Wells Fargo Bank N.A.
Hong Kong Branch

KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT

For the year ended 31 Dec 2023

- 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://www-ca.wellsfargo.com/cib/global-services/asia-pacific/hong-kong/) 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. Mike Kwan (Chief Accountant) at +852 3856 0603.

Key Financial Information Disclosure Statement

2023 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 2023 prepared in accordance with Banking (Disclosure) Rules.

Section A – Branch Information

I. Unaudited Profit and loss information

		Year ended 31 Dec 2023 HK$'000	Year ended 31 Dec 2022 HK$'000
(i)	Interest income	**101,420**	165,196
(ii)	Interest expense	**(77,780)**	(165,022)
	Net interest income	**23,640**	174
(iii)	Non-interest income		
	- Gains less losses arising from non-trading activities in foreign currencies	**(1,733)**	2,224
	- Gains less losses from the disposal of property, plant and equipment	**(249)**	(381)
	- Net Income from fees and commission	**20,671**	51,084
	- Others	**961,787**	1,292,501
	Total non-interest income	**980,476**	1,345,428
	Total income	**1,004,116**	1,345,602
(iv)	Operating expenses		
	- Staff expenses	**(496,882)**	(552,306)
	- Rental expenses	**(49,580)**	(82,926)
	- Other expenses	**(384,396)**	(644,398)
(v)	Recovery and write back of impaired assets	**-**	-
	Total expenses and other charges	**(930,858)**	(1,279,630)
	Profit before taxation	**73,258**	65,972
(vi)	Taxation provision	**(19,168)**	(744)
	Profit after taxation	**54,090**	65,228

II. Unaudited Balance sheet information

		31 Dec 2023 HK$'000	30 Jun 2023 HK$'000
Assets			
(i)	Cash and balances with banks (except those included in amount due from overseas offices)	**941,677**	77,907
(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)	**-**	-
(iv)	Due from Exchange Fund	**748**	776
(v)	Amount due from overseas offices	**107,650**	261,330
(vi)	Trade bills	**645,503**	934,125
(vii)	Loans and receivables		
	- Loans and advances to customers	**75,993**	1,403
	- Accrued interest and other accounts	**130,491**	183,882
	- Impairment allowances for impaired assets	**-**	-
(viii)	Property, plant and equipment	**55,540**	87,894
	Total assets	**1,957,602**	1,547,317
Liabilities			
(i)	Deposits from customers		
	- Demand deposits and current accounts	**-**	-
	- Savings deposits	**-**	-
	- Time, call and notice deposits	**-**	-
(ii)	Amount due to overseas offices	**1,012,859**	627,259
(iii)	Other liabilities	**944,743**	920,058
	Total liabilities	**1,957,602**	1,547,317

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 provides regional support services which include supporting Wells Fargo customers across Asia.

During the year ended 31 Dec 2023, the Branch generated total income HK$1,004.1 million in 2023, decreased 25.4% from 2022. Net interest income increased 13,486.2% to HK$23.6 million and non-interest income decreased 27.1% to HK$980.5 million. Total expenses decreased 27.3% to HK$930.9 million.

Total assets excluding inter-group balances were at HK$1.8 billion as of 31 Dec 2023. Total liabilities excluding inter-group balances were at HK$0.9 billion as of 31 Dec 2023. Gross advances to customers were HK$76 million, increased 5,316.5% from 30 Jun 2023. There were no customer deposits as of 31 Dec 2023 and 30 Jun 2023.

The Branch's overall liquidity position remains good. Average liquidity maintenance ratio was 1,013.82% for the quarter ended 31 Dec 2023, compared to 1,086.72% for quarter ended 30 Sep 2023 and 3,053.18% for quarter ended 31 Dec 2022.

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

III. Additional balance sheet information

1. Gross advances to customers

	Collateral value 31 Dec 2023 HK$'000	**Gross advances 31 Dec 2023 HK$'000**	Collateral value 30 Jun 2023 HK$'000	Gross advances 30 Jun 2023 HK$'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	-	**75,993**	-	1,403
Loans for use outside Hong Kong	-	-	-	-
Total advances to customers	-	**75,993**	-	1,403

	Gross advances 31 Dec 2023 HK$'000	Gross advances 30 Jun 2023 HK$'000
Analysed by geographical segments:		
- U.S.A.	**75,993**	1,403
Total advances to customers	**75,993**	1,403

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 2023 HK$'000	Gross advances 30 Jun 2023 HK$'000
Gross advances to banks	-	-

There were no advances to other financial institutions as at 31 Dec 2023 (30 Jun 2023: Nil). There was no individual impairment allowances and suspended interest as at 31 Dec 2023 (30 Jun 2023: Nil).

III. Additional balance sheet information *(continued)*

3. International claims

HK$ million	Banks	Non-Bank private sector: Official Sector	Non-Bank private sector: Non-bank financial institutions	Non-Bank private sector: Non-financial private sector	Others	Total
As at 31 Dec 2023						
Developing Asia and Pacific	**1,273**	**-**	**26**	**-**	**-**	**1,299**
of which – Taiwan	**874**	**-**	**-**	**-**	**-**	**874**
of which – Bangladesh	**222**	**-**	**-**	**-**	**-**	**222**
Developed countries	**199**	**-**	**-**	**65**	**-**	**264**
of which – U.S.A.	**156**	**-**	**-**	**65**	**-**	**221**
As at 30 Jun 2023						
Developing Asia and Pacific	762	-	-	47	-	809
of which – China	521	-	-	47	-	568
of which – Bangladesh	181	-	-	-	-	181
Developed countries	376	-	-	1	-	377
of which – U.S.A.	346	-	-	1	-	347

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 2023 (30 Jun 2023: 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 2023 was Nil (30 Jun 2023: Nil).

6. There were no overdue advances to customers as at 31 Dec 2023 (30 Jun 2023: Nil).

7. There were no rescheduled advances to customers, banks and other financial institutions as at 31 Dec 2023 (30 Jun 2023: Nil).

8. There were no advances to banks which have been overdue for more than 3 months as at 31 Dec 2023 (30 Jun 2023: Nil). No other overdue advances to other financial institutions as at 31 Dec 2023 (30 Jun 2023: Nil).

9. There were no repossessed assets held as at 31 Dec 2023 (30 Jun 2023: Nil).

III. Additional balance sheet information *(continued)*

10. Non-bank Mainland China Exposures:

Types of Counterparties	**31 Dec 2023**			30 Jun 2023		
	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	**76**	**68**	**144**	1	188	189
Total	**76**	**68**	**144**	1	188	189
Total assets after provision	**1,958**			1,547		
On-balance sheet exposures as percentage of total assets	**3.88%**			0.06%		

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.

	31 Dec 2023 HK$ million	30 Jun 2023 HK$ million
Currency	**USD**	USD
Spot assets	**1,856**	1,397
Spot liabilities	**(1,808)**	(1,372)
Forward purchases	**11**	44
Forward sales	**(94)**	(86)
Net (short)/long position	**(35)**	(17)

There was no structural and net option position as at 31 Dec 2023 (at 30 Jun 2023: Nil).

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 2023 HK$'000	30 Jun 2023 HK$'000
Trade-related contingencies	**224,903**	394,974
Other commitments		
- with an original maturity of under 1 year or are unconditionally cancellable	**914,943**	624,524
Total	**1,139,846**	1,019,498

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 2023 HK$'000	30 Jun 2023 HK$'000
Exchange rate contracts	**105,343**	129,592
Total	**105,343**	129,592

The total fair value of the above reported instruments obtained by marking to market was HK$0.04 million (negative value) as at 31 Dec 2023 (30 Jun 2023: HK$0.33 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 31 Dec 2023 %	Quarter Ended 30 Sep 2023 %	Quarter Ended 31 Dec 2022 %
Average LMR	**1,013.82**	1,086.72	3,053.18

V. Liquidity information *(continued)*

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 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 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 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 report on the liquidity maintenance ratio ("LMR") is produced and the cash balances are monitored 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 HKMCC. Proper escalation and notification processes to report breach of any liquidity limits to HK Branch Crisis Management Team ("HKCMT") 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 idiosyncratic, market-wide, and/or combined stress events.

The CFP includes procedures for monitoring emerging liquidity events, a governance framework that includes an escalation management process, and potential mitigating actions which the Branch could undertake The CFP is regularly tested for effectiveness and operational feasibility. The RCP is submitted to the HKMA every two years, or sooner if there are any material changes. 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.

V. Liquidity information *(continued)*

2. Approach to liquidity risk management (continued)

The Branch has two sources of liquidity to meet its funding. The primary source is intra-group funding from Head Office. The Branch may also source liquidity directly from customers who have a need to place their cash with a secure financial institution"

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 2023							
Assets							
- Due from Banks	191	874	-	-	-	-	1,065
- Trade bills	9	158	210	276	-	-	653
- Loans and advances to customers	18	50	8	-	-	-	76
- Others	-	-	-	10	-	154	164
Total assets	218	1,082	218	286	-	154	1,958
Liabilities							
- Due to banks	4	-	-	1,013	-	-	1,017
- Deposits from customers	-	-	-	-	-	-	-
- Others	-	43	88	32	4	59	226
Total Liabilities	4	43	88	1,045	4	59	1,243
Derivatives settled on a gross basis							
- Inflow	94	10	-	1	-	-	105
- Outflow	94	10	-	1	-	-	105
Contingent and commitments							
- Contingent liabilities	-	7	29	-	-	-	36
- Commitments	-	-	220	695	-	-	915
- Contingent claims	-	-	-	-	-	-	-
Net Liquidity Mismatch[(i)]	214	1,032	-119	-1,454	-4		
Cumulative Liquidity Mismatch[(i)]	214	1,246	1,127	-327	-331		

V. Liquidity information *(continued)*

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 2023							
Assets							
- Due from Banks	172	-	169	-	-	-	341
- Trade bills	53	162	456	266	-	-	937
- Loans and advances to customers	-	-	-	1	-	-	1
- Others	-	-	5	10	-	253	268
Total assets	225	162	630	277	-	253	1,547
Liabilities							
- Due to banks	1	-	-	627	-	-	628
- Deposits from customers	-	-	-	-	-	-	-
- Others	-	16	53	104	27	52	252
Total Liabilities	1	16	53	731	27	52	880
Derivatives settled on a gross basis							
- Inflow	86	-	43	-	-	-	129
- Outflow	86	-	43	-	-	-	129
Contingent and commitments							
- Contingent liabilities	-	6	-	-	-	-	6
- Commitments	-	302	-	322	-	-	624
- Contingent claims	-	-	-	-	-	-	-
Net Liquidity Mismatch[(i)]	224	-162	577	-776	-27		
Cumulative Liquidity Mismatch[(i)]	224	62	639	-137	-164		

(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, 2023** **Total Amount HK$'000**	**As % of Total Liabilities**	As at Jun 30, 2023 Total Amount HK$'000	As % of Total Liabilities
i) Funding raised from Head office	**1,012,859**	**51.74%**	627,259	40.54%
ii) Funding raised from deposits from customers	**-**	**-**	-	-

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 2023 was USD1=HKD7.813, 30 Jun 2023 was USD1=HKD7.837, 31 Dec 2022 was USD1=HKD7.797)

I. Capital and capital adequacy

		31 Dec 2023 USD (In Million)	30 Jun 2023 USD (In Million)
(i)	Total shareholders' equity	**187,443**	181,952
(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)	**15.67%**	14.99%

II. Other financial information

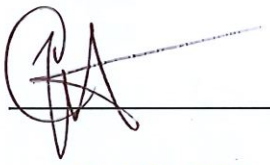
		31 Dec 2023 USD (In Million)	30 Jun 2023 USD (In Million)
(i)	Total assets	**1,932,472**	1,876,322
(ii)	Total liabilities	**1,745,029**	1,694,370
(iii)	Loans (net of allowance for loan losses)	**922,076**	933,702
(iv)	Deposits from customers	**1,358,264**	1,344,694

		31 Dec 2023 USD (In Million)	31 Dec 2022 USD (In Million)
(v)	Pre-tax profits for six months ended 31 Dec	**21,635**	14,968

Wells Fargo Bank N.A.
Hong Kong Branch

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

I, Wohlert, 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 : 

Date : 15 APR 2024