



Wells Fargo Bank N.A.
Hong Kong Branch

KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT

For the year ended 31 December 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

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



**Key Financial Information
Disclosure Statement**

**2015
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 2015 prepared in accordance with Banking (Disclosure) Rules.

Section A – Branch Information

I. Unaudited Profit and loss information

	Year ended 31 Dec 2015 HK\$'000	Year ended 31 Dec 2014 HK\$'000
(i) Interest income	207,102	311,132
(ii) Interest expenses	(81,477)	(105,020)
Net interest income	125,625	206,112
(iii) Non-interest income		
- Gains less losses arising from trading in foreign currencies	3,553	6,880
- 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	(175)	-
- Net Income from fees and commissions (Fee and commissions expenses: 2015: 22,240k; 2014: 26,153k)	246,169	262,601
- Others	718,574	272,933
Total non-interest income	968,121	542,414
Total income	1,093,746	748,526
(iv) Operating expenses		
- Staff expenses	(579,336)	(485,850)
- Rental expenses	(108,481)	(104,629)
- Other expenses	(232,407)	(261,638)
(v) Other claims	-	-
(vi) Recovery and write back of impaired assets	610	-
Total expenses and other charges	(919,614)	(852,117)
Profit / (Loss) before taxation	174,132	(103,591)
(vii) Taxation provision	(4,710)	-
Profit / (Loss) after taxation	169,422	(103,591)

Wells Fargo Bank N.A.

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II. Unaudited Balance sheet information

	As at 31 Dec 2015	As at 30 Jun 2015
	HK\$'000	HK\$'000
Assets		
(i) Cash and balances with banks	264,875	151,141
<i>(except those included in amount due from overseas offices)</i>		
(ii) Advances to banks maturing between one and twelve months	55,250	28,970
<i>(except those included in amount due from overseas offices)</i>		
(iii) Placements with banks maturing between one and twelve months	5,386,493	2,031,102
<i>(except those included in amount due from overseas offices)</i>		
(iv) Due from Exchange Fund	881	832
(v) Amount due from overseas offices	5,687,903	8,312,028
(vi) Certificates of deposit held	-	-
(vii) Securities held for trading purposes	-	-
(viii) Investment securities	-	-
(ix) Trade bills	9,849,105	12,673,937
(x) Advances and other accounts		
- Advances to customers	494,820	235,621
- Accrued interest and other accounts	62,398	52,514
- Impairment allowances for impaired assets		
- Collective impairment allowances	-	-
(xi) Property, plant and equipment and investment properties	88,070	81,353
Total assets	21,889,795	23,567,498
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	152,666	175,242
- Saving deposits	806,597	1,042,093
- Time, call and notice deposits	193,558	3,363,077
Total deposits from customers	1,152,821	4,580,412
(iii) Amount due to overseas offices	20,459,598	19,052,353
(iv) Certificates of deposit issued	-	-
(v) Issued debt securities	-	-
(vi) Other liabilities	277,376	(65,267)
Total liabilities	21,889,795	23,567,498



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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 2015 was increased by 46.1% from the same period last year to HK\$1,094 million, while net interest income decreased by 39.1% to HK\$126 million, non-interest income increased by 78.5% to HK\$968 million. Total expenses increased by 7.9% to HK\$920 million, with staff costs increased by 19.2%, rental expenses increased by 3.7% and other expenses decreased by 11.2%.

Total assets were at HK\$21.9 billion as of 31 Dec 2015. Gross advances to customers increased 110% from 30 Jun 2015 to HK\$495 million. Customer deposits decreased 74.8% from 30 Jun 2015 to HK\$1.2 billion.

The Bank’s overall liquidity position remains good. Average liquidity maintenance ratio was 116.26% for the year ended 31 Dec 2015, compared to 158.38% average liquidity ratio for the year ended 31 Dec 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

	Collateral Value As at 31 Dec 2015 HK\$'000	Gross Advances As at 31 Dec 2015 HK\$'000	Collateral Value As at 30 Jun 2015 HK\$'000	Gross Advances As at 30 Jun 2015 HK\$'000
Analysed by industry:				
Loans for use in Hong Kong				
- Industrial, commercial and financial				
- Financial concerns	-	-	-	-
- Wholesale and retail trade	-	-	-	12,562
	-	-	-	12,562
- Individuals				
- Loans for the purchase of other residential properties	152	152	195	195
	152	152	195	195
Loans for use in Hong Kong	152	152	195	12,757
Trade finance	-	494,668	-	176,676
Loans for use outside Hong Kong	-	-	-	46,188
Total advances to customers	152	494,820	195	235,621

	Gross Advances As at 31 Dec 2015 HK\$'000	Gross Advances As at 30 Jun 2015 HK\$'000
Analysed by geographical segments:		
Cayman Islands	186,033	-
Hong Kong	53,706	54,623
U.S.A.	255,081	180,998
Total advances to customers	494,820	235,621

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 2015 HK\$'000	As at 30 Jun 2015 HK\$'000
	55,250	28,970

There was no advances to other financial institutions as at 31 Dec 2015 (30 Jun 2015: Nil). There was no individual impairment allowances and suspended interest as at 31 Dec 2015 (30 Jun 2015: 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 2015						
Developing Asia and Pacific	11,817	-	-	-	-	11,817
of which – China	6,063	-	-	-	-	6,063
of which – India	3,212	-	-	-	-	3,212
As at 30 Jun 2015						
Developing Asia and Pacific	9,838	-	-	-	-	9,838
of which – China	4,051	-	-	-	-	4,051
of which – India	2,988	-	-	-	-	2,988

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:

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

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 31 Dec 2015 was Nil (30 Jun 2015: Nil).
6. There was no overdue advances to customers as at 31 Dec 2015 (30 Jun 2015: Nil).
7. There was no rescheduled advances to customers, banks and other financial institutions as at 31 Dec 2015 (30 Jun 2015: Nil).
8. There was no overdue advances to bank as at 31 Dec 2015 (30 Jun 2015: Nil). No other overdue advances to other financial institutions as at 31 Dec 2015 (30 Jun 2015: Nil).
9. There was no repossessed assets held as at 31 Dec 2015 (30 Jun 2015: Nil).
10. There was no non-bank mainland exposure as at 31 Dec 2015 (30 Jun 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 31 Dec 2015 HK\$ million	As at 30 Jun 2015 HK\$ million
Currency	USD	USD
Spot assets	21,357	23,107
Spot liabilities	(21,729)	(23,467)
Forward purchases	352	352
Forward sales	-	(54)
Net long/(short) position	(20)	(62)

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



IV. Unaudited Off-balance sheet information

	As at 31 Dec 2015 HK\$'000	As at 30 Jun 2015 HK\$'000
Contingent liabilities and commitments		
(i)		
Direct credit substitutes	1,116,397	616,020
Transaction-related contingencies	-	-
Trade-related contingencies	2,758,171	4,403,985
Note issuance and revolving underwriting facilities	-	-
Other commitments		
- one year or less	1,088,051	578,963
Others	-	-
	<u>4,962,619</u>	<u>5,598,968</u>
(ii)		
Exchange rate contracts	352,471	406,112
Interest rate contracts	<u>387,518</u>	<u>271,331</u>
	<u>739,989</u>	<u>677,443</u>

The total fair value of the above reported instruments obtained by marking to market was -HK\$1.3 million as at 31 Dec 2015 (30 Jun 2015: -HK\$0.8 million). The Branch does not enter into any bilateral arrangement for these contracts.

V. Liquidity maintenance ratio

The average liquidity maintenance ratio for the year ended 31 Dec 2015 was 116.26% (the average liquidity ratio for the year ended 31 Dec 2014 was 158.38%). 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 31 Dec 2015 was USD1=HKD7.75035, 30 Jun 2015 was USD1=HKD7.7523, 31 Dec 2014 was USD1=HKD7.7553)

I Capital and capital adequacy

	As at 31 Dec 2015 USD (In Million)	As at 30 Jun 2015 USD (In Million)
(i) Total shareholders' equity	193,132	189,558
(ii) Consolidated Capital Adequacy Ratio	15.77%	15.16%

(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 2015 USD (In Million)	As at 30 Jun 2015 USD (In Million)
(i) Total Assets	1,787,632	1,720,617
(ii) Total Liabilities	1,593,607	1,529,941
(iii) Loans (net of allowance for loan losses)	905,014	876,705
(iv) Deposits from customers	1,223,312	1,185,828

	31 Dec 2015 USD (In Million)	31 Dec 2014 USD (In Million)
(v) Pre-tax profits for the year ended 31 Dec	33,841	33,915



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 : 16th March, 2016