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Equity Research

Financial Services | U.S. Large-Cap Banks

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Wells Fargo

4Q13 EPS Review: Record EPS Persists Despite Skepticism

Bottom-line: Despite consensus' doubts, WFC posted its 11th consecutive quarter of record EPS, in line with our estimate, as equity gains offset higher expenses and an expanded balance sheet mitigated net interest margin pressure. Looking toward 2014, despite the potential for lower equity gains, net interest margin and reserve release, we are encouraged by WFC's ability to grow its balance sheet and expected improvements on the expense front now that mortgage related severance costs should be out of 1Q14's run-rate. In addition, WFC has reiterated its intentions to increase capital return with CCAR 2014 (55% total payout ratio in 2013). In our view, WFC's streak of record EPS quarters should continue throughout 2014, placing 2014 EPS at or above $4.10, compared to current consensus of $4.01.

Results: WFC reported 4Q13 EPS of $1.00, in line with our estimate. Consensus was $0.98. Results included a lower than expected net interest margin (-12bps) and a higher mortgage gain on sale margin (+35bps). Also, equity gains were used to compensate for higher than expected expenses.

Drivers: Relative to 3Q13, results evidenced an expanded balance sheet (loans +1.5%, securities +2.1%), significant net interest margin contraction (-12bps due to LCR/deposit growth, modest NII impact), stable fee income (lower other and gains from trading activities offset by higher trust and investment and insurance fees), slightly higher core expenses (equipment and other), a smaller reserve release (-$300mn), lower NPAs and NCOs, a higher loan loss provision, a lower tax rate (-107bps), and a lower average share count (-0.4%).

Estimates: As 4Q13 results matched our expectations, we maintain our 2014 and 2015 EPS estimates at $4.10 and $4.35, respectively. Although equity gains and reserve releases could decline as 2014 progresses, it should continue to make progress on the expense front, while balance sheet growth likely mitigates any further NIM pressure.

WFC: Quarterly and Annual EPS (USD)

	2013	2014			2015			Change y/y	
FY Dec	Actual	Old	New	Cons	Old	New	Cons	2014	2015
Q1	0.92A	N/A	1.01E	0.95E	N/A	N/A	1.01E	10%	N/A
Q2	0.98A	N/A	1.02E	1.00E	N/A	N/A	1.07E	4%	N/A
Q3	0.99A	N/A	1.03E	1.02E	N/A	N/A	1.10E	4%	N/A
Q4	1.00A	N/A	1.04E	1.04E	N/A	N/A	1.12E	4%	N/A
Year	3.89A	4.10E	4.10E	4.01E	N/A	4.35E	4.24E	5%	6%
P/E	11.7		11.1			10.5			

Source: Barclays Research.
Consensus numbers are from Thomson Reuters

Stock Rating	OVERWEIGHT
	Unchanged
Industry View	POSITIVE
	Unchanged
Price Target	USD 52.00
	Unchanged
Price (14-Jan-2014)	USD 45.59
Potential Upside/Downside	+14%
Tickers	WFC
Market Cap (USD mn)	240150
Shares Outstanding (mn)	5267.60
Free Float (%)	99.92
52 Wk Avg Daily Volume (mn)	19.5
Dividend Yield (%)	2.6
Return on Equity TTM (%)	N/A
Current BVPS (USD)	27.47

Source: Thomson Reuters

Price Performance	Exchange-NYSE
52 Week range	USD 46.20-34.50

Link to Barclays Live for interactive charting

U.S. Large-Cap Banks

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U.S. Large-Cap Banks | **Industry View: POSITIVE**

Wells Fargo (WFC)

Stock Rating: OVERWEIGHT

Income statement ($mn)	2013A	2014E	2015E	2016E	CAGR
Net interest income	43,592.0	45,086.1	47,839.9	51,185.7	5.5%
Operating expenses	48,174	46,690	48,316	49,980	1.2%
Pre-provision earnings	34,955	36,961	39,467	42,713	6.9%
Loan loss provisions	2,309	2,655	3,583	4,608	25.9%
Pre-tax income	32,628	33,936	35,049	37,333	4.6%
Net income (adj)	20,888	22,016	22,884	24,460	5.4%

Balance sheet ($bn)					Average
Total assets	1,527	1,675	1,777	1,884	1,716
Risk-weighted assets	1,141	1,252	1,328	1,408	1,282
Non-performing loans ($mn)	15,668	14,101	11,986	10,188	12,986
Allowance for loan losses	15	14	14	14	14
Loans	825.8	875.1	918.9	964.8	896.1
Deposits	1,079	1,150	1,207	1,268	1,176
Tier 1 capital	133	141	151	162	146
Tier 1 common capital	124	131	142	153	137
Shareholders' equity	155	163	173	184	169
Tangible common equity	125	133	144	155	139
Loan/deposit ratio (%)	78.9	78.5	78.5	78.5	78.6

Valuation and leverage metrics					Average
P/E (reported) (x)	11.7	11.1	10.5	9.6	10.7
P/BV (tangible) (x)	1.9	1.8	1.6	1.5	1.7
Dividend yield (%)	2.5	2.8	3.0	3.2	2.9
P/PPE (x)	7.0	6.6	6.1	5.5	6.3
Tier 1 (%)	12.33	11.23	11.35	11.48	11.60
Tier 1 Common (%)	10.82	10.50	10.66	10.83	10.71
Tang assets/tang equity (x)	12.0	12.3	12.2	12.0	12.1

Margin and return data					Average
Return on RWAs (%)	1.9	1.9	1.8	1.8	1.9
ROA (%)	1.5	1.6	1.5	1.6	1.6
ROE (tangible common) (%)	17.8	17.6	16.8	16.7	17.2
Fee income/revenue (%)	47.6	46.1	45.5	44.8	46.0
Net interest margin (%)	3.4	3.2	3.2	3.2	3.3
Cost/income (%)	58.0	55.8	55.0	53.9	55.7

Credit quality ratios					Average
Loan loss provs/loans (%)	0.3	0.3	0.4	0.5	0.4
NCO ratio (%)	0.6	0.3	0.4	0.5	0.5
Coverage ratio (%)	92.6	100.5	118.2	138.2	112.4
NPL ratio (%)	1.9	1.6	1.3	1.1	1.5
Reserves/loans (%)	1.8	1.6	1.5	1.5	1.6

Per share data ($)					Average
EPS (reported)	3.89	4.10	4.35	4.75	4.27
DPS	1.15	1.27	1.35	1.47	1.31
BVPS (tangible)	23.8	24.9	28.0	30.8	26.9
Payout ratio (%)	29.6	30.9	31.0	31.0	30.6
Diluted shares (mn)	5,369.6	5,364.6	5,257.3	5,152.2	5,285.9

Price (14-Jan-2014)	USD 45.59
Price Target	USD 52.00

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.

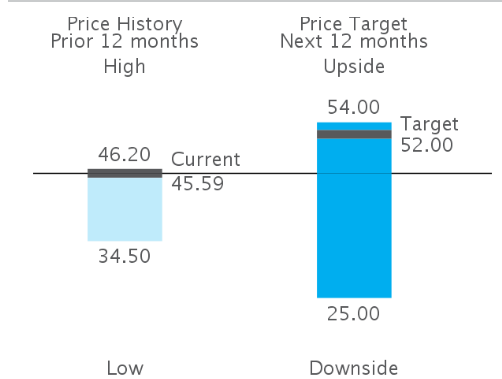
Upside case — USD 54.00

If mortgage banking activity comes in better than the MBA's current forecast and loan growth accelerates from our 4% expectations , it could reach the high-end of its 1.3-1.6% ROA target in 2015. As a result we would expect EPS to exceed $4.35 and shares to trade to 12x EPS.

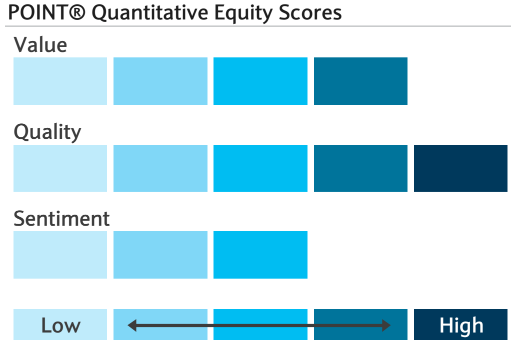
Downside case — USD 25.00

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



POINT® Quantitative Equity Scores



Source: POINT®. The scores are valid as of the date of this report and are independent of the fundamental analysts' views. To view the latest scores, please go to the equity company page on Barclays Live.

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

Executive Summary

Bottom line/rating

Despite consensus' doubts, WFC was able to post its 11th consecutive quarter of record EPS, in line with our estimate, as equity gains offset higher expenses and an expanded balance sheet mitigated net interest margin pressure. Looking toward 2014, despite the potential for lower equity gains, net interest margin and reserve release, we are encouraged by WFC's ability to grow its balance sheet and expected improvements on the expense front now that mortgage related severance costs should be out of 1Q14's run-rate. In addition, WFC has reiterated its intentions to increase capital return with CCAR 2014 (55% total payout ratio in 2013). In our view, WFC's streak of record EPS quarters should continue throughout 2014, placing 2014 EPS at or above $4.10, compared to current consensus of $4.01. We rate WFC OW.

Estimates

Following 4Q13 results that matched our expectations, we maintain our 2014 and 2015 full year EPS estimates at $4.10 and $4.35, respectively. Although equity gains and reserve releases could decline as 2014 progresses, it should continue to make progress on the expense front, while balance sheet growth should mitigate any further margin pressure.

Results Overview

- WFC reported 4Q13 EPS of $1.00, in line with our estimate. Consensus was $0.98. Results included a lower than expected net interest margin (-12bps) and a higher mortgage GOS margin (+35bps). Also, equity gains were used to compensate for higher than expected expenses. Results included $600mn of loan loss reserve release, $654mn in equity gains, $14mn in securities losses, and $266mn of net MSR results ($0.18 in all).

- Relative to 3Q13, results evidenced an expanded balance sheet (loans +1.5%, securities +2.1%), significant net interest margin contraction (-12bps due to LCR/deposit growth, modest NII impact), stable fee income (lower other and gains from trading activities offset by higher trust and investment and insurance fees), slightly higher core expenses (equipment and other), a smaller reserve release (-$300mn), lower NPAs and NCOs, a higher loan loss provision, a lower tax rate (-107bps), and a lower average share count (-0.4%).

- Operating revenues declined 6% y-o-y and were relatively stable with 3Q13. Core revenues looked to have declined 1% sequentially. It posted an ROA of 1.47% and an ROE of 13.81%. Its Basel III Tier 1 common ratio was 9.78% (advanced approach), up from 9.54% in 3Q13. It had net unrealized securities gains of $3.9bn at 4Q13, down from $5.8bn at 3Q13 (higher interest rates).

- It repurchased 30mn shares in 3Q13, or 0.6% of outstanding (down from 50.9mn in 3Q13). It repurchased an additional 11.3mn shares through a forward repurchase transaction expected to settle in 1Q14.

- Its retail bank cross-sell metric of 6.16 products per household was up modestly from 6.15 products at 3Q13. Meanwhile, its commercial cross-sell ratio was 7.1 products per relationship, up from 7.0 products. Its credit card penetration rate was 37.0% at 4Q13, up from 36.0% at 3Q13.

- Its 4Q13 revenue mix (ex. other) was 57% (57%) community banking, 28% (27%) wholesale banking, and 16% (15%) wealth, brokerage & retirement. It noted several businesses generated year-over-year double-digit revenue growth, including retail brokerage, CRE, credit card, insurance and asset-backed finance.

Quality of Earnings

- Private equity gains totaled $654mn ($0.08), up from $502mn ($0.05) at 3Q13.
- Losses on debt securities AFS totaled $14mn ($0.00), up from $6mn ($0.00) in 3Q13.
- Net MSR gains totaled $266mn ($0.03), up from $26mn ($0.00) in 3Q13.
- Its mortgage repurchase provision was $26mn ($0.00), down slightly from 3Q13.
- Its loan loss reserve release was $600mn ($0.07), below the $900mn ($0.11) reported in 3Q13.
- Accretion into interest income was $447mn ($0.05) in 4Q13, down from $481mn at 3Q13 ($0.06).

Forward-looking Statements

- **Net interest margin/income:** Its net interest margin declined 12bps linked quarter due to deposit growth and LCR related repositioning. However, these factors were neutral to net interest income. Going forward, it expects to be able to grow net interest income despite continued margin pressure.
- **Mortgage:** It expects origination activity to decline in 1Q14 from the $50bn reported in 4Q13. Still, declines should moderate from what was seen in 2H13. This reflects seasonality and lower refi volume. It expects gain on sale margins to remain in a range similar to 2H13 (1.42%-1.77%). In mortgage, its first mortgage quarterly applications declined $22bn to $65bn, while its unclosed pipeline declined $10bn to $25bn. Refinance increased to 42% of applications from 36% in 3Q13.
- **Efficiency:** After failing to meet its 55-59% efficiency ratio target (59.1%) in 3Q13, WFC returned to that range in 4Q13, reporting a 58.5% efficiency ratio. It expects to operate within that range going forward. In 3Q13 and 4Q13, it laid off 6,200 mortgage employees from which all of the related expenses should be out of the run-rate by 1Q14.
- **Volcker:** The limited partnership investments it has made in its equity portfolio is the main area where it is impacted by the Volcker rule. These investments total slightly over $2bn. It had $2.4bn of private equity investments at 3Q13 according to its 10-Q filing. Still, it stopped making those investments two years ago when Volcker first came out. It stated that it could undertake sales if necessary, but any actions are not expected to have material impact on its financial results.
- **FNMA:** It announced an agreement at the end of 4Q13 resolving the majority of its repurchase liabilities with FNMA for loans originated prior to 2009. Outstanding repurchase demands declined 46% as a result.
- **Credit quality:** After releasing $600mn of reserves in 4Q13 (down from $900mn at 3Q13), WFC noted that it anticipates continued reserve release in coming quarters absent significant deterioration in the economy. In terms of its NCO ratio, it expects consumer NCOs to continue to come down from 0.82%, while commercial may be near the bottom at a modest 0.06%.

- **Share repurchase:** It repurchased an additional 11.3mn shares through a forward repurchase transaction expected to settle in 1Q14. It remains focused on returning more capital to shareholders via dividend and buyback and expects to see increases with CCAR 2014, relative to CCAR 2013. It hinted that it could increase its 50-65% total payout ratio target at its May investor day.

- **Tax rate:** It expects 2014 tax rate to be around where it was in 2013, potentially slightly higher.

Net Interest Income

- Net interest income rose 1%, reflecting a larger securities portfolio, higher interest income on trading assets, lower deposit costs, and organic growth in commercial and consumer loans. These benefits were partially offset by lower interest income from mortgages held for sale. Income from variable sources (PCI resolutions, loan fees) was relatively stable. Average earning assets rose 4.5%, reflecting growth in loans (+1.5%), securities (+2.1%), and lower loans HFS (-36%). Also, Fed Funds sold/other short-term investments increased from $156bn to $205bn.

- Period-end loans increased 1.7% from 3Q13, with gains in commercial (+2.3%) and consumer (+1.1%). Its core portfolio rose 2.3%, with commercial up 2.4% and consumer up 2.1%. Its liquidating portfolio declined 4% or $3.3bn to $80.9bn (10% of total loans). Within commercial, foreign (+11.6%), C&I (+2.9%) and mortgage (+0.8%) were higher, while construction (-0.2%) and leasing (-0.7%) declined. In consumer, credit card (+2.6%), auto (+2.1%), other revolving (+1.0%), and mortgage (+0.8%) rose, while H/E declined (-3.4%).

- Its net interest margin dropped 12bps to 3.26% due to actions tied to LCR (increased cash and short-term investments; -6bps), as well as deposit growth (further growth in cash and short-term investments; -6bps). Both these actions were relatively neutral to net interest income. The net impact of balance sheet repricing and growth in 4Q13 was neutral compared with 3Q13 as the benefits of securities purchases, lower deposit costs, and reduced debt yields offset the decline in mortgages held for sale income.

- Its yield on average earning assets declined 14bps to 3.56% in 4Q13. This included a 6bp decline in its total loan yield to 4.35% and a 4bp increase in its yield on securities AFS. Its core loan yield (ex. non-strategic/liquidating loans) declined 9bps. Its cost of funds declined 2bps to 0.30%, including a 2bp decline in interest bearing deposits to 0.15% (Savings CDs down 14bps). Its cost of long-term debt declined 21bps to 1.65%.

- Total average deposits increased 3% linked quarter and 4% on a period-end basis. Total noninterest bearing deposits increased 3% linked quarter, while interest-bearing increased 4%.

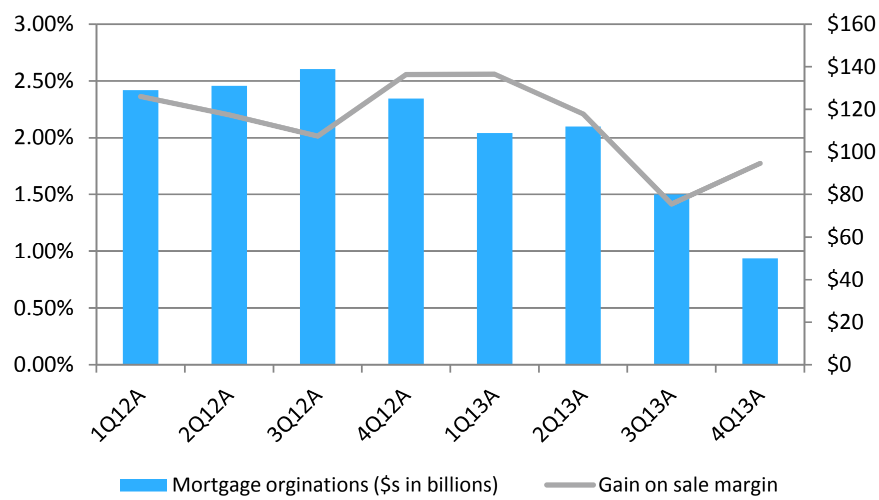
- Of its $826bn in loans, PCI loans totaled $32.7bn ($3.1bn commercial, $28.8bn pick-a-pay, $0.8bn other), or 4% of loans. Nonaccretable difference stood at $5.2bn, down from $5.3bn at 3Q13. The decline reflected an $11mn addition to account for acquisitions, offset by $86mn of loans solved by settlement with borrower, $971mn reclassified into accretable yield, and $751mn used in losses from resolutions and write-downs. Pick-a-pay PCI loans had an UPB of $28.8bn, with its nonaccretable difference at 20.7% (20.4% at 3Q13) of that amount.

Fee income & Expenses

- Fee income was relatively stable (+1% ex. mortgage fees). Gains in Trust/investment fees (+$182mn; retail brokerage), insurance (+$40mn; seasonally higher crop), other fees (+$21mn; CRE brokerage), card (+$14mn; stronger transaction activity) and service charges (+$5mn) were offset by declines in other (-$152mn), trading (-$72mn; lower activity), mortgage (-$38mn; lower originations, higher net MSR) and operating leases (-$12mn).

- Mortgage banking noninterest income totaled $1.57bn, down 2% from 3Q13. This reflected a 38% decline in origination volume from $80bn to $50bn. Still, gain on sale margins expanded 36bps to 1.77%. Mortgage repurchase expense declined $2mn to $26mn sequentially. Net servicing fees increased $205mn to $709mn, including a $983mn change in MSR value only partially offset by $717mn of economic hedges. Its first mortgage quarterly applications declined $22bn to $65bn, while its unclosed pipeline declined $10bn to $25bn. Refinance increased to 42% of applications from 36% in 3Q13.

FIGURE 1
Mortgage Originations ($ in billions) and Gain on Sale Margin (%)



Source: Barclays Research and Company Documents

- It posted a net MSR gain of $226mn. This is up from $26mn in 3Q13. Its MSR ratio increased 6bps to 0.88% in 4Q13, while its weighted average note rate declined 2bps to 4.52%. Its residential servicing portfolio was $1.8bn, stable from 3Q13.

- Its provision for mortgage repurchase losses declined $2mn linked quarter to $28mn. The balance of outstanding repurchase demands declined 46% linked quarter, primarily reflecting its agreement with FNMA resolving substantially all loans originated prior to 2009. Its repurchase reserve declined $522mn linked quarter to $899mn, including the cash payment to FNMA. Of its 3,328 unresolved repurchase loan demands, only 674 are now related to GSEs (4,422 at 3Q13), with its remaining exposure primarily related to private demands (still, up to $2.3bn at 4Q13 from $1.2bn at 3Q13).

- Reported expenses declined slightly from 3Q13, while core expenses increased modestly. Results included seasonally-higher costs for equipment (including software licenses) and outside professional services (including project spend on business investments and compliance & regulatory-related initiatives) and lower salaries and mortgage-related incentive comp.

- After failing to meet its 55-59% efficiency ratio target (59.1%) in 3Q13, WFC returned to that range in 4Q13, reporting a 58.5% efficiency ratio in 4Q13. It expects to operate within that range going forward. In 3Q13 and 4Q13, it laid off 6,200 mortgage employees from which all of the related expenses should be out of the run-rate by 1Q14. It has reduced its retail mortgage fulfilment FTEs by 50% since 1Q13. Still, 1Q14 could evidence seasonally higher personnel costs, partially offset by lower project spending.

Asset Quality

- After releasing $600mn of reserves in 4Q13 (down from $900mn at 3Q13), WFC noted that it anticipates continued reserve release in coming quarters absent significant deterioration in the economy.
- Its NPA ratio declined 18bps linked quarter to 2.36%. This follows an 8bp decline in 3Q13. Improvement was led by NPLs, which declined 7% linked quarter, while OREO climbed 4%. Its NPA ratio declined in C&I (-5bps), CRE (-26bps), C&D (-67bps), foreign (-2bps), mortgage (-31bps), H/E (-13bps), and auto (-4bps). Lease financing (+9bps) increased. Loans 90-plus days past due, excluding gov't insured/guaranteed, declined $5mn to $1.045bn.
- Its NCO ratio declined 1bp to 0.47%. This follows a 10bp improvement in 3Q13. Its commercial NCO ratio increased 4bps to a still very modest 0.06%, while its consumer NCO ratio declined 4bps to 0.82%.
- Its loan loss provision increased $288mn to $363mn linked quarter. Its provision/loan ratio increased 14bps to 0.18%. Its reserve/loan ratio declined 11bps to 1.76% (-14bps in 3Q13).

Business Line Results

Community Banking

Community Banking reported net income of $3.2bn, down $119mn, or 4%, from 3Q13. Revenue totaled $12.3bn and increased $10mn, or 0.1%, from 3Q13, primarily due to higher gains on equity investments. Its loan loss provision increased $250mn from 3Q13 as $26mn improvement in NCOs was more than offset by a lower reserve release. Average loans increased 1% to $502.5bn, while average core deposits increased modestly.

Regional Banking: Retail Bank household cross-sell was 6.16 products, up from 6.15 in 3Q13. Primary checking accounts increased 4.7% y/y, while primary business checking account customers increased 4.7%. For the 5th consecutive year, WFC was the nation's #1 SBA 7(a) small business lender. Online customers have increased 7% y/y, while mobile customers have jumped 27%.

Consumer Lending Group: Mortgage originations decreased to $50bn from $80bn in 3Q13, apps declined to $65bn from $87bn, and its pipeline fell to $25bn from $35bn. Its residential MSR portfolio was $1.8trn, with a 0.88% MSR ratio, up 6bps q/q. The average note rate was 4.52%, down 2bps q/q.

Consumer Credit: Credit card penetration was 37.0%, up from 36.0% in 3Q13. Auto originations declined 2% q/q, but increased 26% y/y.

Wholesale Banking

Wholesale Banking reported net income of $2.1bn, up $138mn, or 7%, from 3Q13. Revenue of $6.0bn increased $101mn, or 2%, from the prior quarter on strong growth across many areas including asset management, commercial real estate, corporate banking and investment banking as well as seasonally higher crop insurance revenue. Noninterest expense decreased $64mn, or 2%, from 3Q13, benefiting from lower FDIC expense, partially offset by higher variable personnel expense. Average loans increased $7.6bn to $298.0bn, while core deposits increased $23.2bn to $258.5bn.

Wealth, Brokerage and Retirement

Wealth, Brokerage and Retirement reported net income of $491mn, up $41mn, or 9%, from 3Q13. Revenue of $3.4bn increased $131mn, or 4%, from the prior quarter primarily driven by higher asset-based fees, as well as increases in net interest income and brokerage transaction revenue. Noninterest expense was up 1% as increased broker commissions and other incentives, as well as higher non-personnel expenses, were mostly offset by lower FDIC expense. The provision for credit losses increased $27mn from 3Q13 due to reduced reserve releases. The provision in 4Q13 and 3Q13 included $11mn and $38mn of reserve releases, respectively.

Retail Brokerage: Client assets increased 5% q/q and 12% y/y to $1.4trn. Managed account assets increased 7% q/q and 23% y/y to $375bn.

Wealth Management: Client assets increased 4% q/q and 7% y/y to $218bn.

Retirement: IRA assets increased 5% q/q and 15% y/y to $341bn. Institutional retirement plan assets increased 3% q/q and 12% y/y to $298bn.

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

	Actual	Quarterly Forecast					Quarterly Forecast				Annual Forecast					Annual Change							4Q13A vs.	
	2012A	1Q13A	2Q13A	3Q13A	4Q13A	2013A	1Q14E	2Q14E	3Q14E	4Q14E	2014E	2015E	2016E	2017E	2018E	11/12	12/13	13/14	14/15	15/16	16/17	17/18	4Q12A	3Q13A
EPS - operating	$3.36	$0.92	$0.98	$0.99	$1.00	$3.89	$1.01	$1.02	$1.03	$1.04	$4.10	$4.35	$4.75	$5.09	$5.30	19%	0.156	6%	6%	0.091	7%	12%	10%	1%
EPS - reported	**$3.36**	**$0.92**	**$0.98**	**$0.99**	**$1.00**	**$3.89**	**$1.01**	**$1.02**	**$1.03**	**$1.04**	**$4.10**	**$4.35**	**$4.75**	**$5.09**	**$5.30**	**19%**	**16%**	**5%**	**6%**	**9%**	**7%**	**12%**	**10%**	**1%**
Book value	$27.64	$28.27	$28.26	$28.98	$29.48	$29.48	$29.55	$29.77	$30.23	$30.78	$30.78	$33.81	$36.73	$39.87	$42.35	13%	7%	4%	10%	9%	9%	15%	7%	2%
Tangible book	$21.22	$21.78	$21.92	$22.72	$23.80	$23.80	$23.90	$24.08	$24.45	$24.90	$24.90	$28.03	$30.83	$33.85	$36.33	17%	12%	5%	13%	10%	10%	18%	12%	5%
Dividend	$0.88	$0.25	$0.30	$0.30	$0.30	$1.15	$0.25	$0.34	$0.34	$0.34	$1.27	$1.35	$1.47	$1.58	$1.64	83%	31%	10%	6%	9%	7%	12%	36%	0%
Diluted average shares	5,351	5,354	5,385	5,382	5,359	5,370	5,354	5,385	5,382	5,339	5,365	5,257	5,152	5,049	5,051	1%	0%	0%	-2%	-2%	-2%	-2%	0%	-0.0043
Period-end shares	5,266	5,289	5,302	5,274	5,257	5,257	5,289	5,302	5,274	5,231	5,231	5,123	5,018	4,915	4,917	0%	0%	-1%	-2%	-2%	-2%	-2%	0%	0%
Payout ratio	26%	27%	31%	30%	30%	30%	25%	33%	33%	33%	31%	31%	31%	31%	31%									
Operating revenue	**$85,431**	**$21,277**	**$21,425**	**$20,183**	**$20,244**	**$83,129**	**$20,564**	**$20,844**	**$21,014**	**$21,228**	**$83,651**	**$87,783**	**$92,693**	**$97,701**	**$101,511**	**7%**	**-3%**	**1%**	**5%**	**6%**	**5%**	**10%**	**-6%**	**0%**
Avg earning assets ($bn)	$1,169	$1,235	$1,266	$1,289	$1,348	$1,284	$1,381	$1,402	$1,416	$1,437	$1,409	$1,495	$1,585	$1,678	$1,779	6%	10%	10%	6%	6%	6%	6%	11%	5%
Net interest margin	**3.76%**	**3.48%**	**3.46%**	**3.38%**	**3.26%**	**3.40%**	**3.24%**	**3.21%**	**3.18%**	0.0317	**3.20%**	**3.20%**	**3.23%**	**3.25%**	**3.29%**	**-19**	**0**	**-19**	**0**	**3**	**2**	**6**	(30)	-12
Net interest income	$43,932	$10,675	$10,946	$10,949	$11,022	$43,592	$11,034	$11,219	$11,349	$11,483	$45,086	$47,840	$51,186	$54,541	$58,525	1%	-1%	3%	6%	7%	7%	14%	2%	1%
FTE adjustment	$702	$176	$196	$202	$219	$793	$175	$175	$175	$175	$700	$735	$772	$810	$810	1%	13%	-12%	5%	5%	5%	5%	11%	8%
Average loans ($bn)	$775	$798	$800	$805	$817	$805	$833	$845	$858	$875	$853	$896	$940	$987	$987	2%	4%	6%	5%	5%	5%	5%	4%	1%
Loan loss provision	$7,217	$1,219	$652	$75	$363	$2,309	$417	$634	$751	$853	$2,655	$3,583	$4,608	$6,024	$8,393	-9%	-68%	15%	35%	29%	31%	82%	-80%	384%
Provision/loan ratio	0.93%	0.61%	0.33%	0.04%	0.18%	0.29%	0.20%	0.30%	0.35%	0.39%	0.31%	0.40%	0.49%	0.61%	0.85%	-11	-1	2	9	9	12	36	(75)	14
Net credit income	$36,013	$9,280	$10,098	$10,672	$10,440	$40,490	$10,443	$10,410	$10,423	$10,455	$41,731	$43,522	$45,806	$47,707	$49,322	3%	12%	3%	4%	5%	4%	8%	18%	-2%
Service charges on deposit accounts	$4,683	$1,214	$1,248	$1,278	$1,283	$5,023	$1,350	$1,350	$1,350	$1,400	$5,450	$5,668	$5,895	$6,131	$6,131	9%	7%	9%	4%	4%	4%	4%	3%	0%
Trust and investment fees	$11,890	$3,202	$3,494	$3,276	$3,458	$13,430	$3,500	$3,550	$3,550	$3,610	$14,210	$14,778	$15,370	$15,984	$15,984	5%	13%	6%	4%	4%	4%	4%	8%	6%
Card fees	$2,838	$738	$813	$813	$827	$3,191	$825	$815	$815	$825	$3,280	$3,444	$3,616	$3,761	$3,761	-22%	12%	3%	5%	5%	4%	4%	12%	2%
Other fees	$4,519	$1,034	$1,089	$1,098	$1,119	$4,340	$1,050	$1,050	$1,050	$1,050	$4,200	$4,326	$4,456	$4,589	$4,589	8%	-4%	-3%	3%	3%	3%	3%	-6%	2%
Mortgage banking (details below)	$11,638	$2,794	$2,802	$1,608	$1,570	$8,774	$1,535	$1,580	$1,680	$1,660	$6,455	$6,692	$7,002	$7,392	$7,212	49%	-25%	-26%	2%	3%	3%	3%	-49%	-2%
Insurance	$1,850	$463	$485	$413	$453	$1,814	$470	$480	$420	$400	$1,770	$1,770	$1,805	$1,842	$1,842	-6%	-2%	-2%	0%	2%	2%	2%	15%	10%
Net gains from trading activities	$1,707	$570	$331	$397	$325	$1,623	$350	$350	$350	$350	$1,400	$1,428	$1,485	$1,545	$1,545	68%	-5%	-14%	2%	4%	4%	4%	18%	-18%
Operating leases	$567	$130	$225	$160	$148	$663	$150	$150	$150	$150	$600	$612	$630	$643	$649	8%	17%	-10%	2%	3%	2%	3%	-13%	-8%
Other	$1,807	$457	($8)	$191	$39	$679	$300	$300	$300	$300	$1,200	$1,224	$1,248	$1,273	$1,273	4%	-62%	77%	2%	2%	2%	2%	-89%	-80%
Fee income	$41,499	$10,602	$10,479	$9,234	$9,222	$39,537	$9,530	$9,625	$9,665	$9,745	$38,565	$39,943	$41,507	$43,160	$42,986	14%	-5%	-2%	4%	4%	4%	4%	-13%	0%
Salaries	$14,689	$3,663	$3,768	$3,847	$3,811	$15,089	$3,700	$3,800	$3,850	$3,920	$15,270	$15,881	$16,516	$17,177	$17,177	2%	3%	1%	4%	4%	4%	4%	2%	-1%
Commissions and incentive compensation	$9,504	$2,577	$2,626	$2,401	$2,347	$9,951	$2,300	$2,350	$2,350	$2,400	$9,400	$9,682	$10,069	$10,371	$10,472	7%	5%	-6%	3%	4%	3%	4%	-1%	-2%
Employee benefits	$4,611	$1,583	$1,118	$1,172	$1,160	$5,033	$1,600	$1,300	$1,200	$1,200	$5,300	$5,459	$5,623	$5,791	$5,791	6%	9%	5%	3%	3%	3%	3%	30%	-1%
Equipment	$2,068	$528	$418	$471	$567	$1,984	$500	$500	$500	$500	$2,000	$2,080	$2,163	$2,250	$2,228	-9%	-4%	1%	4%	4%	4%	3%	5%	20%
Net occupancy	$2,857	$719	$716	$728	$732	$2,895	$730	$735	$735	$740	$2,940	$3,058	$3,180	$3,307	$3,275	-5%	1%	2%	4%	4%	4%	3%	1%	1%
Core deposit and other intangibles	$1,674	$377	$377	$375	$375	$1,504	$350	$350	$350	$350	$1,400	$1,456	$1,514	$1,575	$1,560	-11%	-10%	-7%	4%	4%	4%	3%	-10%	0%
FDIC and other deposit assessments	$1,356	$292	$259	$214	$196	$961	$220	$220	$220	$220	$880	$915	$934	$962	$952	7%	-29%	-8%	4%	2%	3%	2%	-36%	-8%
Other	$11,466	$2,466	$2,827	$2,670	$2,794	$10,757	$2,300	$2,400	$2,400	$2,400	$9,500	$9,785	$9,981	$10,180	$10,180	12%	-6%	-12%	3%	2%	2%	2%	0%	5%
Expenses	$48,225	$12,205	$12,109	$11,878	$11,982	$48,174	$11,700	$11,655	$11,605	$11,730	$46,690	$48,316	$49,980	$51,613	$51,636	4%	0%	-3%	3%	3%	3%	3%	2%	1%
Preprovision net revenue	**$37,206**	**$9,072**	**$9,316**	**$8,305**	**$8,262**	**$34,955**	**$8,864**	**$9,189**	**$9,409**	**$9,498**	**$36,961**	**$39,467**	**$42,713**	**$46,088**	**$49,875**	**11%**	**-6%**	**6%**	**7%**	**8%**	**8%**	**17%**	**-15%**	**-1%**
OREO expense	$1,061	$195	$146	$161	$103	$605	$100	$95	$90	$85	$370	$200	$100	$200	$100								-53%	-36%
Securities gains	($128)	$45	($54)	($6)	($14)	($29)	$0	$0	$0	$0	$0	$0	$0	$0	$0								NA	NA
OTTI	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0								NA	NA
Net gains (losses) from equity investments	$1,485	$113	$203	$502	$654	$1,472	$200	$200	$150	$150	$700	$100	$100	$100	$100								-9%	30%
Nonrecurring gains	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0								NA	NA
Nonrecurring losses	$1,112	$0	$0	$63	$0	$63	$0	$0	$0	$0	$0	$0	$0	$0	$0								NA	NA
Pretax income	$28,471	$7,640	$8,471	$8,300	$8,217	$32,628	$8,373	$8,485	$8,543	$8,535	$33,936	$35,049	$37,333	$39,154	$40,671	20%	15%	4%	3%	7%	5%	9%	14%	-1%
Taxes	$9,103	$2,420	$2,863	$2,618	$2,504	$10,405	$2,596	$2,630	$2,648	$2,646	$10,520	$10,865	$11,573	$12,138	$12,608	22%	14%	1%	3%	7%	5%	9%	30%	-4%
Tax rate - stated	32.0%	31.7%	33.8%	31.54%	30.47%	31.9%	0.31	0.31	0.31	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%								383	-107
Net income	$19,368	$5,220	$5,608	$5,682	$5,713	$22,223	$5,777	$5,855	$5,895	$5,889	$23,416	$24,184	$25,760	$27,016	$28,063	19%	15%	5%	3%	7%	5%	9%	8%	1%
Change in acctg. principle/ minority interest	$471	$49	$89	$105	$103	$346	$100	$100	$100	$100	$400	$300	$300	$300	$300	38%	-27%	16%	-25%	0%	0%	0%	-50%	-2%
Preferred dividends	$898	$240	$247	$261	$241	$989	$250	$250	$250	$250	$1,000	$1,000	$1,000	$1,000	$1,000	6%	10%	1%	0%	0%	0%	0%	3%	-8%
Net income to common	**$17,999**	**$4,931**	**$5,272**	**$5,316**	**$5,369**	**$20,888**	**$5,427**	**$5,505**	**$5,545**	**$5,539**	**$22,016**	**$22,884**	**$24,460**	**$25,716**	**$26,763**	**20%**	**16%**	**5%**	**4%**	**7%**	**5%**	**9%**	**11%**	**1%**

Source: Barclays Research, Company Reports

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

	Actual	Quarterly Forecast					Quarterly Forecast					Annual Forecast				Annual Change							4Q13A vs.	
	2012A	1Q13A	2Q13A	3Q13A	4Q13A	2013A	1Q14E	2Q14E	3Q14E	4Q14E	2014E	2015E	2016E	2017E	2018E	11/12	12/13	13/14	14/15	15/16	16/17	17/18	4Q12A	3Q13A
Average Balance Sheet ($ in billions)																								
Assets	$1,341	$1,404	$1,429	$1,450	$1,509	$1,448	$1,539	$1,429	$1,450	$1,471	$1,472	$1,562	$1,656	$1,754	$1,859	6%	8%	2%	6%	6%	6%	12%	9%	4%
Earning assets	$1,169	$1,235	$1,266	$1,289	$1,348	$1,284	$1,381	$1,402	$1,416	$1,437	$1,409	$1,495	$1,585	$1,678	$1,779	6%	10%	10%	6%	6%	6%	12%	11%	5%
Securities	$214	$226	$235	$246	$251	$239	$251	$252	$254	$255	$253	$266	$279	$293	$293	23%	12%	6%	5%	5%	5%	5%	17%	2%
Loans held for sale	$50	$43	$44	$33	$22	$35	$22	$22	$22	$22	$22	$22	$22	$22	$22	29%	-29%	-39%	0%	0%	0%	0%	-55%	-36%
Loans	$775	$798	$800	$805	$817	$805	$833	$845	$858	$875	$853	$896	$940	$987	$987	2%	4%	6%	5%	5%	5%	5%	4%	1%
Deposits	$940	$986	$1,010	$1,026	$1,060	$1,020	$1,071	$1,082	$1,093	$1,103	$1,087	$1,142	$1,199	$1,259	$1,259	8%	9%	7%	5%	5%	5%	5%	9%	3%
Borrowed funds	$179	$183	$183	$187	$206	$190	$208	$210	$212	$214	$211	$222	$233	$244	$244	-7%	6%	11%	5%	5%	5%	5%	14%	10%
Equity	$151	$160	$165	$165	$170	$165	$171	$173	$175	$176	$174	$184	$194	$205	$217	10%	9%	5%	6%	6%	6%	12%	8%	3%
Period-end Balance Sheet ($ in billions)																								
Assets	$1,423	$1,437	$1,441	$1,488	$1,527	$1,527	1565.1904	$1,589	$1,605	$1,629	$1,675	$1,777	$1,884	$1,995	$2,115	8%	7%	10%	6%	6%	6%	12%	7%	3%
Risk-weighted assets	$1,078	$1,094	$1,097	$1,131	$1,141	$1,141	$1,170	$1,187	$1,199	$1,217	$1,252	$1,328	$1,408	$1,491	$1,580	7%	6%	10%	6%	6%	6%	12%	6%	1%
Securities	$235	$248	$249	$259	$264	$264	$264	$266	$267	$268	$279	$293	$308	$323	$323	6%	12%	6%	5%	5%	5%	5%	12%	2%
Loans held for sale	$47	$47	$39	$26	$17	$17	$17	$17	$17	$17	$10	$10	$10	$10	$10	-5%	-64%	-39%	0%	0%	0%	0%	-64%	-34%
Loans	$800	$800	$802	$812	$826	$826	$842	$855	$868	$885	$875	$919	$965	$1,013	$1,013	4%	3%	6%	5%	5%	5%	5%	3%	2%
Loan loss reserve	$17.1	$17	$16	$15	$14.5	$15	$14	$14	$14	$14	$14	$14	$14	$16	$21	-12%	-15%	-2%	0%	-1%	15%	46%	-15%	-4%
Deposits	$1,003	$1,011	$1,022	$1,042	$1,079	$1,079	$1,090	$1,101	$1,112	$1,123	$1,150	$1,207	$1,268	$1,331	$1,331	9%	8%	7%	5%	5%	5%	5%	8%	4%
Tangible common equity	$112	$115	$116	$120	$125	$125	$126	$128	$129	$130	$133	$144	$155	$166	$179	18%	12%	6%	8%	8%	8%	15%	12%	4%
Common equity	$145	$148	$148	$152	$155	$155	$156	$158	$159	$161	$163	$173	$184	$196	$208	12%	7%	5%	6%	6%	6%	13%	7%	2%
Goodwill & other intangibles	$33	$33	$32	$32	$30	$30	$30	$30	$30	$30	$30	$30	$30	$30	$30	-3%	-10%	0%	0%	0%	0%	0%	-10%	-7%
Performance Ratios																								
Return on equity	**12.82%**	**13.02%**	**13.62%**	**13.77%**	**13.47%**	13.5%	**13.49%**	**13.54%**	**13.49%**	**13.35%**	**13.47%**	**13.17%**	**13.27%**	**13.17%**	**12.95%**	**101**	**65**	**-1**	**-30**	**10**	**-10**	**-32**	**3**	**-29**
Return on tang com equity	17.33%	18.13%	19.30%	18.97%	18.26%	17.8%	18.28%	18.35%	18.29%	18.09%	17.57%	16.84%	16.65%	16.24%	15.71%	23	43	-19	-73	-19	-41	-94	-70	-71
Return on assets	**1.44%**	**1.49%**	**1.57%**	**1.57%**	**1.51%**	1.5%	**1.50%**	**1.64%**	**1.63%**	**1.60%**	**1.59%**	**1.55%**	**1.56%**	**1.54%**	**1.51%**	**17**	**9**	**6**	**-4**	**1**	**-2**	**-5**	**-1**	**-5**
Return on tangible assets	1.48%	1.52%	1.61%	1.60%	1.54%	1.6%	1.53%	1.67%	1.66%	1.63%	1.62%	1.58%	1.58%	1.57%	1.53%	17	9	6	-4	1	-2	-5	-2	-6
Return on RWA	1.80%	1.91%	2.04%	2.01%	2.00%	1.9%	1.98%	1.97%	1.97%	1.94%	1.87%	1.82%	1.83%	1.81%	1.78%	18	15	-8	-5	1	-2	-5	4	-1
Efficiency ratio	56.4%	57.4%	56.5%	58.9%	59.2%	58.0%	56.9%	55.9%	55.2%	55.3%	55.8%	55.0%	53.9%	52.8%	50.9%	-154	150	-214	-78	-112	-109	-305	438	34
Net profit margin	22.7%	24.5%	26.2%	28.2%	28.2%	26.7%	28.1%	28.1%	28.1%	27.7%	28.0%	27.5%	27.8%	27.7%	27.6%	240	406	126	-44	24	-14	-15	358	7
Fee income/revenue	48.6%	49.8%	48.9%	45.8%	45.6%	47.6%	46.3%	46.2%	46.0%	45.9%	46.1%	45.5%	44.8%	44.2%	42.3%	293	-102	-146	-60	-72	-60	-243	-401	-20
Loans/AEA	64.9%	64.6%	63.2%	62.4%	60.6%	60.6%	60.3%	60.3%	60.6%	60.9%	60.5%	59.9%	59.3%	58.8%	55.5%	-279	-428	-7	-63	-57	-50	-383	-428	-182
Equity/loans	20.0%	20.1%	20.6%	20.5%	20.8%	20.8%	20.6%	20.5%	20.4%	20.2%	20.4%	20.5%	20.6%	20.8%	21.9%	170	75	-38	12	13	13	130	75	25
Loans/deposits	82%	81%	79%	78%	77%	78.9%	78%	78%	79%	79%	78%	78%	78%	78%	78%	-442	-355	-42	0	0	0	0	-363	-145
Asset Quality ($ in millions)																								
Nonperforming loans	$20,486	$19,526	$17,915	$16,893	$15,668	$15,668	$16,000	$15,500	$15,000	$14,500	14101.2	$11,986	10188.117	$8,660	$8,660	-4%	-10%	-10%	-15%	-15%	-15%	-15%	-24%	-7%
OREO	$4,023	$3,350	$3,140	$3,802	$3,937	$3,937	$3,700	$3,600	$3,500	$3,400	$3,740	$3,366	$3,131	$2,911	$2,911	-14%	-2%	-5%	-10%	-7%	-10%	-7%	-2%	4%
Nonperforming assets	**$24,509**	**$22,876**	**$21,055**	**$20,695**	**$19,605**	**$19,605**	**$19,700**	**$19,100**	**$18,500**	**$17,900**	17841.35	**$15,352**	**$13,319**	**$11,571**	**$11,571**	**-6%**	**-20%**	**-9%**	**-14%**	**-13%**	**-13%**	**-13%**	**-20%**	**-5%**
Accruing TDRs	$16,765	$17,375	$18,500	$18,400	$13,500	$13,500	$13,000	$12,500	$12,000	$11,500	$12,150	$10,935	$9,295	$7,901	$7,901	6%	-10%	-10%	-10%	-15%	-10%	-15%	-19%	-27%
NPL ratio	2.56%	2.44%	2.23%	2.08%	1.90%	1.90%	1.90%	1.81%	1.73%	1.64%	1.61%	1.30%	1.06%	0.85%	0.85%	-21	-66	-29	-31	-25	-20	-20	-66	-18
NPA ratio	**3.05%**	**2.85%**	**2.62%**	**2.54%**	**2.36%**	**2.36%**	**2.33%**	**2.22%**	**2.12%**	**2.01%**	**2.03%**	**1.66%**	**1.38%**	**1.14%**	**1.14%**	**-30**	**-69**	**-33**	**-37**	**-29**	**-24**	**-24**	**-69**	**-17**
NPA ratio (including accruing TDRs)	5.14%	5.01%	4.91%	4.79%	3.99%	3.99%	3.87%	3.68%	3.50%	3.31%	3.41%	2.85%	2.34%	1.92%	1.92%	-26	-115	-58	-56	-51	-42	-42	-115	-80
NCOs ($)	$9,034	$1,419	$1,152	$975	$963	$4,509	$937	$909	$858	$875	$2,986	$3,583	$4,702	$3,950	$3,950	-20%	-50%	-34%	20%	31%	-16%	-16%	-54%	-1%
NCO ratio	**1.17%**	**0.71%**	**0.58%**	**0.48%**	**0.47%**	**0.56%**	**0.45%**	**0.43%**	**0.40%**	**0.40%**	**0.35%**	**0.40%**	**0.50%**	**0.40%**	**0.40%**	**-33**	**-61**	**-21**	**5**	**10**	**-10**	**-10**	**-59**	**-1**
Provision/loans	0.93%	0.61%	0.33%	0.04%	0.18%	0.29%	0.20%	0.30%	0.35%	0.39%	0.31%	0.40%	0.49%	0.61%	0.85%	-11	-64	2	9	9	12	36	-75	14
Reserve/NPLs	83.3%	85.6%	90.1%	89.7%	92.6%	92.6%	87.4%	88.4%	90.7%	93.6%	100.5%	118.2%	138.2%	186.5%	237.8%	-765	928	794	1774	1994	4833	9964	928	282
Reserve/loans	**2.13%**	**2.09%**	**2.01%**	**1.87%**	**1.76%**	**1.76%**	**1.66%**	**1.60%**	**1.57%**	**1.53%**	**1.62%**	**1.54%**	**1.46%**	**1.59%**	**2.03%**	**-38**	**-38**	**-14**	**-8**	**-8**	**14**	**57**	**-38**	**-11**
90 days past due	$1,435	$1,360	$1,154	$1,050	$1,045	$1,045																	-27%	0%
Capital ($ in billions)																								
Equity/assets	11.26%	11.42%	11.53%	11.39%	11.24%	11.39%	11.13%	12.11%	12.05%	11.99%	11.81%	11.76%	0.1172298	11.70%	11.66%	46	13	42	-5	-3	-3	-7	-12	-15
TCE ratio	8.04%	8.20%	8.25%	8.23%	8.36%	8.36%	8.23%	8.19%	8.19%	8.15%	8.10%	8.22%	8.34%	8.46%	8.57%	63	32	-26	12	13	12	22	32	13
Tier 1 common	$109.1	$113.6	$117.6	$120.3	$123.5	$123.5	$125.9	$127.9	$129.7	$131.5	$131.5	$141.6	$152.5	$164.0	$176.0	15%	13%	6%	8%	8%	8%	15%	13%	3%
Tier 1 common ratio	**10.12%**	**10.38%**	**10.72%**	**10.64%**	**10.82%**	**10.82%**	**10.77%**	**10.77%**	**10.82%**	**10.80%**	**10.50%**	**10.66%**	**10.83%**	**11.00%**	**11.14%**	**66**	**70**	**-32**	**16**	**17**	**16**	**30**	70	**19**
Tier I capital	$123.2	$126.1	$128.7	$130.2	$132.6	132.64015	$135.0	$137.0	$138.8	$140.6	140.59281	$150.8	$161.7	$173.1	$185.2	8%	8%	6%	7%	7%	7%	15%	8%	2%
Tier I capital ratio	11.75%	11.80%	12.14%	12.11%	12.33%	12.33%	11.55%	11.54%	11.58%	11.55%	11.23%	11.35%	11.48%	11.61%	11.72%	42	58	-110	12	13	13	23	58	22
Leverage ratio	9.47%	9.53%	9.63%	9.76%	9.60%	9.60%	8.79%	8.79%	8.82%	8.80%	8.54%	8.63%	8.72%	8.81%	8.88%	44	13	-106	8	9	9	16	13	-16
Tang assets/tang equity	12.4x	12.2x	12.1x	12.2x	12.0x	12.0x	12.1x	12.2x	12.2x	12.3x	12.3x	12.2x	12.0x	11.8x	11.7x									

Source: Barclays Capital, Company Reports

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Primary Stocks (Ticker, Date, Price)

Wells Fargo (WFC, 14-Jan-2014, USD 45.59), Overweight/Positive, A/C/D/J/K/L/M/N/O

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Wells Fargo (WFC)	Stock Rating	Industry View
USD 45.59 (14-Jan-2014)	**OVERWEIGHT**	**POSITIVE**

Rating and Price Target Chart - USD (as of 14-Jan-2014) **Currency=USD**

Source: IDC, Barclays Research

Link to Barclays Live for interactive charting

Date	Closing Price	Rating *	Adjusted Price Target
06-Jan-2014	45.42		52.00
15-Jul-2013	43.35		48.00
15-Apr-2013	36.57		45.00
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

Source: Thomson Reuters, Barclays Research

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

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Valuation Methodology: Our price target of $52 is based on 12x multiple on our 2015 EPS estimate of $4.35.

Risks which May Impede the Achievement of the Barclays Research Price Target: If GDP growth were to come in below expectations, weighing on already tepid loan demand, WFC could run into problems offsetting the expected decline in mortgage origination revenue. Additionally, although it maintains strong capital levels, shifting regulatory rules could pose unseen risks.

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