WELLS FARGO

3Q12 EPS Preview: Drop in Net Interest Margin Mitigates Strong Mortgage Outlook

In 3Q12, we look for continued strength in WFC's mortgage results (HARP 2.0; $102bn unclosed pipeline at 2Q12). However, we expect its NIM to be under pressure (forecasted -17bps at our conference) due to lower PCI income and other one-time items, as well as loan yield pressure. Still, we see ongoing loan growth (organic & acquired) and continued healthy mortgage fees driving near-term results and expense reductions accelerating in 2H12. In an environment where industry revenues face challenges, we view its balanced business mix as offering a competitive advantage.

Results: We expect WFC to report 3Q12 EPS of $0.81 vs. the $0.87 consensus. While we expect mortgage results to be strong, net interest income should decline from 2Q.

Drivers: Relative to 2Q12, we expect modest balance sheet expansion (loans and securities up), net interest margin compression (-16bps; half due to rates and half due to lower PCI income), higher fee income driven by mortgage (originations and GOS margin remain resilient), controlled expenses (Project Compass), lower NPAs and NCOs, a tenth consecutive reserve release, a lower share count, and higher tax rate. Its net unrealized debt AFS securities gains stood at $9.5bn at 2Q12 and could be harvested as MSR hit possible.

Outlook: We expect WFC to reiterate that while it no longer intends to reach its $11.25bn Project Compass expense target by 4Q12, it will maintain an efficiency ratio in the 59-55% range (58.2% at 2Q). In addition, we expect it to point toward continued NIM pressure, forecast ongoing credit quality improvement, and reiterate its long-term goal of returning 50-65% of net income through dividends and buybacks.

WFC: Quarterly and Annual EPS (USD)

	2011	2012			2013			Change y/y	
FY Dec	Actual	Old	New	Cons	Old	New	Cons	2012	2013
Q1	0.67A	0.75A	0.75A	0.75A	N/A	N/A	0.86E	12%	N/A
Q2	0.70A	0.82A	0.82A	0.82A	N/A	N/A	0.91E	17%	N/A
Q3	0.72A	0.81E	0.81E	0.87E	N/A	N/A	0.95E	13%	N/A
Q4	0.73A	0.84E	0.84E	0.88E	N/A	N/A	0.96E	15%	N/A
Year	2.82A	3.22E	3.22E	3.33E	3.60E	3.60E	3.67E	14%	12%
P/E	12.6		11.0			9.8			

Source: Barclays Research.
Consensus numbers are from Thomson Reuters

Stock Rating	OVERWEIGHT
	Unchanged
Industry View	POSITIVE
	Unchanged
Price Target	USD 42.00
	Unchanged

Price (03-Oct-2012)	USD 35.44
Potential Upside/Downside	+19%
Tickers	WFC

Market Cap (USD mn)	187277
Shares Outstanding (mn)	5282.19
Free Float (%)	99.89
52 Wk Avg Daily Volume (mn)	28.8
Dividend Yield (%)	2.2
Return on Equity TTM (%)	11.97
Current BVPS (USD)	25.85

Source: FactSet Fundamentals

Price Performance	Exchange-NYSE
52 Week range	USD 36.60-22.61

Link to Barclays Live for interactive charting

U.S. Large-Cap Banks

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COMPANY SNAPSHOT

Wells Fargo | U.S. Large-Cap Banks

Income statement ($mn)	2011A	2012E	2013E	2014E	CAGR
Net interest income	43,460.0	44,214.2	45,463.7	48,191.5	3.5%
Operating expenses	46,365	48,244	47,691	48,888	1.8%
Pre-provision earnings	33,591	37,042	38,000	40,077	6.1%
Loan loss provisions	7,899	7,245	6,096	6,401	-6.8%
Pre-tax income	23,656	28,132	30,378	32,514	11.2%
Net income (adj)	15,025	17,192	18,688	20,085	10.2%
Balance sheet ($bn)					**Average**
Total assets	1,314	1,363	1,449	1,536	1,415
Risk-weighted assets	1,006	1,029	1,094	1,160	1,072
Non-performing loans ($mn)	21,304	19,500	17,550	15,795	18,537
Allowance for loan losses	19	18	15	15	17
Loans	769.6	790.8	830.3	871.8	815.6
Deposits	920	966	1,015	1,066	992
Tier 1 capital	114	122	130	139	126
Tier 1 common capital	95	105	114	123	109
Shareholders' equity	129	140	149	158	144
Tangible common equity	95	107	115	124	110
Loan/deposit ratio (%)	86.8	82.7	82.7	82.7	83.8
Valuation and leverage metrics					**Average**
P/E (reported) (x)	12.6	11.0	9.8	9.0	10.6
P/BV (tangible) (x)	1.9	1.7	1.6	1.4	1.7
Dividend yield (%)	1.4	2.5	3.0	3.3	2.6
P/PPE (x)	5.6	5.1	4.8	4.5	5.0
Tier 1 (%)	11.33	11.81	11.88	12.00	11.75
Tier 1 Common (%)	9.46	10.24	10.40	10.60	10.18
Tang assets/tang equity (x)	13.5	12.5	12.3	12.1	12.6
Margin and return data					**Average**
Return on RWAs (%)	1.6	1.8	1.8	1.8	1.8
ROA (%)	1.3	1.4	1.4	1.4	1.4
ROE (tangible common) (%)	17.1	17.3	17.2	17.1	17.2
Fee income/revenue (%)	45.6	48.2	46.9	45.8	46.6
Net interest margin (%)	3.9	3.8	3.7	3.7	3.8
Cost/income (%)	58.0	56.6	55.7	55.0	56.3
Credit quality ratios					**Average**
Loan loss provs/loans (%)	1.0	0.9	0.7	0.7	0.9
NCO ratio (%)	1.5	1.1	1.0	0.8	1.1
Coverage ratio (%)	90.9	89.8	88.3	92.7	90.4
NPL ratio (%)	2.8	2.5	2.1	1.8	2.3
Reserves/loans (%)	2.5	2.2	1.9	1.7	2.1
Per share data ($)					**Average**
EPS (reported)	2.82	3.22	3.60	3.95	3.40
DPS	0.48	0.88	1.08	1.18	0.91
BVPS (tangible)	18.2	20.5	22.6	24.9	21.5
Payout ratio (%)	17.0	27.3	30.0	30.0	26.1
Diluted shares (mn)	5,323.4	5,336.4	5,193.6	5,089.7	5,235.8

Source: Company data, Barclays Research
Note: FY End Dec

Stock Rating	OVERWEIGHT
Industry View	POSITIVE
Price (03-Oct-2012)	USD 35.44
Price Target	USD 42.00
Ticker	WFC

Investment case

Why Overweight? WFC benefits from a talented management team, diversified business mix, and a retail deposit base that helps drive the highest NIM amongst its U.S. large-cap peers. We expect its cross-selling traction to continue as it drives further revenue and expense synergies from its WB acquisition.

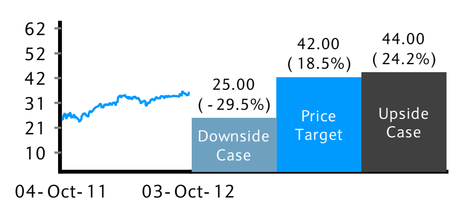
Upside case USD 44.00

If mortgage banking activity comes in better than the MBA's current forecast and loan growth accelerates from our 5% expectations, its 2012 EPS could increase to $3.45 from $3.20 and allow its shares to trade at 13x earnings or $44.

Downside case USD 25.00

If the U.S. housing market were to experience another 10%-15% decline, we could envision a scenario in which WFC shares trade back down to their 1.3x price to tangible book minimum over the past two years or $25.00.

Upside/Downside scenarios



Source: Barclays Research

Please see today's industry note titled "3Q12 EPS Preview – Loan Growth Slower, NIM Pressure, Mortgage Solid, Trading Fine" for macro commentary.

Expected Results

- We expect WFC to report 3Q12 EPS of $0.81 versus the $0.87 consensus. While we expect mortgage results to be strong, net interest income should decline from 2Q12.
- Relative to 2Q12, we expect modest balance sheet expansion (loans and securities up), net interest margin compression (-16bps; half due to rates and half due to lower PCI income), higher fee income driven by strong mortgage banking results (originations and GOS margin remain resilient), lower expenses (Project Compass), lower NPAs and NCOs, a tenth consecutive reserve release, a lower share count, and higher tax rate (+150bps). Its net unrealized debt AFS securities gains stood at $9.5bn at 2Q12 and could be harvested.
- At July 31, 2012, WFC had 5,282,185,586 shares outstanding which compares to the 5,275,700,000 shares it had outstanding at 2Q12. During 2Q12, WFC repurchased 53.4mn shares at an average price of $31.63. At 2Q12, 56mn shares (1.1% of outstanding) remained under its board authorized repurchase program. In June 2012, WFC entered into a private forward repurchase contract (similar to that from April 2012) and paid $350mn to an unrelated third party. This contract expires in 3Q12. The amount it paid to the counterparty meets accounting requirements to be treated as a permanent equity reduction. Still, $350mn equates to less than 1% of outstanding shares.
- In terms of its outlook, we expect WFC to reiterate that while it no longer intends to reach its $11.25bn Project compass expense target due to elevated revenue opportunities, it will maintain an efficiency ratio in the 59-55% range (58.2% at 2Q). In addition, we expect it to point toward continued NIM pressure, forecast ongoing credit quality improvement, and reiterate its longer-term goal of returning 50-65% of net income through dividends and buybacks once its targeted capital levels are reached.
- We expect WFC to report on October 12, with a conference call at 10:00am.

Net Interest Income

- Net interest income is expected to decline 2% linked quarter in 3Q12 to $11.0bn as net interest margin compression is expected to be only partially offset by a modestly expanded balance sheet. This compares to 2Q12 when net interest income increased 1% linked quarter.
- At our September conference, WFC stated that its net interest margin is expected to experience approximately 17bps of compression linked quarter in 3Q12. Half of the pressure is expected to be tied to the absence of gains, particularly lower PCI income, and half is expected to be due to lower rates. As a result, we model 16bps of margin compression to 3.75%. This compares to a stable net interest margin in 2Q12 as PCI income added 7bps, offsetting core pressure.
- Average earning assets are expected to increase 1% linked quarter in 3Q12. This is similar to the 1% increase seen in 2Q12. While at our recent conference WFC said QTD loan demand has been tepid, which it attributed to slower economic growth, recent acquisitions, including its purchase of West LB's subscription finance portfolio ($6bn of commitments, $3bn outstanding), should aid overall loan growth. In addition,

mortgage (+0.6% in 2Q12) and C&I (+5%) growth should continue, although C&I's pace could slow (tepid commercial borrower commentary). On the consumer side, auto should remain a relative bright spot. Meanwhile, securities balances are expected to increase 1% reflecting continued growth in deposit balances.

- We expect accreted income to continue to help its net interest income, albeit to a lesser extent. PCI-related accretion in 2Q12 totaled $630mn ($514mn at 1Q12) and had a +22bp (+18bp) impact on its net interest margin.

- Period-end loans increased $8.7bn, or 1.1% from 2Q12. Ex. runoff in the non-strategic/liquidating portfolio of $5.1bn, loans in the core portfolio grew $13.8bn in the quarter (+2.1%). Half of the loan growth in core loans was from $6.9bn of commercial loans acquired during the quarter from WestLB's subscription finance loan portfolio and BNP Paribas's North American energy lending business. In addition, commercial, mortgage, credit card and auto increased, while home equity and CRE declined. Over the past year, its non-strategic loan portfolio (13% of loans) has decreased at an average pace of $5bn per quarter, including a $5.1bn decline in 2Q12 (-$4.1bn in 1Q12).

- As a reminder, WFC has been one of the more active banks in our coverage universe in terms of acquiring U.S. assets from deleveraging European Banks with loan portfolio acquisitions from Allied Irish Bank, the Bank of Ireland, and the Irish Bank Resolution Corp. totaling $5.5bn in 2H11. In addition, it closed on its acquisition of Burdale Financial Holdings in 1Q12 (~$1.0bn in loans) and its acquisition of BNP Paribas's North American energy lending business, which included $3.5bn of loans outstanding, in early 2Q12. On June 25, WFC announced that it reached a definitive agreement to acquire WestLB's subscription finance portfolio. This portfolio contains $6bn in commitments ($3bn outstanding). It has collectively acquired about $13bn (slightly less than 2% of its 1Q12 period-end loan balance) in loans from deleveraging European financial institutions in announced transactions (we believe there have been other transactions that haven't been announced publically).

- Its yield on average earning assets declined 2bps to 4.37%, despite a 2bp increase in average loan yields and a 13bp increase in AFS securities yields (moved from agencies to munis), while its average cost of interest bearing liabilities declined 2bps to 0.46%. Its average cost of deposits declined 1bp to 19bps, as its cost of interest bearing deposits remained steady at 27bps. It has now grown deposits while decreasing deposit costs for seven consecutive quarters. Its average core deposits increased $10.1bn to $880.6bn from 1Q12 and represented 115% of average loans.

- At 2Q12, its most recent simulation indicated estimated earnings at risk of less than 1.0% (1.0% at 1Q12) of its most likely earnings plan over the next 12 months using a scenario in which the federal funds rate remains unchanged (same as 1Q12) and the 10-year Constant Maturity Treasury bond yield averages below 1.20% (1.65%) and a scenario in which the federal funds rate rises to 3.75% (same as 1Q) and the 10-year Constant Maturity Treasury bond yield increases to 5.10% (same as 1Q).

- At 2Q12, WFC held $224.0bn ($227.1bn at 1Q12) of debt securities in AFS, with net unrealized gains of $9.5bn vs. $8.3bn at 1Q12. It also held $2.8bn ($3.2bn at 1Q12) of marketable equity securities AFS at 2Q12, with net unrealized gains of $369mn ($418mn at 1Q12). The weighted-average expected remaining maturity of the debt securities within its AFS portfolio was 5.2 years (5.3 years at 1Q12) at 2Q12. Because 61% (61% at 1Q12) of this portfolio is MBS, the expected remaining maturity may differ from contractual maturity because borrowers generally have the right to prepay obligations before the underlying mortgages mature. The estimated effect of a 200bp move in interest rates on the fair value of the MBS available for sale securities at 2Q12 was -$3.1bn (-$4.8bn at 1Q12) for an increase in rates and +$9.9bn (+$11.3bn) for a decrease in rates.

Fee Income & Expenses

- Fee income is expected to increase 2% linked quarter in 3Q12 to $10.25bn. This compares to a 3% decline in 2Q12. Relative to 2Q12, gains from trading activities (+52%), other (+26%), trust and investment fees (+2%), card fees (+1%), and service charges on deposit accounts (+1%) are expected to increase, while operating lease income (-42%), other fees (-7%), and insurance (-2%; seasonal) are expected to decline. Mortgage revenue is expected to remain strong, as origination activity has remained elevated and gain-on-sale margins have proven resilient. Recall, mortgage applications rose 11% in 2Q12 to $208bn, and its unclosed pipeline increased 29% to $102bn (second highest level in history). HARP (both 1.0 and 2.0) was responsible for about 16% of originations in 2Q12, and it is expected to approximate that level in 3Q12.

- In assessing the validity of our projected stability in mortgage banking revenue, we point out that WFC's first mortgage unclosed pipeline increased 29% linked quarter in 2Q12 to $102bn, its second highest level in history, and its first mortgage application volume increased 11% during this same period to $208bn. Consistent with these strong trends, the Mortgage Bankers Association's (MBA) updated 2012 mortgage origination forecast called for linked quarter origination growth of 11% in 3Q12 reflecting a 10% increase in purchase originations and an 11% increase in refinance originations. The MBA expects the refinance share to remain stable at 74% in 3Q12. We model WFC's mortgage repurchase reserve build declining from $669mn at 2Q12 to $500mn in 3Q12. Presenting at our conference in September, WFC reported that it continues to see changes in GSE behavior, which was the primary reason it increased its mortgage repurchase provision to $669mn in 2Q12 (+239mn from 1Q12). We expect HARP 2.0 to continue to benefit its mortgage banking results, however it has consistently stressed that HARP related applications have averaged around 16% of its mortgage banking volume so this should only drive part of the strength in its mortgage banking results this quarter. With positive commentary around the persistence of favorable gain-on-sale margins and still strong origination activity according to the Fed's H.8 releases, we expect strength in this segment to continue.

- Core expenses are expected to decline 2% linked quarter in 3Q12 (-$208mn) to $11.9bn, following 2Q12's 3% decline. While it no longer intends to reach its Project Compass $11.25bn expense target by 4Q12 due to higher-than-expected revenue opportunities, at 2Q12 it said expenses should continue to have a downward bias. In addition, its efficiency ratio (58.2%) is expected to remain in its 55-59% target range. Relative to 2Q12, we expect increases across equipment (+14%), FDIC and other deposit assessment fees (+5%), occupancy (+3%), and core deposit and other intangibles (+2%), while other (-6%), employee benefits (-5%), commissions and incentive compensation (-2%), and salaries (-1%) are expected to decline.

Asset Quality

- While we expect WFC's NPAs to remain elevated, this balance should decline in 3Q12. As such, we expect its NPA ratio to decline 7bps linked quarter to 3.12%. Meanwhile, we expect its loan loss provision to decline $54.2mn to $1.75bn, or 4bps to 0.90% of average loans. NCOs are expected to decline 5bps to 1.10%, or $0.7bn to $2.1bn, marking its tenth consecutive reserve release. Specifically, we expect NCOs to exceed provisions by $388mn ($0.05). This compares to the $400mn ($0.05) release it posted in 2Q12. This implies a reserve-to-loan ratio of 2.29% (-7bps), and a reserve-to-NPL ratio of 87.5% (-150bps).

- In 2Q12, its NPA ratio improved 26bps to 3.19% (+11bps in 1Q12), while dollar NPAs declined 7%, or $1.8bn, to $24.9bn. Nonaccrual loans declined 7%, or $1.8bn, to $20.6bn after increasing $0.7bn in 1Q12 due to changes in the treatment of current second liens behind delinquent firsts. OREO declined 7% as well, or $310mn, to $4.3bn. Loans 90 days or more past due (ex. government insured/guaranteed) declined $276mn linked quarter to $1.4bn (-17%).

- Its total troubled debt restructurings (TDRs) at 2Q12 were $22.9bn ($5.4bn commercial and $17.5bn consumer), down from $23.0bn at 1Q12. Of this amount, $16.0bn ($15.9bn at 1Q12) was on accrual status, while $6.9bn ($7.1bn) was on nonaccrual.

- Total loans stood at $766.5bn ($766.5bn at 1Q12) at 2Q12. Its loan mix at 2Q12 was 55% (55% at 1Q12) consumer and 45% (45%) commercial/CRE. Its commercial/CRE categorical mix was 23% of total loans (22% at 1Q12), with commercial mortgage 14% (14%), real estate construction 2% (2%), lease financing 2% (2%), and foreign 5% (5%). Its consumer book included residential mortgage 30% (30%), home equity 10% (11%), card 3% (3%) and other 11% (11%).

- At 2Q12, foreign loans represented 5% (5% at 1Q12) of its total consolidated loans outstanding and 3% (3%) of its total assets. Its largest foreign country exposure on an ultimate risk basis was the United Kingdom, which amounted to $12.5bn, or 1% of its total assets, and included $1.7bn of sovereign claims. Its United Kingdom sovereign claims arise primarily from deposits it has placed with the Bank of England pursuant to regulatory requirements in support of its London branch. At 2Q12, its Eurozone exposure, including cross-border claims on an ultimate risk basis, and foreign exchange and derivative products, aggregated to $10.9bn, including $352mn of sovereign claims, compared with $11.4bn at 1Q12, which included $396mn of sovereign claims. Its Eurozone exposure is relatively small compared to its overall risk exposure and is diverse by country, type, and counterparty.

- The improvement in its credit portfolio in 2Q12 was due in part to the continued decline of balances in its non-strategic/liquidating loan portfolios, which decreased $5.1bn linked quarter, and $87.7bn in total since the beginning of 2009, to $103.1bn at 2Q12. These portfolios consist primarily of its Pick-a-Pay mortgage portfolio ($62.0bn) acquired from WB as well as some portfolios from legacy WFC Home Equity ($5.2bn) and WFC Financial ($15.5bn). Effective in 1Q11, it added its education finance government guaranteed loan portfolio ($13.8bn) to the non-strategic and liquidating portfolios as there is no longer a U.S. Government guaranteed student loan program available to private financial institutions pursuant to legislation in 2010.

Capital/Other

- Its Tier 1 capital ratio stood at 11.69% (11.78% at 1Q12) at 2Q12, its total capital ratio was 14.85% (15.13%), and its leverage ratio stood at 9.25% (9.35%). Its Tier 1 common ratio increased to 10.08% (9.98%). Under its interpretation of current Basel III capital proposals, it estimated its Tier 1 common equity ratio at 7.78% (7.84% at 1Q12) at 2Q12.

- At July 31, 2012, WFC had 5,282,185,586 shares outstanding which compares to the 5,275,700,000 shares it had outstanding at 2Q12. During 2Q12, WFC repurchased 53.4mn shares at an average price of $31.63. At 2Q12, 56mn shares (1.1% of outstanding) remained under its board authorized repurchase program. In June 2012, WFC entered into a private forward repurchase contract (similar to that from April 2012) and paid $350mn to an unrelated third party. This contract expires in 3Q12. The amount it paid to the counterparty meets accounting requirements to be treated as a permanent equity reduction. Still, $350mn equates to less than 1% of outstanding shares.

- Its targeted Basel III capital structure includes a 7.0% tier 1 common ratio, plus a 1.0% GSIB buffer, plus a 0%-1.0% buffer for OCI and potential MSR changes, 1.5% Tier 1 capital/preferred, and 2.0% total capital/subordinated debt for a total target of 11.5%-12.5% target (10.9% at 1Q12). This targeted capital structure incorporates its normalized 12-15% ROE goal.

- Its retail bank household cross-sell increased each quarter during 2011 and in 1Q12. In May of 2012, its cross-sell was 6.00 products per household, up from 5.98 in February 2012. It believes there is more opportunity for cross-sell as it continues to earn more business from its customers. Its goal is eight products per customer, which is about half of its estimate of potential demand for an average U.S. household. Currently, one of every four of its retail banking households has eight or more products.

- At its 2012 Investor Day in May, WFC updated its ROA target to a range of 1.30% to 1.60% as compared to its 2010 Investor Day target of 1.50%-plus. It clarified that it expects to be at the low end of its updated range amid the current low interest rate environment but closer to the high end in a more normalized rate environment. It also unveiled an ROE target of 12-15% (15-19% ROTCE). In 2Q12, it posted an ROA of 1.31% and a ROE of 12.86% (we peg its ROTCE closer to 17%). It noted that its normalized financial targets assume continued revenue and earnings growth over time. Although it did not address its prior 10%-plus revenue growth goal, during the question and answer session it stated that it believes it can still drive through-the-cycle double-digit top-line growth but will likely be challenged to achieve this goal in the context of the current low interest rate environment.

Figure 1: WFC 3Q12 Earnings Sensitivity

Net Interest Margin \ Loan Loss Provision	0.75%	0.80%	0.85%	0.90%	0.95%	1.00%	1.05%
3.60%	$0.79	$0.78	$0.76	$0.75	$0.74	$0.73	$0.72
3.65%	$0.81	$0.79	$0.78	$0.77	$0.76	$0.75	$0.73
3.70%	$0.82	$0.81	**$0.80**	**$0.79**	**$0.78**	$0.76	$0.75
3.75%	$0.84	$0.83	**$0.82**	**$0.81**	**$0.79**	$0.78	$0.77
3.80%	$0.86	$0.85	**$0.84**	**$0.82**	**$0.81**	$0.80	$0.79
3.85%	$0.88	$0.87	$0.85	$0.84	$0.83	$0.82	$0.81
3.90%	$0.90	$0.88	$0.87	$0.86	$0.85	$0.84	$0.82

Source: Barclays Research and Company Reports

Figure 2: WFC Earnings Model- Income Statement ($ in millions)

	Actual	Actual	Actual					Quarterly Forecast					Annual Forecast				Annual Change							3Q12E vs.	
	2009A	2010A	1Q11A	2Q11A	3Q11A	4Q11A	2011A	1Q12A	2Q12A	3Q12E	4Q12E	2012E	2013E	2014E	2015E	2016E	09/10	10/11	11/12	12/13	13/14	14/15	15/16	3Q11A	2Q12A
EPS - operating	$2.04	$2.49	$0.67	$0.70	$0.72	$0.73	$2.82	$0.75	$0.82	$0.81	$0.84	$3.22	$3.60	$3.95	$4.49	$4.94	22%	13%	14%	12%	10%	14%	10%	12%	-2%
EPS - reported	**$1.75**	**$2.21**	**$0.67**	**$0.70**	**$0.72**	**$0.73**	**$2.82**	**$0.75**	**$0.82**	**$0.81**	**$0.84**	**$3.22**	**$3.60**	**$3.95**	**$4.49**	**$4.94**	**26%**	**28%**	**14%**	**12%**	**10%**	**14%**	**10%**	**12%**	**-2%**
Book value	$20.03	$22.49	$23.18	$23.84	$24.13	$24.64	$24.48	$25.45	$26.06	$26.37	$26.91	$26.91	$29.15	$31.61	$34.38	$37.41	12%	9%	10%	8%	8%	9%	9%	9%	1%
Dividend	$0.49	$0.20	$0.12	$0.12	$0.12	$0.12	$0.48	$0.22	$0.22	$0.22	$0.22	$0.88	$1.08	$1.18	$1.35	$1.48	-59%	140%	83%	23%	10%	14%	10%	83%	0%
Diluted average shares	4,563	5,263	5,333	5,332	5,319	5,318	5,323	5,338	5,370	5,338	5,300	5,336	5,194	5,090	4,988	4,888	15%	1%	0%	-3%	-2%	-2%	-2%	0%	-1%
Period-end shares	5,179	5,262	5,301	5,278	5,272	5,263	5,263	5,302	5,276	5,243	5,206	5,206	5,099	4,996	4,894	4,794	2%	0%	-1%	-2%	-2%	-2%	-2%	-1%	-1%
Payout ratio	28%	9%	18%	17%	17%	16%	17%	29%	27%	27%	26%	27%	30%	30%	30%	30%									
Operating revenue	**$89,334**	**$85,384**	**$20,303**	**$19,963**	**$19,156**	**$20,534**	**$79,956**	**$21,449**	**$21,284**	**$21,241**	**$21,313**	**$85,286**	**$85,691**	**$88,965**	**$93,878**	**$98,425**	**-4%**	**-6%**	**7%**	**0%**	**4%**	**6%**	**5%**	**11%**	**0%**
Avg earning assets ($bn)	$1,097	$1,072	$1,076	$1,085	$1,111	$1,136	$1,102	$1,135	$1,151	$1,163	$1,174	$1,156	$1,229	$1,302	$1,368	$1,436	-2%	3%	5%	6%	6%	5%	5%	5%	1%
Net interest margin	**4.29%**	**4.23%**	**4.05%**	**4.01%**	**3.84%**	**3.89%**	**3.95%**	**3.91%**	**3.91%**	**3.75%**	**3.70%**	**3.82%**	**3.70%**	**3.70%**	**3.75%**	**3.75%**	**-6**	**-28**	**-13**	**-12**	**0**	**5**	**0**	**(9)**	**(16)**
Net interest income	$47,030	$45,386	$10,812	$10,851	$10,714	$11,083	$43,460	$11,058	$11,213	$10,991	$10,953	$44,214	$45,464	$48,191	$51,285	$53,849	-3%	-4%	2%	3%	6%	6%	5%	3%	-2%
FTE adjustment	$706	$629	$161	$173	$172	$191	$697	$170	$176	$173	$173	$692	$727	$763	$801	$841	-11%	11%	-1%	5%	5%	5%	5%	1%	-2%
Average loans ($bn)	$823	$771	$754	$751	$755	$769	$757	$769	$768	$776	$784	$774	$813	$853	$896	$941	-6%	-2%	2%	5%	5%	5%	5%	3%	1%
Loan loss provision	$21,668	$15,753	$2,210	$1,838	$1,811	$2,040	$7,899	$1,995	$1,800	$1,746	$1,704	$7,245	$6,096	$6,401	$6,273	$6,586	-27%	-50%	-8%	-16%	5%	-2%	5%	-4%	-3%
Provision/loan ratio	2.63%	2.04%	1.17%	0.98%	0.96%	1.06%	1.04%	1.04%	0.94%	0.90%	0.87%	0.94%	0.75%	0.75%	0.70%	0.70%	-59	-100	-11	-19	0	-5	0	(6)	(4)
Net credit income	$24,656	$29,004	$8,441	$8,840	$8,731	$8,852	$34,864	$8,893	$9,237	$9,072	$9,075	$36,277	$38,641	$41,028	$44,211	$46,422	18%	20%	4%	7%	6%	8%	5%	4%	-2%
Service charges on deposit accounts	$5,741	$4,916	$1,012	$1,074	$1,103	$1,091	$4,280	$1,084	$1,139	$1,150	$1,200	$4,573	$4,802	$5,042	$5,294	$5,559	-14%	-13%	7%	5%	5%	5%	5%	4%	1%
Trust and investment fees	$9,735	$10,934	$2,916	$2,944	$2,786	$2,658	$11,304	$2,839	$2,898	$2,950	$3,000	$11,687	$12,271	$12,946	$13,658	$14,410	12%	3%	3%	5%	6%	6%	6%	6%	2%
Card fees	$3,683	$3,652	$957	$1,003	$1,013	$680	$3,653	$654	$704	$710	$730	$2,798	$2,910	$3,026	$3,178	$3,337	-1%	0%	-23%	4%	4%	5%	5%	-30%	1%
Other fees	$3,804	$3,990	$989	$1,023	$1,085	$1,096	$4,193	$1,095	$1,134	$1,060	$1,080	$4,369	$4,544	$4,771	$5,009	$5,260	5%	5%	4%	4%	5%	5%	5%	-2%	-7%
Mortgage banking (details below)	$12,028	$9,737	$2,016	$1,619	$1,833	$2,364	$7,832	$2,870	$2,893	$2,900	$2,800	$11,463	$9,251	$8,258	$8,409	$8,637	-19%	-20%	46%	-19%	-11%	2%	4%	58%	0%
Insurance	$2,126	$2,126	$503	$568	$423	$466	$1,960	$519	$522	$510	$530	$2,081	$2,185	$2,294	$2,409	$2,529	0%	-8%	6%	5%	5%	5%	5%	21%	-2%
Net gains from trading activities	$2,674	$1,648	$612	$414	($442)	$430	$1,014	$640	$263	$400	$450	$1,753	$1,823	$1,914	$2,010	$2,110	-38%	-38%	73%	4%	5%	5%	5%	NA	52%
Operating leases	$685	$815	$77	$103	$284	$60	$524	$59	$120	$70	$70	$319	$332	$348	$366	$384	19%	-36%	-39%	4%	5%	5%	5%	-75%	-42%
Other	$1,828	$2,180	$409	$364	$357	$606	$1,736	$631	$398	$500	$500	$2,029	$2,110	$2,173	$2,260	$2,351	19%	-20%	17%	4%	3%	4%	4%	40%	26%
Fee income	$42,304	$39,998	$9,491	$9,112	$8,442	$9,451	$36,496	$10,391	$10,071	$10,250	$10,360	$41,072	$40,227	$40,774	$42,593	$44,576	-5%	-9%	13%	-2%	1%	4%	5%	21%	0%
Salaries	$13,757	$13,869	$3,454	$3,584	$3,718	$3,706	$14,462	$3,601	$3,705	$3,680	$3,700	$14,686	$14,906	$15,353	$15,814	$16,289	1%	4%	2%	2%	3%	3%	3%	-1%	-1%
Commissions and incentive compensation	$8,021	$8,692	$2,347	$2,171	$2,088	$2,251	$8,857	$2,417	$2,354	$2,300	$2,200	$9,271	$8,993	$9,173	$9,540	$9,921	8%	2%	5%	-3%	2%	4%	4%	10%	-2%
Employee benefits	$4,689	$4,651	$1,392	$1,164	$780	$1,012	$4,348	$1,608	$1,049	$1,000	$1,050	$4,707	$4,848	$4,994	$5,143	$5,298	-1%	-7%	8%	3%	3%	3%	3%	28%	-5%
Equipment	$2,506	$2,636	$632	$528	$516	$607	$2,283	$557	$459	$525	$575	$2,116	$2,053	$2,094	$2,177	$2,264	5%	-13%	-7%	-3%	2%	4%	4%	2%	14%
Net occupancy	$3,127	$3,030	$752	$749	$751	$759	$3,011	$704	$698	$720	$725	$2,847	$2,705	$2,759	$2,897	$3,013	-3%	-1%	-5%	-5%	2%	5%	4%	-4%	3%
Core deposit and other intangibles	$2,577	$2,199	$483	$464	$466	$467	$1,880	$419	$418	$425	$425	$1,687	$1,603	$1,667	$1,733	$1,803	-15%	-15%	-10%	-5%	4%	4%	4%	-9%	2%
FDIC and other deposit assessments	$1,284	$1,197	$305	$315	$332	$314	$1,266	$357	$333	$350	$340	$1,380	$1,380	$1,421	$1,464	$1,493	-7%	6%	9%	0%	3%	3%	2%	5%	5%
Other	$10,112	$10,357	$2,520	$2,711	$2,379	$2,648	$10,258	$2,808	$3,092	$2,900	$2,750	$11,550	$11,204	$11,428	$11,770	$12,124	2%	-1%	13%	-3%	2%	3%	3%	22%	-6%
Expenses	$46,073	$46,631	$11,885	$11,686	$11,030	$11,764	$46,365	$12,471	$12,108	$11,900	$11,765	$48,244	$47,691	$48,888	$50,539	$52,204	1%	-1%	4%	-1%	3%	3%	3%	8%	0%
Preprovision net revenue	**$43,261**	**$38,753**	**$8,418**	**$8,277**	**$8,126**	**$8,770**	**$33,591**	**$8,978**	**$9,176**	**$9,341**	**$9,548**	**$37,042**	**$38,000**	**$40,077**	**$43,339**	**$46,221**	**-10%**	**-13%**	**10%**	**3%**	**5%**	**8%**	**7%**	**15%**	**0%**
										1.57%															
OREO expense	$1,071	$1,537	$408	$305	$271	$370	$1,354	$304	$289	$300	$300	$1,193	$800	$400	$200	$100								11%	4%
Securities gains	($127)	($324)	($166)	($128)	$300	$48	$54	($7)	($61)	($50)	($50)	($168)	$0	$0	$0	$0								NA	NA
OTTI	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0								NA	NA
Net gains (losses) from equity investments	$185	$779	$353	$724	$344	$61	$1,482	$364	$242	$0	$0	$606	$0	$0	$0	$0								NA	NA
Nonrecurring gains	$0	$0	$0	$0	$0	$153	$153	$0	$0	$0	$0	$0	$0	$0	$0	$0								NA	NA
Nonrecurring losses	$1,876	$2,288	$440	$484	$376	$374	$1,674	$218	$0	$0	$0	$218	$0	$0	$0	$0								NA	NA
Pretax income	$17,998	$19,001	$5,386	$6,073	$6,140	$6,057	$23,656	$6,648	$7,092	$7,072	$7,320	$28,132	$30,378	$32,514	$36,065	$38,694	6%	24%	19%	8%	7%	11%	7%	15%	0%
Taxes	$5,331	$6,338	$1,572	$2,001	$1,998	$1,874	$7,445	$2,328	$2,371	$2,475	$2,562	$9,736	$10,513	$11,253	$12,482	$13,391	19%	17%	31%	8%	7%	11%	7%	24%	4%
Tax rate - stated	29.6%	33.4%	29.2%	32.9%	32.5%	30.9%	31.5%	35.0%	33.4%	35.0%	35.0%	34.6%	34.6%	34.6%	34.6%	34.6%								246	157
Net income	$12,667	$12,663	$3,814	$4,072	$4,142	$4,183	$16,211	$4,320	$4,721	$4,597	$4,758	$18,396	$19,864	$21,261	$23,584	$25,302	0%	28%	13%	8%	7%	11%	7%	11%	-3%
Change in acctg. principle/ minority interest	$392	$301	$55	$124	$87	$76	$342	$72	$99	$75	$75	$321	$300	$300	$300	$300	-23%	14%	-6%	-7%	0%	0%	0%	-14%	-24%
Preferred dividends	$4,285	$730	$189	$220	$216	$219	$844	$226	$219	$219	$219	$883	$876	$876	$876	$876	-83%	16%	5%	-1%	0%	0%	0%	1%	0%
Net income to common	**$7,990**	**$11,632**	**$3,570**	**$3,728**	**$3,839**	**$3,888**	**$15,025**	**$4,022**	**$4,403**	**$4,303**	**$4,464**	**$17,192**	**$18,688**	**$20,085**	**$22,408**	**$24,126**	**46%**	**29%**	**14%**	**9%**	**7%**	**12%**	**8%**	**12%**	**-2%**

Source: Barclays Research, Company Reports

Figure 3: WFC Earnings Model- Balance Sheet and Performance Metrics

	Actual	Actual	Actual					Quarterly Forecast					Annual Forecast				Annual Change							3Q12E vs.	
	2009A	2010A	1Q11A	2Q11A	3Q11A	4Q11A	2011A	1Q12A	2Q12A	3Q12E	4Q12E	2012E	2013E	2014E	2015E	2016E	09/10	10/11	11/12	12/13	13/14	14/15	15/16	3Q11A	2Q12A
Average Balance Sheet ($ in billions)																									
Assets	$1,262	$1,227	$1,241	$1,251	$1,281	$1,307	$1,270	$1,303	$1,322	$1,335	$1,348	$1,327	$1,410	$1,495	$1,570	$1,648	-3%	4%	4%	6%	6%	5%	5%	4%	1%
Earning assets	$1,097	$1,072	$1,076	$1,085	$1,111	$1,136	$1,102	$1,135	$1,151	$1,163	$1,174	$1,156	$1,229	$1,302	$1,368	$1,436	-2%	3%	5%	6%	6%	5%	5%	5%	1%
Securities	$176	$162	$156	$160	$180	$203	$175	$215	$214	$216	$221	$217	$227	$239	$251	$263	-8%	8%	24%	5%	5%	5%	5%	21%	1%
Loans held for sale	$44	$40	$40	$32	$36	$46	$38	$48	$50	$50	$50	$50	$50	$50	$50	$50	-7%	-5%	30%	0%	0%	0%	0%	42%	0%
Loans	$823	$771	$754	$751	$755	$769	$757	$769	$768	$776	$784	$774	$813	$853	$896	$941	-6%	-2%	2%	5%	5%	5%	5%	3%	1%
Deposits	$808	$818	$841	$851	$883	$912	$872	$915	$924	$942	$961	$936	$982	$1,032	$1,083	$1,137	1%	7%	7%	5%	5%	5%	5%	7%	2%
Borrowed funds	$289	$239	$205	$199	$190	$178	$193	$176	$179	$183	$187	$181	$190	$200	$210	$220	-17%	-19%	-6%	5%	5%	5%	5%	-4%	2%
Equity	$118	$122	$131	$137	$140	$141	$137	$145	$149	$151	$153	$150	$158	$167	$177	$187	4%	12%	9%	6%	6%	6%	6%	8%	1%
Period-end Balance Sheet ($ in billions)																									
Assets	$1,244	$1,258	$1,245	$1,260	$1,305	$1,314	$1,314	$1,334	$1,336	$1,350	$1,363	$1,363	$1,449	$1,536	$1,613	$1,693	1%	4%	4%	6%	6%	5%	5%	3%	1%
Risk-weighted assets	$1,014	$980	$963	$970	$982	$1,006	$1,006	$1,000	$1,009	$1,019	$1,029	$1,029	$1,094	$1,160	$1,218	$1,279	-3%	3%	2%	6%	6%	5%	5%	4%	1%
Securities	$173	$173	$168	$186	$207	$223	$223	$230	$227	$229	$234	$234	$245	$258	$271	$284	0%	29%	5%	5%	5%	5%	5%	11%	1%
Loans held for sale	$45	$53	$35	$33	$43	$50	$50	$44	$51	$51	$51	$51	$51	$51	$51	$51	18%	-6%	3%	0%	0%	0%	0%	18%	0%
Loans	$783	$757	$751	$752	$760	$770	$770	$767	$775	$783	$791	$791	$830	$872	$915	$961	-3%	2%	3%	5%	5%	5%	5%	3%	1%
Loan loss reserve	$24.5	$23.0	$22	$21	$20	$19	$19.4	$19	$18	$18	$18	$17.5	$15	$15	$14	$13	-6%	-16%	-10%	-12%	-6%	-6%	-7%	-11%	-2%
Deposits	$824	$848	$838	$854	$895	$920	$920	$930	$929	$948	$966	$966	$1,015	$1,066	$1,119	$1,175	3%	9%	5%	5%	5%	5%	5%	6%	2%
Tangible common equity	$66	$83	$88	$90	$92	$95	$95	$100	$103	$105	$107	$107	$115	$124	$135	$146	25%	14%	12%	8%	8%	8%	8%	14%	2%
Common equity	$104	$118	$123	$125	$126	$129	$129	$133	$136	$138	$140	$140	$149	$158	$168	$179	14%	9%	9%	6%	6%	7%	7%	10%	1%
Goodwill & other intangibles	$38	$35	$35	$35	$34	$34	$34	$34	$34	$34	$34	$34	$34	$34	$34	$34	-6%	-4%	-1%	0%	0%	0%	0%	-3%	0%
Performance Ratios																									
Return on equity	**6.78%**	**10.36%**	**11.68%**	**11.87%**	**11.82%**	**11.88%**	**11.81%**	**11.92%**	**12.64%**	**12.16%**	**12.44%**	**12.29%**	**12.58%**	**12.75%**	**13.35%**	**13.51%**	**358**	**145**	**48**	**29**	**17**	**60**	**16**	**34**	**-48**
Return on tang com equity	19.14%	15.26%	17.40%	18.08%	18.05%	17.65%	17.10%	17.33%	18.36%	17.55%	17.86%	17.26%	17.25%	17.09%	17.50%	17.35%	-388	184	16	-1	-16	41	-16	-50	-81
Return on assets	**1.00%**	**1.03%**	**1.23%**	**1.30%**	**1.29%**	**1.28%**	**1.28%**	**1.33%**	**1.43%**	**1.38%**	**1.41%**	**1.39%**	**1.41%**	**1.42%**	**1.50%**	**1.54%**	**3**	**24**	**11**	**2**	**1**	**8**	**3**	**8**	**-5**
Return on tangible assets	1.03%	1.06%	1.26%	1.34%	1.33%	1.31%	1.31%	1.36%	1.47%	1.41%	1.45%	1.42%	1.44%	1.45%	1.54%	1.57%	3	25	11	2	1	8	3	8	-5
Return on RWA	1.25%	1.29%	1.58%	1.68%	1.69%	1.66%	1.61%	1.73%	1.87%	1.80%	1.85%	1.79%	1.82%	1.83%	1.94%	1.98%	4	32	17	3	2	10	4	12	-7
Efficiency ratio	51.6%	54.6%	58.5%	58.5%	57.6%	57.3%	58.0%	58.1%	56.9%	56.0%	55.2%	56.6%	55.7%	55.0%	53.8%	53.0%	304	337	-142	-91	-70	-112	-80	-156	-86
Net profit margin	14.2%	14.8%	18.8%	20.4%	21.6%	20.4%	20.3%	20.1%	22.2%	21.6%	22.3%	21.6%	23.2%	23.9%	25.1%	25.7%	65	544	129	161	72	122	59	2	-54
Fee income/revenue	47.4%	46.8%	46.7%	45.6%	44.1%	46.0%	45.6%	48.4%	47.3%	48.3%	48.6%	48.2%	46.9%	45.8%	45.4%	45.3%	-51	-120	251	-121	-111	-46	-8	419	94
Loans/AEA	73.0%	69.6%	70.1%	69.3%	67.9%	67.7%	67.7%	67.7%	66.7%	66.7%	66.7%	66.7%	66.1%	65.5%	65.5%	65.5%	-339	-193	-95	-58	-62	0	0	-117	0
Equity/loans	16.3%	16.8%	17.3%	18.3%	18.6%	18.3%	18.3%	18.9%	19.4%	19.5%	19.5%	19.5%	19.4%	19.5%	19.7%	19.9%	45	155	120	-9	12	17	19	91	4
Loans/deposits	97%	90%	90%	88%	86%	84%	87%	84%	83%	82%	82%	83%	83%	83%	83%	83%	-718	-308	-412	0	0	0	0	-318	-82
Asset Quality ($ in millions)																									
Nonperforming loans	$24,418	$26,242	$24,965	$23,045	$21,900	$21,304	$21,304	$22,026	$20,578	$20,500	$19,500	$19,500	$17,550	$15,795	$13,426	$11,412	7%	-19%	-8%	-10%	-10%	-15%	-15%	-6%	0%
OREO	$3,221	$6,009	$5,512	$4,861	$4,944	$4,661	$4,661	$4,617	$4,307	$4,050	$4,500	$4,500	$4,410	$4,190	$3,771	$3,507	87%	-22%	-3%	-2%	-5%	-10%	-7%	-18%	-6%
Nonperforming assets	**$27,639**	**$32,251**	**$30,477**	**$27,906**	**$26,844**	**$25,965**	**$25,965**	**$26,643**	**$24,885**	**$24,550**	**$24,000**	**$24,000**	**$21,960**	**$19,985**	**$17,196**	**$14,918**	**17%**	**-19%**	**-8%**	**-9%**	**-9%**	**-14%**	**-13%**	**-9%**	**-1%**
Accruing TDRs	$6,244	$10,573	$12,904	$14,113	$15,071	$15,846	$15,846	$15,859	$16,000	$15,800	$15,400	$15,400	$13,860	$12,474	$11,227	$9,543	69%	50%	-3%	-10%	-10%	-10%	-15%	5%	-1%
NPL ratio	3.12%	3.47%	3.32%	3.06%	2.88%	2.77%	2.77%	2.87%	2.65%	2.62%	2.47%	2.47%	2.11%	1.81%	1.47%	1.19%	35	-70	-30	-35	-30	-35	-28	-26	-4
NPA ratio	**3.52%**	**4.23%**	**4.03%**	**3.69%**	**3.51%**	**3.35%**	**3.35%**	**3.46%**	**3.19%**	**3.12%**	**3.02%**	**3.02%**	**2.63%**	**2.28%**	**1.87%**	**1.55%**	**71**	**-87**	**-34**	**-39**	**-35**	**-41**	**-32**	**-39**	**-7**
NPA ratio (including accruing TDRs)	4.31%	5.61%	5.73%	5.55%	5.48%	5.40%	5.40%	5.51%	5.24%	5.13%	4.95%	4.95%	4.29%	3.71%	3.09%	2.54%	130	-21	-45	-66	-59	-61	-56	-35	-12
NCOs ($)	$18,168	$17,753	$3,210	$2,838	$2,611	$2,640	$11,299	$2,395	$2,200	$2,134	$2,116	$8,845	$8,128	$7,254	$7,169	$7,527	-2%	-36%	-22%	-8%	-11%	-1%	5%	-18%	-3%
NCO ratio	**2.21%**	**2.30%**	**1.70%**	**1.51%**	**1.38%**	**1.37%**	**1.49%**	**1.25%**	**1.15%**	**1.10%**	**1.08%**	**1.14%**	**1.00%**	**0.85%**	**0.80%**	**0.80%**	**10**	**-81**	**-35**	**-14**	**-15**	**-5**	**0**	**-28**	**-5**
Provision/loans	2.63%	2.04%	1.17%	0.98%	0.96%	1.06%	1.04%	1.04%	0.94%	0.90%	0.87%	0.94%	0.75%	0.75%	0.70%	0.70%	-59	-100	-11	-19	0	-5	0	-6	-4
Reserve/NPLs	100.4%	87.7%	88.1%	90.7%	91.5%	90.9%	90.9%	85.6%	89.0%	87.5%	89.8%	89.8%	88.3%	92.7%	102.3%	112.1%	-1267	320	-108	-160	440	968	981	-403	-155
Reserve/loans	**3.13%**	**3.04%**	**2.93%**	**2.78%**	**2.64%**	**2.52%**	**2.52%**	**2.46%**	**2.36%**	**2.29%**	**2.22%**	**2.22%**	**1.87%**	**1.68%**	**1.50%**	**1.33%**	**-9**	**-52**	**-30**	**-35**	**-19**	**-18**	**-17**	**-35**	**-7**
90 days past due	$6,852	$3,755	$2,428	$1,830	$1,929	$2,048	$2,048	$1,636	$1,360																
Capital ($ in billions)																									
Equity/assets	10.43%	9.96%	10.52%	10.97%	10.94%	10.78%	10.80%	11.13%	11.30%	11.33%	11.35%	11.28%	11.19%	11.15%	11.25%	11.36%	-47	84	47	-8	-4	10	11	39	2
TCE ratio	5.49%	6.79%	7.25%	7.35%	7.23%	7.41%	7.41%	7.67%	7.90%	7.96%	8.02%	8.02%	8.14%	8.28%	8.53%	8.79%	130	62	61	12	15	25	26	74	6
Tier 1 common	$65.5	$81.3	$86.0	$88.8	$91.9	$95.1	$95.1	$99.5	$101.7	$103.6	$105.4	$105.4	$113.8	$123.0	$133.2	$144.2	24%	17%	11%	8%	8%	8%	8%	13%	2%
Tier 1 common ratio	**6.46%**	**8.30%**	**8.93%**	**9.16%**	**9.36%**	**9.46%**	**9.46%**	**9.95%**	**10.08%**	**10.16%**	**10.24%**	**10.24%**	**10.40%**	**10.60%**	**10.94%**	**11.27%**	**183**	**116**	**78**	**17**	**20**	**33**	**34**	**80**	**8**
Tier I capital	$93.8	$109.4	$110.8	$113.4	$110.8	$113.9	$113.9	$117.4	$117.9	$119.7	$121.5	$121.5	$130.0	$139.1	$149.3	$160.3	17%	4%	7%	7%	7%	7%	7%	8%	2%
Tier I capital ratio	9.25%	11.16%	11.50%	11.70%	11.28%	11.33%	11.33%	11.74%	11.68%	11.75%	11.81%	11.81%	11.88%	12.00%	12.26%	12.54%	190	17	48	7	12	27	27	47	7
Leverage ratio	7.87%	9.19%	9.30%	9.40%	8.97%	9.03%	9.03%	9.35%	9.25%	9.10%	9.14%	9.14%	9.18%	9.26%	9.46%	9.66%	132	-16	11	4	8	20	20	13	-15
Tang assets/tang equity	18.2x	14.7x	13.8x	13.6x	13.8x	13.5x	13.5x	13.0x	12.7x	12.6x	12.5x	12.5x	12.3x	12.1x	11.7x	11.4x									

Source: Barclays Research, Company Reports

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Primary Stocks (Ticker, Date, Price)

Wells Fargo (WFC, 03-Oct-2012, USD 35.44), Overweight/Positive

Guide to the Barclays Fundamental Equity Research Rating System:

Our coverage analysts use a relative rating system in which they rate stocks as Overweight, Equal Weight or Underweight (see definitions below) relative to other companies covered by the analyst or a team of analysts that are deemed to be in the same industry (the "industry coverage universe").

In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

Stock Rating

Overweight - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

Equal Weight - The stock is expected to perform in line with the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

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Industry View

Positive - industry coverage universe fundamentals/valuations are improving.

Neutral - industry coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

Negative - industry coverage universe fundamentals/valuations are deteriorating.

Below is the list of companies that constitute the "industry coverage universe":

U.S. Large-Cap Banks		
Bank of America (BAC)	BB&T Corp. (BBT)	Capital One Financial (COF)
Citigroup Inc. (C)	Fifth Third Bancorp (FITB)	JPMorgan Chase & Co. (JPM)
KeyCorp (KEY)	Northern Trust (NTRS)	PNC Financial Services Gp (PNC)
Regions Financial (RF)	State Street (STT)	SunTrust Banks (STI)
The Bank of New York Mellon Corp. (BK)	U.S. Bancorp (USB)	Wells Fargo (WFC)

Distribution of Ratings:

IMPORTANT DISCLOSURES CONTINUED

Barclays Equity Research has 2486 companies under coverage.

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42% have been assigned an Equal Weight rating which, for purposes of mandatory regulatory disclosures, is classified as a Hold rating; 48% of companies with this rating are investment banking clients of the Firm.

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Barclays Bank PLC, Singapore branch (Barclays Bank, Singapore)

IMPORTANT DISCLOSURES CONTINUED

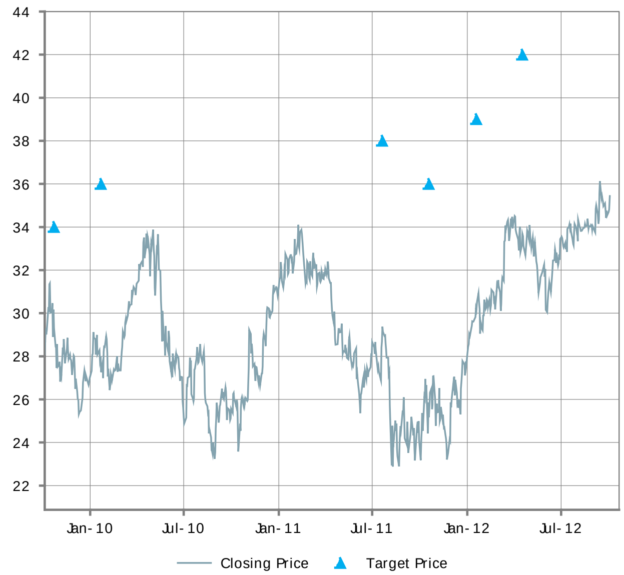
Wells Fargo (WFC)

USD 35.44 (03-Oct-2012)

Stock Rating **OVERWEIGHT**

Industry View **POSITIVE**

Rating and Price Target Chart - USD (as of 03-Oct-2012)



Link to Barclays Live for interactive charting

Currency=USD

Date	Closing Price	Rating	Price Target
16-Apr-2012	33.15		42.00
18-Jan-2012	30.24		39.00
18-Oct-2011	25.86		36.00
20-Jul-2011	28.70		38.00
21-Jan-2010	28.00		36.00
22-Oct-2009	30.17		34.00

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Valuation Methodology: Our price target of $42 is based on our DCF and ROIC models and implies an 11x multiple on our 2013 EPS estimate of $3.60.

Risks which May Impede the Achievement of the Barclays Research Price Target: Deterioration in the California economy; negative legislative decision(s); an increase in the cost of doing business in California; Increased political scrutiny/risk; ineffective mortgage banking hedges.

U.S. Large-Cap Banks (Cont'd)

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