2021			30 Jun 2021		
	On-balance sheet exposures HK\$ million	Off-balance sheet exposures HK\$ million	Total Exposures HK\$ million	On-balance sheet exposures HK\$ million	Off-balance sheet exposures HK\$ million	Total Exposures HK\$ million
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	2,001	267	2,268	2,318	627	2,945
Total	2,001	267	2,268	2,318	627	2,945
Total assets after provision	6,491			8,956		
On-balance sheet exposures as percentage of total assets	30.83%			25.88%		

11. Foreign currency risk exposures

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.

Currency	31 Dec 2021	30 Jun 2021
	HK\$ million	HK\$ million
	USD	USD
Spot assets	6,244	8,561
Spot liabilities	(6,154)	(8,607)
Forward purchases	140	254
Forward sales	(270)	(243)
Net long/(short) position	(40)	(35)

There was no structural and net option position as at 31 Dec 2021 (at 30 Jun 2021: Nil).



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IV. Unaudited Off-balance sheet information

(i) Contingent liabilities and commitments

The following is a summary of the contractual / notional amounts of each significant class of contingent liabilities and commitments:

	31 Dec 2021 HK\$'000	30 Jun 2021 HK\$'000
Direct credit substitutes	18,409	1,553
Trade-related contingencies	798,952	1,737,580
Other commitments		
- with an original maturity of under 1 year or are unconditionally cancellable	600,524	285,865
Total	1,417,885	2,024,998

The above amounts represent a worst case scenario of credit risk exposures arising from these instruments, without taking into account any collateral held or other credit enhancements attached. The amounts do not represent amounts at risk at the balance sheet dates.

(ii) Derivatives

The contractual / notional amounts of derivative financial instruments are disclosed as follows:

	31 Dec 2021 HK\$'000	30 Jun 2021 HK\$'000
Exchange rate contracts	409,610	496,898
Total	409,610	496,898

The total fair value of the above reported instruments obtained by marking to market was HK\$2.49 million (positive value) as at 31 Dec 2021 (30 Jun 2021: HK\$3.52 million (positive value)). The Branch does not enter into any bilateral arrangement for these contracts. The contractual amounts of these instruments indicate the volume of transactions outstanding at the balance sheet date; they do not represent amounts at risk.

V. Liquidity information

1. Liquidity maintenance ratio

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.

	Quarter Ended	Quarter Ended	Quarter Ended
	31 Dec 2021	30 Sep 2021	31 Dec 2020
	%	%	%
Average LMR	2903.90	777.02	380.97



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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 comply with the liquidity regime prescribed by the Hong Kong Monetary Authority ("the HKMA") and to meet the HKMA's requirements as outlined in the Supervisory Policy Manuals LM-1 "Regulatory Framework for Supervision of Liquidity Risk" and LM-2 "Sound Systems and Controls for Liquidity Risk Management" ("Requirements"). The Corporate Governance Groups of the Branch 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 Branch's 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. The Multi-Currency Treasury group in APAC ("MCT APAC") formulates the funding strategy, manages the liquidity and funding needs, the interest rate risk and the mismatched FX exposure of the banking book of the Branch. The APAC ALCO, HKMCC and Independent Risk Management provide oversight and credible challenge of MCT APAC's risk management strategies and assumptions. MCT APAC reports and discusses liquidity strategies, issues and risks with APAC ALCO and HKMCC in their regular meetings.

Liquidity limits are established to ensure that the Branch maintains appropriate liquidity under both normal and stressed conditions. Liquidity risk reports on the liquidity maintenance ratio ("LMR") and the cash balance projection are produced daily. The monthly liquidity stress testing is to measure the LMR and the minimum cash balance within 3 months under idiosyncratic, market-wide and combined stress scenarios. The stress testing results are reported to APAC ALCO and HKMCC. Proper escalation and notification processes to report breach of any liquidity limits to HK Branch Crisis Management Team, APAC ALCO and HKMCC are established. MCT APAC is required to take corrective actions immediately. As it is crucial to the Branch's viability to maintain appropriate liquidity, a contingency funding plan (CFP) and a recovery plan (RCP) are in place to address liquidity needs under a market-wide, idiosyncratic and/or a combination stress event.

The CFP includes procedures for monitoring emerging liquidity events, a governance framework and management process, and potential mitigating actions which the Branch could undertake, it is regularly tested for effectiveness and operational feasibility under times of stress. The RCP provides a framework whereby the Branch can timely identify events and circumstances that could lead to financial distress and that, if uncorrected, could ultimately result in the Branch's failure. As these situations are monitored, the RCP identifies trigger points at which the Branch leadership must consider whether to implement recovery options. These recovery options are designed to counteract the effects of the identified events or circumstances and to strengthen the Branch's financial profile. The RCP states how to evaluate options, including feasibility and speed of execution, as well as the resulting impact on the Branch, Wells Fargo Bank, N.A. ("WFBNA"), and other WFBNA branches. This RCP also establishes responsibilities for monitoring the financial health of the Branch, monitoring the triggers that lead to potentially implementing recovery options, determining the manner of communicating those options both internally and externally, making decisions associated with selecting recovery options, and executing the selected options. It also addresses who communicates with the HKMA and relevant stakeholders within the Branch, WFBNA, and Wells Fargo & Company. The recovery options include borrowing from WFBNA, extending maturities from WFBNA and rolling off loans and reducing/ceasing lending to other branches. These are the main liquidity risk mitigation techniques for the Branch.

The Branch has two sources of liquidity to meet its funding. The primary source is intra-group funding from Head Office. The Branch also sources liquidity directly from customers who have a need to place their cash with a secure financial institution. This deposit taking activity serves as an early warning indicator as to the health of both the wholesale money market and of the Branch's standing and perceived financial strength from time to time.



Wells Fargo Bank N.A.

Hong Kong Branch

3. Contractual maturity profile

The table below analyses assets and liabilities based on the remaining period as at the end of the reporting period to the contractual maturity dates:

In HK\$ millions	Next day	Less than 1 month	Over 1 month up to 3 months	Over 3 month up to 1 year	Over 1 year	Undated	Total
31 Dec 2021							
Assets							
- Due from Banks	552	28	555	84	-	-	1,219
- Trade bills	57	406	1,001	1,179	-	-	2,643
- Loans and advances to customers	68	1,064	1,018	131	-	-	2,281
- Others	-	122	-	7	10	206	345
Total assets	677	1,620	2,574	1,401	10	206	6,488
Liabilities							
- Due to banks	1	-	-	5,451	-	-	5,452
- Deposits from customers	-	-	-	-	-	-	-
- Others	-	79	111	138	99	18	445
Total Liabilities	1	79	111	5,589	99	18	5,897
Derivatives settled on a gross basis							
- Inflow	160	144	52	54	-	-	410
- Outflow	160	144	50	53	-	-	407
Contingent and commitments							
- Contingent liabilities	-	4	51	-	-	-	55
- Commitments	-	-	507	94	-	-	601
- Contingent claims	-	-	-	-	-	-	-
Net Liquidity Mismatch⁽¹⁾	676	1,537	1,907	-4,281	-89		
Cumulative Liquidity Mismatch⁽¹⁾	676	2,213	4,120	-161	-250		

Wells Fargo Bank N.A.
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In HK\$ millions	Next day	Less than 1 month	Over 1 month up to 3 months	Over 3 month up to 1 year	Over 1 year	Undated	Total
30 Jun 2021							
Assets							
- Due from Banks	547	935	202	396	-	-	2,080
- Trade bills	2	440	1,199	1,475	-	-	3,116
- Loans and advances to customers	3	997	1,733	602	-	-	3,335
- Others	1	149	-	-	18	253	421
Total assets	553	2,521	3,134	2,473	18	253	8,952
Liabilities							
- Due to Exchange Fund	-	-	-	-	-	-	-
- Due to banks	-	-	-	7,735	-	-	7,735
- Deposits from customers	231	8	-	-	-	-	239
- Others	-	68	22	197	126	21	434
Total Liabilities	231	76	22	7,932	126	21	8,408
Derivatives settled on a gross basis							
- Inflow	-	261	-	236	-	-	497
- Outflow	-	260	-	234	-	-	494
Contingent and commitments							
- Contingent liabilities	-	-	29	25	-	-	54
- Commitments	-	158	-	128	-	-	286
- Contingent claims	-	-	-	-	-	-	-
Net Liquidity Mismatch⁽ⁱ⁾	322	2,288	3,083	(5,142)	(108)		
Cumulative Liquidity Mismatch⁽ⁱ⁾	322	2,610	5,693	551	443		

(i) Positive indicates a position of liquidity surplus. Negative indicates a liquidity shortfall that has to be funded.

4. Sources of funding

Significant funding instruments	As at Dec 31, 2021		As at Jun 30, 2021	
	Total Amount HK\$'000	As % of Total Liabilities	Total Amount HK\$'000	As % of Total Liabilities
i) Funding raised from Head office	5,451,312	83.98%	7,735,282	86.37%
ii) Funding raised from deposits from customers	-	-%	239,159	2.67%



Wells Fargo Bank N.A.

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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 US Dollars (The exchange rate as at 31 Dec 2021 was USD1=HKD7.7968, 30 Jun 2021 was USD1=HKD7.7657, 31 Dec 2020 was USD1=HKD7.7520)

I. Capital and capital adequacy

	31 Dec 2021	30 Jun 2021
	USD (In Million)	USD (In Million)
(i) Total shareholders' equity	190,110	193,126
(ii) Consolidated capital adequacy ratio (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)	15.84%	16.84%

II. Other financial information

	31 Dec 2021	30 Jun 2021
	USD (In Million)	USD (In Million)
(i) Total assets	1,948,068	1,945,996
(ii) Total liabilities	1,757,958	1,752,870
(iii) Loans (net of allowance for loan losses)	882,637	839,911
(iv) Deposits from customers	1,482,716	1,440,584
	31 Dec 2021	31 Dec 2020
	USD (In Million)	USD (In Million)
(v) Pre-tax profits for year ended 31 Dec	28,817	581



Wells Fargo Bank N.A.
Hong Kong Branch

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

I, Wohlerst Christopher, 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 blue ink, appearing to be "C. Wohlerst", written over a horizontal line.

Date :

04 / 13 / 2012