

KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT
For the six months ended 30 June 2017

- 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**

**2017
Interim
Results**

Six months ended 30 June 2017



**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 2017 prepared in accordance with Banking (Disclosure) Rules.
Section A – Branch Information
I. Unaudited Profit and loss information

	Six months ended 30 Jun 2017 HK\$'000	Six months ended 30 Jun 2016 HK\$'000
(i) Interest income	214,355	101,094
(ii) Interest expense	(183,608)	(55,148)
Net interest income	30,747	45,946
(iii) Non-interest income		
- Gains less losses arising from trading in foreign currencies	15	(153)
- Gains less losses from the disposal of property, plant and equipment	(18)	(11)
- Net Income from fees and commission (Fees and commission expenses: 2017: 5,584k; 2016: 3,137k)	88,789	98,697
- Others	475,913	423,763
Total non-interest income	564,699	522,296
Total income	595,446	568,242
(iv) Operating expenses		
- Staff expenses	(400,542)	(328,256)
- Rental expenses	(48,581)	(43,332)
- Other expenses	(109,561)	(124,336)
(v) Recovery and write back of impaired assets	0	1,676
Total expenses and other charges	(558,684)	(494,248)
Profit / (Loss) before taxation	36,762	73,994
(vi) Taxation provision	(3,630)	(2,274)
Profit / (Loss) after taxation	33,132	71,720

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II. Unaudited Balance sheet information

	As at 30 Jun 2017 HK\$'000	As at 31 Dec 2016 HK\$'000
Assets		
(i) Cash and balances with banks <i>(except those included in amount due from overseas offices)</i>	682,625	4,079,012
(ii) Advances to banks maturing between one and twelve months <i>(except those included in amount due from overseas offices)</i>	49,486	36,759
(iii) Placements with banks maturing between one and twelve months <i>(except those included in amount due from overseas offices)</i>	5,616,129	9,351,558
(iv) Due from Exchange Fund	889	836
(v) Amount due from overseas offices	14,129,838	12,667,306
(vi) Trade bills	7,194,196	7,093,907
(vii) Advances and other accounts		
- Advances to customers	1,095,347	1,187,618
- Accrued interest and other accounts	138,985	205,379
- Impairment allowances for impaired assets	-	-
(viii) Property, plant and equipment and investment properties	62,287	72,538
Total assets	28,969,782	34,694,913
Liabilities		
(i) Deposits and balances from banks <i>(except those included in amount due to overseas offices)</i>	629,001	1,269,265
(ii) Due to Exchange Fund	4,683,360	-
(iii) Deposits from customers		
- Demand deposits and current accounts	159,735	107,669
- Saving deposits	601,309	807,681
- Time, call and notice deposits	310,531	155,141
Total deposits from customers	1,071,575	1,070,491
(iv) Amount due to overseas offices	22,128,135	31,866,117
(v) Other liabilities	457,711	489,040
Total liabilities	28,969,782	34,694,913

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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 2017, the total income increased by 4.8% from the same period last year to HK\$595 million, while net interest income decreased by 33.1% to HK\$31 million, non-interest income increased by 8.1% to HK\$565 million. Total expenses increased by 13.0% to HK\$559 million, with staff costs increased by 22.0%, rental expenses increased by 12.1% and other expenses decreased by 11.9%.

Total assets were at HK\$29 billion as of 30 Jun 2017. Gross advances to customers decreased 7.8% from 31 Dec 2016 to HK\$1,095 million. Customer deposits increased 0.1% from 31 Dec 2016 to HK\$1.07 billion.

The Bank’s overall liquidity position remains good. Average liquidity maintenance ratio was 329.70% for the six months ended 30 Jun 2017, compared to 105.48% for the six months ended 30 Jun 2016.

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 30 Jun 2017 HK\$'000	Gross Advances As at 30 Jun 2017 HK\$'000	Collateral Value As at 31 Dec 2016 HK\$'000	Gross Advances As at 31 Dec 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	-	550,609	-	792,808
Loans for use outside Hong Kong	-	544,738	-	394,810
Total advances to customers	-	1,095,347	-	1,187,618

	Gross Advances As at 30 Jun 2017 HK\$'000	Gross Advances As at 31 Dec 2016 HK\$'000
Analysed by geographical segments:		
- Cayman Islands	0	443,210
- Hong Kong	39,598	53,881
- New Zealand	0	307,867
- U.S.A.	1,055,749	382,660
Total advances to customers	1,095,347	1,187,618

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 2017 HK\$'000	As at 31 Dec 2016 HK\$'000
	49,486	36,759

There were no advances to other financial institutions as at 30 Jun 2017 (31 Dec 2016: Nil). There was no individual impairment allowances and suspended interest as at 30 Jun 2017 (31 Dec 2016: Nil).

III. Additional balance sheet information *(continued)*

3. International claims

HK\$ million	Banks	Official Sector	Non-bank private sector			Others	Total
			Non-bank financial institutions	Non-financial private sector			
<u>As at 30 Jun 2017</u>							
Developing Asia and Pacific	10,129	-	-	-	-	-	10,129
of which – China	6,573	-	-	-	-	-	6,573
 <u>As at 31 Dec 2016</u>							
Developing Asia and Pacific	16,752	-	-	-	-	-	16,752
of which – China	8,609	-	-	-	-	-	8,609
of which – Taiwan	4,335	-	-	-	-	-	4,335

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 2017 (31 Dec 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 30 Jun 2017 was Nil (31 Dec 2016: Nil).
6. There were no overdue advances to customers as at 30 Jun 2017 (31 Dec 2016: Nil).
7. There were no rescheduled advances to customers, banks and other financial institutions as at 30 Jun 2017 (31 Dec 2016: Nil).
8. There were no advances to bank which have been overdue for more than 3 months as at 30 Jun 2017 (31 Dec 2016: Nil). No other overdue advances to other financial institutions as at 30 Jun 2017 (31 Dec 2016: Nil).
9. There were no repossessed assets held as at 30 Jun 2017 (31 Dec 2016: Nil).

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III. Additional balance sheet information *(continued)*

10. Non-bank Mainland China Exposures:

Types of Counterparties	As at 30 Jun 2017			As at 31 Dec 2016 (Restated)		
	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	1,410	1,309	2,719	1,224	738	1,962
Total	1,410	1,309	2,719	1,224	738	1,962
Total assets after provision	28,970			34,695		
On-balance sheet exposures as percentage of total assets	4.87%			3.53%		

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.

Currency	As at 30 Jun 2017	As at 31 Dec 2016
	HK\$ million	HK\$ million
	USD	USD
Spot assets	27,259	33,435
Spot liabilities	(28,763)	(34,457)
Forward purchases	2,008	1,251
Forward sales	(523)	(128)
Net long/(short) position	(19)	101

There was no structural and net option position as at 30 Jun 2017 (at 31 Dec 2016: Nil).

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IV. Unaudited Off-balance sheet information

	As at 30 Jun 2017	As at 31 Dec 2016
	HK\$'000	HK\$'000
Contingent liabilities and commitments		
(i)		
Direct credit substitutes	482,244	343,928
Trade-related contingencies	2,875,154	2,153,550
Other commitments		
- one year or less	306,163	945,836
Others	1,063,085	2,021
	4,726,646	3,445,335
(ii)		
Exchange rate contracts	2,530,462	1,376,771
Interest rate contracts	7,220,180	488,578
	9,750,642	1,865,349

The total fair value of the above reported instruments obtained by marking to market was -HK\$16.44 million as at 30 Jun 2017 (31 Dec 2016: HK\$16.27 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 2017 was 329.70% (the six months ended 30 Jun 2016 was 105.48%). 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 US Dollars (The exchange rate as at 30 Jun 2017 was USD1=HKD7.8056, 31 Dec 2016 was USD1=HKD7.7552, 30 Jun 2016 was USD1=HKD7.7589)

I. Capital and capital adequacy

	As at 30 Jun 2017 USD (In Million)	As at 31 Dec 2016 USD (In Million)
(i) Total shareholders' equity	205,230	199,581
(ii) Consolidated Capital Adequacy Ratio	16.97%	16.08%

(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 2017 USD (In Million)	As at 31 Dec 2016 USD (In Million)
(i) Total Assets	1,930,871	1,930,115
(ii) Total Liabilities	1,724,726	1,729,618
(iii) Loans (net of allowance for loan losses)	946,350	956,185
(iv) Deposits from customers	1,305,830	1,306,079

	As at 30 Jun 2017 USD (In Million)	As at 30 Jun 2016 USD (In Million)
(v) Pre-tax profits for the six months ended 30 Jun	15,678	16,303

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 :

27th September, 2017