



**Wells Fargo Bank N.A.**

Hong Kong Branch

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**KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT**

For the six months ended 30 June 2015

- 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 Ms. Ping Choy (Chief Accountant) at 3650-8141.



**Key Financial Information  
Disclosure Statement**

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**2015  
Interim  
Results**

**Six months ended 30 June 2015**



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## Wells Fargo Bank N.A.

Hong Kong Branch

Key Financial Information Disclosure Statement for the six months ended 30 June 2015 prepared in accordance with Banking (Disclosure) Rules.

### Section A – Branch Information

#### I. Profit and loss information

	Six months ended 30 Jun 2015 HK\$'000	Six months ended 30 Jun 2014 HK\$'000
(i) Interest income	108,598	158,793
(ii) Interest expenses	(39,485)	(50,437)
Net interest income	69,113	108,356
(iii) Non-interest income		
- Gains less losses arising from trading in foreign currencies	2,041	3,208
- Gains less losses arising from non-trading activities in foreign currencies	-	-
- Gains less losses on securities held for trading purposes	-	-
- Gains less losses from other trading activities	-	-
- Gains less losses from the disposal of property, plant and equipment	(146)	-
- Net Income from fees and commissions (Fee and commissions expenses: 2015: 11,566k; 2014: 10,075k)	113,536	121,185
- Others	165,867	77,630
Total non-interest income	281,298	202,023
Total income	350,411	310,379
(iv) Operating expenses		
- Staff expenses	(263,424)	(218,414)
- Rental expenses	(67,711)	(44,333)
- Other expenses	(138,592)	(137,675)
(v) Other claims	-	-
(vi) Impairment allowances for impaired assets	-	-
Total expenses and other charges	(469,727)	(400,422)
Profit / (Loss) before taxation	(119,316)	(90,043)
(vii) Taxation provision	-	-
Profit / (Loss) after taxation	(119,316)	(90,043)



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**II. Balance sheet information**

	<b>As at 30 Jun 2015</b>	As at 31 Dec 2014
	<b>HK\$'000</b>	HK\$'000
<b>Assets</b>		
(i) Cash and balances with banks	<b>151,141</b>	350,430
<i>(except those included in amount due from overseas offices)</i>		
(ii) Advances to banks maturing between one and twelve months	<b>28,970</b>	67,854
<i>(except those included in amount due from overseas offices)</i>		
(iii) Placements with banks maturing between one and twelve months	<b>2,031,102</b>	7,119,365
<i>(except those included in amount due from overseas offices)</i>		
(iv) Due from Exchange Fund	<b>832</b>	852
(v) Amount due from overseas offices	<b>8,312,028</b>	23,644,874
(vi) Certificates of deposit held	-	-
(vii) Securities held for trading purposes	-	-
(viii) Investment securities	-	-
(ix) Trade bills	<b>12,673,937</b>	15,667,625
(x) Advances and other accounts		
- Advances to customers	<b>235,621</b>	1,346,515
- Accrued interest and other accounts	<b>52,514</b>	73,999
- Impairment allowances for impaired assets		
- Collective impairment allowances	-	-
(xi) Property, plant and equipment and investment properties	<b>81,353</b>	35,067
Total assets	<b>23,567,498</b>	48,306,581
<b>Liabilities</b>		
(i) Deposits and balances from banks	-	10,560,572
<i>(except those included in amount due to overseas offices)</i>		
(ii) Deposits from customers		
- Demand deposits and current accounts	<b>175,242</b>	210,463
- Saving deposits	<b>1,042,093</b>	818,002
- Time, call and notice deposits	<b>3,363,077</b>	5,831,304
Total deposits from customers	<b>4,580,412</b>	6,859,769
(iii) Amount due to overseas offices	<b>19,052,353</b>	30,781,665
(iv) Certificates of deposit issued	-	-
(v) Issued debt securities	-	-
(vi) Other liabilities	<b>(65,267)</b>	104,575
Total liabilities	<b>23,567,498</b>	48,306,581



## **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 our target customers with a range of trade related product and services.

The Branch, as one of the key Asia region offices, supports the head office’s future business development. It will also enable it to better serve customers with enhanced products and service delivery and to build out and strengthen its banking franchise in Hong Kong.

During the six months ended 30 Jun 2015, the total income increased by 12.9% from the same period last year to HK\$350 million, while net interest income decreased by 36.2% to HK\$69 million, non-interest income increased by 39.2% to HK\$281 million. Total expenses increased by 17.3% to HK\$470 million, with staff costs increased by 20.6%, rental expenses increased by 52.7% and other expenses increased by 0.7%.

Total assets were at HK\$23.6 billion as of 30 Jun 2015. Gross advances to customers decreased 82.5% from 31 Dec 2014 to HK\$236 million. Customer deposits decreased 33.2% from 31 Dec 2014 to HK\$4.6 billion.

The Bank’s overall liquidity position remains good. Average liquidity maintenance ratio was 116.06% for the six months ended 30 Jun 2015, compared to 171.64% average liquidity ratio for the six months ended 30 Jun 2014.

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

	<b>Collateral Value As at 30 Jun 2015 HK\$'000</b>	<b>Gross Advances As at 30 Jun 2015 HK\$'000</b>	Collateral Value As at 31 Dec 2014 HK\$'000	Gross Advances As at 31 Dec 2014 HK\$'000
Analysed by industry:				
Loans for use in Hong Kong				
- Industrial, commercial and financial				
- Financial concerns	-	-	-	775,530
- Wholesale and retail trade	-	<b>12,562</b>	-	-
	-	<b>12,562</b>	-	775,530
- Individuals				
- Loans for the purchase of other residential properties	<b>195</b>	<b>195</b>	238	238
	<b>195</b>	<b>195</b>	238	238
Loans for use in Hong Kong	<b>195</b>	<b>12,757</b>	238	775,768
Trade finance	-	<b>176,676</b>	-	242,590
Loans for use outside Hong Kong	-	<b>46,188</b>	-	328,157
Total advances to customers	<b>195</b>	<b>235,621</b>	238	1,346,515

Analysed by geographical segments:	<b>Gross Advances As at 30 Jun 2015 HK\$'000</b>	Gross Advances As at 31 Dec 2014 HK\$'000
Hong Kong	<b>54,623</b>	850,214
U.S.A.	<b>180,998</b>	496,301
Total advances to customers	<b>235,621</b>	1,346,515

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	<b>As at 30 Jun 2015 HK\$'000</b>	As at 31 Dec 2014 HK\$'000
	<b>28,970</b>	67,854

There was no advances to other financial institutions as at 30 Jun 2015 (31 Dec 2014: Nil). There was no individual impairment allowances and suspended interest as at 30 Jun 2015 (31 Dec 2014: 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	
<b>As at 30 Jun 2015</b>						
<b>Developing Asia and Pacific</b>	<b>9,838</b>	-	-	-	-	<b>9,838</b>
of which – China	<b>4,051</b>	-	-	-	-	<b>4,051</b>
of which – India	<b>2,988</b>	-	-	-	-	<b>2,988</b>

Cross Border Claims

HK\$ million	Banks and other financial institutions	Public sector entities	Others	Total
<b>As at 31 Dec 2014</b>				
Asia Pacific excluding Hong Kong	17,559	-	-	17,559
of which – China	5,585	-	-	5,585
of which – India	4,743	-	-	4,743

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:**

	<b>As at 30 Jun 2015</b> <b>HK\$'000</b>	As at 31 Dec 2014 HK\$'000
Collective impairment allowances		
- Loans	-	-
- Commitments	-	-
Individual impairment allowances		
- Loans	-	-
- Commitments	-	-
	<b>-</b>	<b>-</b>

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.



**III. Additional balance sheet information** *(continued)*

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 2015 was Nil (31 Dec 2014: Nil).
6. There was no overdue advances to customers as at 30 Jun 2015 (31 Dec 2014: Nil).
7. There was no rescheduled advances to customers, banks and other financial institutions as at 30 Jun 2015 (31 Dec 2014: Nil).
8. There was no overdue advances to bank as at 30 Jun 2015 (31 Dec 2014: Nil). No other overdue advances to other financial institutions as at 30 Jun 2015 (31 Dec 2014: Nil).
9. There was no repossessed assets held as at 30 Jun 2015 (31 Dec 2014: Nil).
10. There was no non-bank mainland exposure as at 30 Jun 2015 (31 Dec 2014: 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.

	<b>As at 30 Jun 2015</b> <b>HK\$ million</b>	As at 31 Dec 2014 HK\$ million
Currency	<b>USD</b>	USD
Spot assets	<b>23,107</b>	47,809
Spot liabilities	<b>(23,467)</b>	(48,021)
Forward purchases	<b>352</b>	459
Forward sales	<b>(54)</b>	(267)
Net long/(short) position	<b>(62)</b>	(20)

There was no structural and net option position as at 30 Jun 2015 (at 31 Dec 2014: Nil).





**IV. Off-balance sheet information**

	<b>As at 30 Jun 2015</b> <b>HK\$'000</b>	As at 31 Dec 2014 HK\$'000
<b>Contingent liabilities and commitments</b>		
(i)		
Direct credit substitutes	<b>616,020</b>	912,438
Transaction-related contingencies	-	-
Trade-related contingencies	<b>4,403,985</b>	3,415,531
Note issuance and revolving underwriting facilities	-	-
Other commitments		
- one year or less	<b>578,963</b>	923,030
Others	-	4,491
	<b><u>5,598,968</u></b>	<u>5,255,490</u>
(ii)		
Exchange rate contracts	<b>406,112</b>	726,065
Interest rate contracts	<b><u>271,331</u></b>	<u>659,827</u>
	<b><u>677,443</u></b>	<u>1,385,892</u>

The total fair value of the above reported instruments obtained by marking to market was -HK\$0.8 million as at 30 Jun 2015 (31 Dec 2014: -HK\$0.5 million). The Branch does not enter into any bilateral arrangement for these contracts.

**V. Liquidity maintenance ratio**

The average liquidity maintenance ratio for the six months ended 30 Jun 2015 was 116.06% (the average liquidity ratio for the six months ended 30 Jun 2014 was 171.64%). 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.

**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 USD Dollars (The exchange rate as at 30 Jun 2015 was USD1=HKD7.7523, 31 Dec 2014 was USD1=HKD7.7553, 30 Jun 2014 was USD1=HKD7.7507)*

**I Capital and capital adequacy**

	<b>As at 30 Jun 2015 USD (In Million)</b>	As at 31 Dec 2014 USD (In Million)
(i) Total shareholders' equity	<b>189,558</b>	184,394
(ii) Consolidated Capital Adequacy Ratio	<b>15.16%</b>	15.53%

(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**

	<b>As at 30 Jun 2015 USD (In Million)</b>	As at 31 Dec 2014 USD (In Million)
(i) Total Assets	<b>1,720,617</b>	1,687,155
(ii) Total Liabilities	<b>1,529,941</b>	1,501,893
(iii) Loans (net of allowance for loan losses)	<b>876,705</b>	850,232
(iv) Deposits from customers	<b>1,185,828</b>	1,168,310
	<b>30 Jun 2015 USD (In Million)</b>	30 Jun 2014 USD (In Million)
(v) Pre-tax profits for the six months ended 30 Jun	<b>16,712</b>	17,007



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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 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 : 17<sup>th</sup> September, 2015