Equity Research

Financial Services | U.S. Large-Cap Banks

14 October 2013

Wells Fargo

3Q13 EPS Review: Future Still Sound with Expense Lags & Loan Growth

Stock Rating	OVERWEIGHT
	Unchanged
Industry View	POSITIVE
	Unchanged
Price Target	USD 48.00
	Unchanged
Price (11-Oct-2013)	USD 41.43
Potential Upside/Downside	+16%
Tickers	WFC

Market Cap (USD mn)	220127
Shares Outstanding (mn)	5309.79
Free Float (%)	99.87
52 Wk Avg Daily Volume (mn)	20.8
Dividend Yield (%)	2.6
Return on Equity TTM (%)	13.34
Current BVPS (USD)	27.99

Source: FactSet Fundamentals

Price Performance	Exchange-NYSE
52 Week range	USD 44.79-31.25

Link to Barclays Live for interactive charting

Bottom-line: In keeping with tradition, WFC reported its tenth consecutive quarter of record earnings per share, as a larger than anticipated reserve release and a lower tax rate was enough to overcome lower than expected revenues, placing reported EPS in line with our estimate and ahead of consensus. Looking out, we expect EPS growth to continue, as expense measures on the mortgage side should have a greater effect in 4Q (cut 5,300 FTE in 3Q with 60-90 day lag), it realizes a full quarter benefit from its recent loan acquisitions ($5.2bn CRE), core loan growth continues to outpace industry metrics (+1.3% ex. acquisitions), credit quality further improves (forecasts another reserve release), and it actively repurchases stock ($400mn forward repurchase to settle in 4Q). Trading at 10.1x our updated 2014 EPS estimate, shares continue to screen attractively.

Results: WFC reported 3Q13 EPS of $0.99. Our estimate was $0.99 and consensus was $0.97. Revenues were $20.5bn, compared to consensus at $21.1bn. Relative to our forecast, a lower than anticipated loan loss provision was able to compensate for a modestly lower than forecasted net interest margin. Fee income was also a tad light, due primarily to other fees.

Drivers: Relative to 2Q13, results evidenced an expanded balance sheet (supplemented by acquisitions and securities purchase), net interest margin pressure (-8bps), lower fee income (mortgage, trust & investment fees and other all down), reduced expenses (commissions & incentive comp), improved credit quality (lower NPAs, NCOs and provision), a larger reserve release (+$400mn from 2Q), a modestly lower average share count (-0.1%), and a lower tax rate (-226bps; one-time benefit).

Estimates: Following reported EPS in line with our estimate, we are maintaining our 2013 EPS estimate of $3.89. Still, due to an expanded balance sheet (acquired CRE loans; core growth), ongoing expense management, and expected continued improvements in credit quality, we are raising our 2014 EPS $0.10 to $4.10.

WFC: Quarterly and Annual EPS (USD)

	2012	2013			2014			Change y/y	
FY Dec	Actual	Old	New	Cons	Old	New	Cons	2013	2014
Q1	0.75A	0.92A	0.92A	0.92A	N/A	N/A	0.93E	23%	N/A
Q2	0.82A	0.98A	0.98A	0.98A	N/A	N/A	1.00E	20%	N/A
Q3	0.88A	0.99E	0.99A	0.97E	N/A	N/A	1.03E	12%	N/A
Q4	0.91A	1.00E	1.00E	0.98E	N/A	N/A	1.05E	10%	N/A
Year	3.36A	3.89E	3.89E	3.84E	4.00E	4.10E	4.00E	16%	5%
P/E	12.3		10.7			10.1			

Source: Barclays Research.
Consensus numbers are from Thomson Reuters

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 ($mn)	2012A	2013E	2014E	2015E	CAGR
Net interest income	43,932.0	43,630.0	44,597.1	47,536.5	2.7%
Operating expenses	48,225	47,887	48,294	49,700	1.0%
Pre-provision earnings	37,206	35,503	37,222	40,172	2.6%
Loan loss provisions	7,217	2,150	2,282	4,437	-15.0%
Pre-tax income	28,471	32,917	33,927	34,781	6.9%
Net income (adj)	17,999	20,852	21,581	22,158	7.2%
Balance sheet ($bn)					**Average**
Total assets	1,423	1,512	1,603	1,683	1,555
Risk-weighted assets	1,078	1,149	1,218	1,279	1,181
Non-performing loans ($mn)	20,486	16,200	14,580	12,393	15,915
Allowance for loan losses	17	15	14	15	15
Loans	799.6	824.5	865.7	909.0	849.7
Deposits	1,003	1,047	1,099	1,154	1,076
Tier 1 capital	123	132	142	152	137
Tier 1 common capital	109	121	131	141	126
Shareholders' equity	145	154	164	174	159
Tangible common equity	112	122	132	142	127
Loan/deposit ratio (%)	82.4	79.5	79.5	79.5	80.2
Valuation and leverage metrics					**Average**
P/E (reported) (x)	12.3	10.7	10.1	9.6	10.7
P/BV (tangible) (x)	2.0	1.8	1.6	1.5	1.7
Dividend yield (%)	2.1	2.8	3.0	3.1	2.7
P/PPE (x)	6.0	6.3	5.9	5.3	5.8
Tier 1 (%)	11.75	11.50	11.66	11.89	11.70
Tier 1 Common (%)	10.12	10.54	10.75	11.02	10.61
Tang assets/tang equity (x)	12.4	12.2	11.9	11.6	12.0
Margin and return data					**Average**
Return on RWAs (%)	1.8	1.9	1.9	1.8	1.9
ROA (%)	1.4	1.5	1.5	1.5	1.5
ROE (tangible common) (%)	17.3	18.2	17.4	16.5	17.4
Fee income/revenue (%)	48.6	47.7	47.8	47.1	47.8
Net interest margin (%)	3.8	3.4	3.3	3.3	3.5
Cost/income (%)	56.4	57.4	56.5	55.3	56.4
Credit quality ratios					**Average**
Loan loss provs/loans (%)	0.9	0.3	0.3	0.5	0.5
NCO ratio (%)	1.2	0.5	0.3	0.4	0.6
Coverage ratio (%)	83.3	89.5	94.9	118.8	96.6
NPL ratio (%)	2.6	2.0	1.7	1.4	1.9
Reserves/loans (%)	2.1	1.8	1.6	1.6	1.8
Per share data ($)					**Average**
EPS (reported)	3.36	3.89	4.10	4.30	3.91
DPS	0.88	1.15	1.23	1.29	1.14
BVPS (tangible)	21.2	23.3	25.7	28.3	24.6
Payout ratio (%)	26.2	29.6	30.0	30.0	28.9
Diluted shares (mn)	5,350.5	5,366.0	5,258.6	5,153.5	5,282.1

Price (11-Oct-2013)	USD 41.43
Price Target	USD 48.00

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.

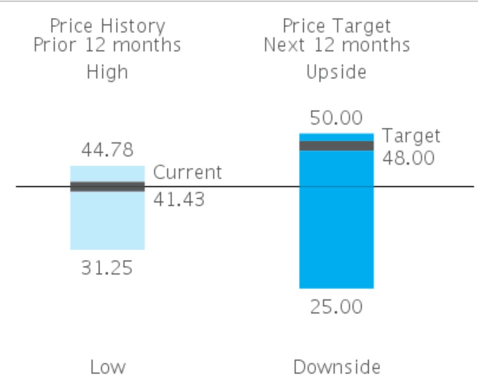
Upside case USD 50.00

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 2014. As a result we would expect EPS to exceed $4.25 and shares to trade to 12x EPS.

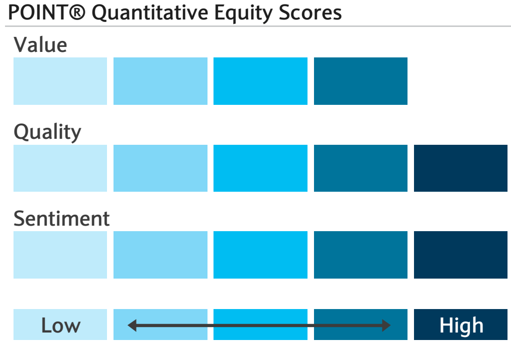
Downside case USD 25.00

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, click here.

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

Executive Summary

Bottom line/rating

In keeping with its recent tradition, WFC reported its tenth consecutive quarter of record earnings per share, as a larger than anticipated loan loss reserve release and a lower tax rate was enough to overcome lower than expected revenues, placing reported EPS in line with our estimate and ahead of consensus. Looking out, we expect EPS growth to continue, as expense measures on the mortgage side should have a greater effect in 4Q (cut 5,300 FTE in 3Q with 60-90 day lag), it realizes a full quarter benefit from its recent loan acquisitions ($5.2bn CRE), core loan growth continues to outpace industry metrics (+1.3% ex. acquisitions), credit quality improves further (forecasts another reserve release), and it actively repurchases stock ($400mn forward repurchase to settle in 4Q). Trading at 10.1x our updated 2014 EPS estimate, shares continue to screen attractively. We rate WFC Overweight.

Estimates

Following reported EPS in line with our estimate, we are maintaining our 2013 EPS estimate of $3.89. Still, due to an expanded balance sheet (acquired CRE loans; core growth), ongoing expense management, and expected improvements in credit quality, we are raising our 2014 EPS $0.10 to $4.10.

Results Overview

- WFC reported 3Q13 EPS of $0.99. Our estimate was $0.99 and consensus was $0.97. Revenues were $20.5bn, compared to consensus at $21.1bn. Relative to our forecast, a lower than anticipated loan loss provision was able to compensate for a modestly lower than forecasted net interest margin. Fee income was also a tad light, due to other fees. This was its 10^{th} consecutive quarter of record EPS.

- Relative to 2Q13, results evidenced an expanded balance sheet (acquired $5.2bn of CRE; core growth), net interest margin pressure (-8bps), lower fee income (mortgage, trust & investment fees and other all down), lower expenses (commissions & incentive comp), improved credit quality (lower NPAs, NCOs and provision), a larger reserve release (+$400mn from 2Q), a modestly lower average share count (-0.1%), and a lower tax rate (-226bps; one-time benefit).

- Operating revenues declined 5% y-o-y and decreased 6% from 2Q13. It posted an ROA of 1.53% and an ROE of 14.07%. Its Basel III Tier 1 common ratio was 9.54% (said 8.54% last quarter). Its Basel III Tier 1 common ratio appeared to benefit from improved risk weighting on BOLI assets by obtaining more granular data on underlying investments, disposition of an asset with punitive risk-weighting and an improved company credit profile and model refinements for commercial portfolios.

- It repurchased 50.9mn shares in 3Q13 (1.0% outstanding; from 26.7mn in 2Q). It purchased an additional 9.8mn shares ($400mn) through a forward repurchase transaction expected to settle in 4Q13. It had net unrealized securities gains of $5.8bn at 3Q13, up $0.7bn.

- Its retail household cross-sell metric is at 6.15, up from 6.14 in 2Q13. Meanwhile, its wholesale banking cross-sell metrics is at 7.0 products per relationship, up from 6.9. Its card penetration was 36.0%, up from 34.9% at 2Q13.

- Its 3Q13 revenue mix (ex. other) was 57% (58%) community banking, 27% (27%) wholesale banking, and 15% (15%) wealth, brokerage & retirement. Businesses generating y/y double-digit revenue growth included credit card, personal credit management, retail sales finance and retirement services.

Quality of Earnings

- Private equity gains were $502mn ($0.06), up from $203mn ($0.02) in 2Q13.
- Losses on debt securities AFS totaled $6mn ($0.00), below $54mn ($0.01) in 2Q13.
- Net MSR gains totaled $26mn ($0.00), down from $68mn ($0.01) in 2Q13.
- Its mortgage repurchase provision was $28mn ($0.00), down from $65mn ($0.01) in 2Q13.
- Its loan loss reserve release was $900mn ($0.11), up from $500mn ($0.06) in 2Q13.
- Accretion into interest income was $481mn ($0.06) in 3Q13, up modestly from $458mn ($0.06) in 2Q13.
- It recorded a $166mn tax benefit ($0.03; -200bps to tax rate).
- Results included $63mn ($0.01) of severance costs.

Forward-Looking Statements

- **Net interest margin/income:** After an 8bp drop in 3Q13, it expects continued NIM pressure going forward. Although it didn't provide net interest income guidance, its goal remains to grow it over time.
- **Mortgage:** If rates remain at current levels, it would expect lower origination volume in 4Q13 ($80bn in 3Q), primarily reflecting lower refinance volume and 4Q seasonality in the purchase market. Still, it expects its gain on sale margin to remain in the 1.40% range (1.42% in 3Q) given rates have seemed to stabilize and competition remains rational. It continues to evaluate the sale of MSRs from a risk management perspective.
- **Efficiency:** After failing to meet its 55-59% efficiency ratio target (59.1%), WFC stated that it expects to return to this range in 4Q13. It laid off 5,300 FTEs in 3Q13 related to its mortgage business, incurring $63mn in severance expense, with minimal benefit to 3Q13 results. This should help in 4Q13, as lay-offs occur on a 60-90 day lag. It continues to manage capacity based on demand.
- **Environmental expense:** Elevated costs, primarily related to its residential mortgage business, have declined over the last few quarters. Still, it expects further improvement led by continued gains in housing prices. However, the regulatory environment has been putting pressure on expenses in the amount of $200mn annually.
- **Repurchase demands:** Due to its recent agreement with Freddie Mac that resolves substantially all repurchase liabilities (previously accrued for) repurchase demands declined 25% from 2Q13. This was the first time in 5yrs it did not add to its repurchase reserve other than for current period loan sales.
- **Credit quality:** Following a $900mn reserve release this quarter, up from $500mn in 2Q13, it expects continued reserve releases so long as the economic outlook doesn't deteriorate.
- **Share repurchase:** It executed a $400mn forward repurchase agreement, which is expected to settle in 4Q13. This accounts for 9.8mn shares, or 0.2% of outstanding. 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.

- **Portfolio acquisitions:** During the quarter it acquired $5.2bn of U.S. and foreign CRE loans. It continues to kick tires on deals and hopes to see opportunities in the future. However, it noted competition for such deals does exist.

Net Interest Income

- Net interest income was relatively stable with the prior quarter. It benefitted from AFS securities purchases (agency MBS), lower funding costs, organic growth in commercial and consumer loans, CRE loan acquisitions, and one additional day. These benefits were offset by lower interest income from mortgages held for sale and reduced income from variable sources (PCI loan resolutions, periodic dividends). In 2Q13, net interest income rose 3%, reflecting an expanded balance sheet and modest margin pressure.

- Average earning assets rose 1.8% (+3% in 2Q13) with loans up 0.6%, securities up 4.8% and loans HFS down 23.4%. Federal funds sold, securities purchased under resale agreements and other short-term investments rose $19.4bn. Period-end loans grew 1.3% (+2.0% ex. liquidating book) with half of the growth ($5.2bn) coming from acquisitions. Growth in the C&I, mortgage, credit card, and auto segments more than offset the reduction in the non-strategic/liquidating portfolios.

FIGURE 1

Period-end Loan Growth ($ in billions)

	3Q13	2Q13	% change	$ change
Commercial loans excluding liquidating loans	$370	$361	2%	$8.7
Acquired loans	$5	$0		$5.2
Commercial loans excluding acquired loans	$365	$361	1%	$3.5
Consumer loans excluding liquidating loans	$358	$353	2%	$5.5
Total core loans excluding liquidating/acquired loans	$723	$714	1.3%	$9.0
Liquidating loans	$84	$88	-4%	($3.9)
Reported loans	$812	$802	1.3%	$10.3
Liquidating loans as a % of total loans	10.4%	11.0%		

Source: Barclays Research and Company Documents

- Its net interest margin declined 8bps to 3.38%. It said compression was due to deposit growth (3bps), liquidity-related issuances (term deposits & long-term debt; 3bps), net impact of balance sheet repricing and growth (1bp) and lower income from variable sources (1bp). This compares to a 2bp decline in 2Q13, primarily the result of deposit growth.

- Its yield on average earning assets fell 10bps linked quarter to 3.70%, as its loan yield declined 5bps to 4.41% and its securities AFS yield dropped 16bps to 3.77%. Its cost of total funding sources declined 2bps to 0.32%, including a 4bp decline in its cost of interest-bearing liabilities. Its cost of interest-bearing deposits decreased 2bps to 0.17%.

- Deposit balances rose 2% linked quarter on a period-end basis, while average deposits increased 2%. Average core checking and savings deposits increased 4% linked quarter and accounted for 95% of average core deposits.

- Of its $812bn in loans ($802bn in 2Q13) at 3Q13, PCI loans totaled $34.0bn ($3.7bn commercial, $29.4bn Pick-a-Pay and $0.9bn other), or 4% of total loans. Nonaccretable difference stood at $5.3bn, down $0.1bn. The decline reflects a $156mn loss from loan resolutions and writedowns during the quarter, in line with $152mn last quarter. Its nonaccretable difference is 20.0% of UPB (20.0% at 2Q13). Pick-a-Pay PCI loans had a UPB of $29.4bn, with a nonaccretable difference of 20.4% of that amount (20.6% at 2Q13).

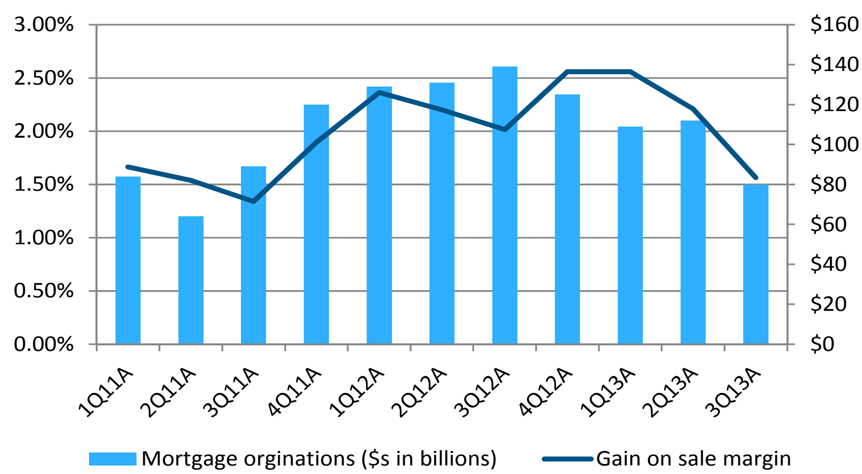
Fee income & Expenses

- Fee income declined 12% from 2Q13. Mortgage (-$1.2bn; lower refi volume and GOS margins), trust & investment fees (-$218mn; reduced IB fees, seasonally lower brokerage), insurance (-$72mn) and leases (-$65mn) declined, while other (+$199mn; investments accounted for under the equity method), trading (+$66mn), service charges (+$30mn) and other fees (+$199mn) increased. Card fees were stable. This compares to a 1% decline in 2Q13, led by lower other.

- Mortgage banking noninterest income declined $1.2bn linked quarter to $1.6bn, as originations declined 29% to $80bn and its gain on sale margin contracted 79bps to 1.42% (Figure 2). Mortgage repurchase expense declined to $28mn from $65mn in 2Q13. Net servicing fees increased $111mn to $504mn. Net MSR results totaled $26mn, down from $68mn in 2Q13. First mortgage applications declined 40% to $87bn and its unclosed pipeline was 44% lower to $35bn. Refinancing accounted for 36% of applications, down from 54% in 2Q13. This was its third consecutive share decline.

FIGURE 2

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



Source: Barclays Research and Company Documents

- It posted a net MSR gain of $26mn, down from $68mn in 2Q13. Its MSR ratio was 0.82%, up 1bp linked quarter. The weighted average servicing note rate was 4.54%, a 5bps linked quarter decline. Its residential servicing portfolio was $1.8trn ($1.9trn in 2Q13).

- Its provision for mortgage repurchase losses declined to $28mn from $65mn in 2Q13. Realized losses increased to $829mn from $160mn in 2Q13. Its repurchase reserve was at $1.4bn at 3Q13, down from $2.2bn in 2Q13. Total outstanding repurchase demands declined 2,033 to 6,047, of which 4,422 (-1,891; FRE settlement) were GSEs, 1,240 (+34) were private and 385 (-176) were mortgage insurers.

- Core expenses declined 2% linked quarter. This excludes a $63mn severance charge in personnel expense. By category, commission and incentive compensation (-$225mn), other (-$157mn), FDIC assessment (-$45mn) and core deposit and other intangibles (-$2mn) declined sequentially, while salaries (+$79mn), employee benefits (+$54mn), equipment (+$53mn) and net occupancy (+$12mn) increased. OREO increased $15mn to $161mn.

- Its efficiency ratio increased to 59.1%. It was 57.3% in 2Q13. While this is outside its targeted 55-59% range, it expects to return to this range in 4Q13.
- Its effective tax rate was 31.9%, below the 33.8% reported in 2Q13. This quarter it recognized a $166mn benefit due to settlements related to uncertain tax positions regarding cross border transactions.

Asset Quality

- After releasing $900mn of reserves in 3Q13, WFC noted that it anticipates continued reserve release in coming quarters absent significant deterioration in the economy.
- Its NPA ratio declined 8bps linked quarter to 2.55%. This follows a 23bp decline in 2Q13. NPLs declined 6% linked quarter to $16.9bn (-8% in 2Q13) and OREO increased 21% to $3.8bn (-6%). The increase in OREO reflected enhancements to loan modification programs, slowing foreclosures in prior quarters. Its NPA ratio declined in C&I (-12bps), CRE (-23bps), C&D (-89bps), leasing (-2bps), R/E (-13bps), H/E (-15bps), and auto (-3bps). It was stable in other. Loans 90-plus days past due improved 9% to $1.05bn.
- Its NCO ratio improved 10bps to 0.48%. This compares to a 13bp decline in 2Q13. Its commercial NCO ratio was 0.02% (-3bps), while consumer was 0.86% (-15bps).
- Its loan loss provision declined $577mn linked quarter to $75mn. Its provision/loan ratio declined 29bps to 0.04%. This was its lowest provision/loan ratio since prior to 2002. Its reserve/loan ratio fell 14bps to 1.87% (-8bps in 2Q13).

Business Line Results

Community Banking

Total Community Banking revenue was $12.2bn in 3Q13, down from $12.9bn in 2Q13 (-5%) and $13.1bn in 3Q12 (-7%), primarily reflecting lower mortgage banking revenue, partially offset by higher private equity gains. Still, net income in Community Banking increased both q/q and y/y to $3.3bn, up from $3.2bn in 2Q13 (+3%) and $2.7bn in 3Q12 (+22%). Its provision for credit losses was $240mn, down from $763mn in 2Q13 and $1.6bn in 3Q12, as credit performance improved, particularly in residential real estate. Expenses declined from $7.2bn in 2Q13 to $7.0bn in 3Q13. Lower operating losses and mortgage-volume related costs drove the decline. This was also down from $7.4bn in 3Q12. Average loans declined 0.1% to $497.7bn linked quarter. Average core deposits declined 0.8% linked quarter in 3Q13.

Regional Banking: Retail Bank household cross-sell was 6.15 products, up from 6.04 in 3Q12. Primary checking accounts increased 3.9% y/y, while small Business checking accounts rose 3.6% y/y. New loan commitments in YTD 2013 increased 24% compared to the nine months ended 3Q12 to $14.2bn. Online banking saw active users increase 7% y/y to 22.9mn users. Active mobile users rose 29% y/y to 11.5mn.

Consumer Lending Group: Originations decreased to $80bn from $112bn in 2Q13, apps declined to $87bn from $146bn, and its pipeline fall to $35bn from $63bn. Its residential

MSR portfolio was $1.8trn, with a 0.82% MSR ratio, up 1bp q/q. Average note rate was 4.54%, down 5bps q/q.

Consumer Credit: Credit card penetration was 36.0%, up from 32.1% in 3Q12. Auto originations declined 3% q/q, but increased 9% y/y, to $6.9bn in 3Q13.

Wholesale Banking

Net income fell 2%, or $31mn, to $2.0bn q/q (-1% y/y). Revenue declined 4%, or $264mn, from 2Q13, and 1%, or $78mn, from 3Q12, to $5.9bn. Expenses declined $99mn, or 3%, linked quarter, but increased 6% y/y. Its provision for credit losses was a credit of $144mn, up from $118mn in 2Q13 and $57mn in 3Q12. The 3Q13 provision included an $80mn reserve release, down from $110mn in 3Q12. Average loans increased to $290.4bn from $286.9bn in 2Q13 and $277.1bn in 3Q12. Growth has come from across portfolios, aided by $5.2bn in acquired CRE loans. Average core deposits totaled $235.3bn, up from $230.5bn in 2Q13 and $225.4bn in 3Q12. Investment banking revenue from commercial and corporate customers has increased 33% in YTD 2013 compared to 2012. Cross-sell in Wholesale Banking is at 7.0 products per relationship, up from 6.9 in 2Q13.

Wealth, Brokerage and Retirement

Total revenue increased 1% from 2Q13 and 9% from 3Q12 to $3.3bn. Excluding higher gains on deferred compensation plan investments, revenue was in line with 2Q13 as higher net interest income was mostly offset by lower brokerage transaction revenue. Net income increased 4% from 2Q13 and 33% from 3Q12 to $450mn. Expenses increased 3% from 2Q13. The provision for credit losses was a $38mn benefit, up from a $19mn expense in 2Q13. The provision included a $38mn release, up from $5mn in 2Q13. Average loans totaled $46.7bn, up from $45.4bn in 2Q13 and $42.5bn in 3Q12. WBR's cross-sell ratio was 10.41 products per household, up from 10.27 in 3Q12.

Retail Brokerage: Client assets increased 3% q/q and 8% y/y to $1.3trn. Managed account assets increased 6% q/q and 18% y/y to $350bn.

Wealth Management: Client assets increased 3% q/q and 5% y/y to $209bn.

Retirement: IRA assets increased 3% q/q and 10% y/y to $326bn. Institutional retirement plan assets increased 4% q/q and 11% y/y to $288bn.

Figure 3: WFC Earnings Model- Income Statement ($ in millions)

		Actual					Quarterly Forecast					Annual Forecast				Annual Change							3Q13A vs.	
	2011A	1Q12A	2Q12A	3Q12A	4Q12A	2012A	1Q13A	2Q13A	3Q13A	4Q13E	2013E	2014E	2015E	2016E	2017E	10/11	11/12	12/13	13/14	14/15	15/16	16/17	3Q12A	2Q13A
EPS - operating	$2.82	$0.75	$0.82	$0.88	$0.91	$3.36	$0.92	$0.98	$0.99	$1.00	$3.89	$4.10	$4.30	$4.60	$4.80	13%	19%	0.155	6%	5%	0.071	4%	12%	1%
EPS - reported	**$2.82**	**$0.75**	**$0.82**	**$0.88**	**$0.91**	**$3.36**	**$0.92**	**$0.98**	**$0.99**	**$1.00**	**$3.89**	**$4.10**	**$4.30**	**$4.60**	**$4.80**	**28%**	**19%**	**16%**	**6%**	**5%**	**7%**	**4%**	**12%**	**1%**
Book value	$24.48	$25.45	$26.06	$27.10	$27.64	$27.64	$28.27	$28.26	$28.98	$29.33	$29.33	$31.89	$34.60	$37.51	$40.58	9%	13%	6%	9%	8%	8%	8%	7%	3%
Tangible book	$18.19	$19.13	$19.50	$20.61	$21.22	$21.22	$21.78	$21.92	$22.72	$23.26	$23.26	$25.69	$28.27	$31.05	$33.98	15%	17%	10%	10%	10%	10%	9%	10%	4%
Dividend	$0.48	$0.22	$0.22	$0.22	$0.22	$0.88	$0.25	$0.30	$0.30	$0.30	$1.15	$1.23	$1.29	$1.38	$1.44	140%	83%	31%	7%	5%	7%	4%	36%	0%
Diluted average shares	5,323	5,338	5,370	5,356	5,339	5,351	5,354	5,385	5,382	5,344	5,366	5,259	5,153	5,050	4,949	1%	1%	0%	-2%	-2%	-2%	-2%	0%	-0.1%
Period-end shares	5,263	5,302	5,276	5,290	5,266	5,266	5,289	5,302	5,274	5,236	5,236	5,129	5,024	4,920	4,819	0%	0%	-1%	-2%	-2%	-2%	-2%	0%	-1%
Payout ratio	17%	29%	27%	25%	24%	26%	27%	31%	30%	30%	30%	30%	30%	30%	30%									
Operating revenue	**$79,956**	**$21,449**	**$21,284**	**$21,204**	**$21,494**	**$85,431**	**$21,277**	**$21,425**	**$20,183**	**$20,505**	**$83,390**	**$85,516**	**$89,872**	**$96,172**	**$100,950**	**-6%**	**7%**	**-2%**	**3%**	**5%**	**7%**	**5%**	**-5%**	**-6%**
Avg earning assets ($bn)	$1,102	$1,135	$1,151	$1,178	$1,213	$1,169	$1,235	$1,266	$1,289	$1,310	$1,275	$1,351	$1,419	$1,490	$1,550	3%	6%	9%	6%	5%	5%	4%	9%	2%
Net interest margin	**3.95%**	**3.91%**	**3.91%**	**3.66%**	**3.56%**	**3.76%**	**3.48%**	**3.46%**	**3.38%**	**3.35%**	**3.42%**	**3.30%**	**3.35%**	**3.50%**	**3.55%**	**-28**	**-19**	**0**	**-12**	**5**	**15**	**5**	(28)	-8
Net interest income	$43,460	$11,058	$11,213	$10,820	$10,841	$43,932	$10,675	$10,946	$10,949	$11,060	$43,630	$44,597	$47,536	$52,148	$55,009	-4%	1%	-1%	2%	7%	10%	5%	1%	0%
FTE adjustment	$697	$170	$176	$158	$198	$702	$176	$196	$202	$200	$774	$813	$853	$896	$941	11%	1%	10%	5%	5%	5%	5%	28%	3%
Average loans ($bn)	$757	$769	$768	$777	$787	$775	$798	$800	$805	$815	$805	$845	$887	$931	$978	-2%	2%	4%	5%	5%	5%	5%	4%	1%
Loan loss provision	$7,899	$1,995	$1,800	$1,591	$1,831	$7,217	$1,219	$652	$75	$204	$2,150	$2,281	$4,435	$7,638	$10,073	-50%	-9%	-70%	6%	94%	72%	32%	-95%	-88%
Provision/loan ratio	1.04%	1.04%	0.94%	0.82%	0.93%	0.93%	0.61%	0.33%	0.04%	0.10%	0.27%	0.27%	0.50%	0.82%	1.03%	-100	-11	-1	0	23	32	21	(78)	-29
Net credit income	$34,864	$8,893	$9,237	$9,071	$8,812	$36,013	$9,280	$10,098	$10,672	$10,656	$40,706	$41,503	$42,248	$43,615	$43,995	20%	3%	13%	2%	2%	3%	1%	18%	6%
Service charges on deposit accounts	$4,280	$1,084	$1,139	$1,210	$1,250	$4,683	$1,214	$1,248	$1,278	$1,300	$5,040	$5,342	$5,610	$5,890	$6,184	-13%	9%	8%	6%	5%	5%	5%	6%	2%
Trust and investment fees	$11,304	$2,839	$2,898	$2,954	$3,199	$11,890	$3,202	$3,494	$3,276	$3,450	$13,422	$14,898	$15,643	$16,426	$17,247	3%	5%	13%	11%	5%	5%	5%	11%	-6%
Card fees	$3,653	$654	$704	$744	$736	$2,838	$738	$813	$813	$820	$3,184	$3,502	$3,678	$3,861	$4,054	0%	-22%	12%	10%	5%	5%	5%	9%	0%
Other fees	$4,193	$1,095	$1,134	$1,097	$1,193	$4,519	$1,034	$1,089	$1,098	$1,150	$4,371	$4,371	$4,458	$4,681	$4,915	5%	8%	-3%	0%	2%	5%	5%	0%	1%
Mortgage banking (details below)	$7,832	$2,870	$2,893	$2,807	$3,068	$11,638	$2,794	$2,802	$1,608	$1,485	$8,689	$7,650	$7,628	$7,660	$7,813	-20%	49%	-25%	(12%)	(0%)	0%	2%	-43%	-43%
Insurance	$1,960	$519	$522	$414	$395	$1,850	$463	$485	$413	$390	$1,751	$1,716	$1,750	$1,803	$1,875	-8%	-6%	-5%	(2%)	2%	3%	4%	0%	-15%
Net gains from trading activities	$1,014	$640	$263	$529	$275	$1,707	$570	$331	$397	$350	$1,648	$1,730	$1,817	$1,908	$2,003	-38%	68%	-3%	5%	5%	5%	5%	-25%	20%
Operating leases	$524	$59	$120	$218	$170	$567	$130	$225	$160	$150	$665	$698	$712	$734	$756	-36%	8%	17%	5%	2%	3%	3%	-27%	-29%
Other	$1,736	$631	$398	$411	$367	$1,807	$457	($8)	$191	$350	$990	$1,010	$1,040	$1,061	$1,093	-20%	4%	-45%	2%	3%	2%	3%	-54%	NA
Fee income	$36,496	$10,391	$10,071	$10,384	$10,653	$41,499	$10,602	$10,479	$9,234	$9,445	$39,760	$40,919	$42,336	$44,023	$45,941	-9%	14%	-4%	3%	3%	4%	4%	-11%	-12%
Salaries	$14,462	$3,601	$3,705	$3,648	$3,735	$14,689	$3,663	$3,768	$3,847	$3,875	$15,153	$15,305	$15,764	$16,237	$16,724	4%	2%	3%	1%	3%	3%	3%	5%	2%
Commissions and incentive compensation	$8,857	$2,417	$2,354	$2,368	$2,365	$9,504	$2,577	$2,626	$2,401	$2,200	$9,804	$9,902	$10,199	$10,607	$11,031	2%	7%	3%	1%	3%	4%	4%	1%	-9%
Employee benefits	$4,348	$1,608	$1,049	$1,063	$891	$4,611	$1,583	$1,118	$1,172	$1,100	$4,973	$5,023	$5,173	$5,329	$5,488	-7%	6%	8%	1%	3%	3%	3%	10%	5%
Equipment	$2,283	$557	$459	$510	$542	$2,068	$528	$418	$471	$500	$1,917	$1,917	$1,994	$2,073	$2,136	-13%	-9%	-7%	0%	4%	4%	3%	-8%	13%
Net occupancy	$3,011	$704	$698	$727	$728	$2,857	$719	$716	$728	$730	$2,893	$2,951	$3,069	$3,192	$3,287	-1%	-5%	1%	2%	4%	4%	3%	0%	2%
Core deposit and other intangibles	$1,880	$419	$418	$419	$418	$1,674	$377	$377	$375	$375	$1,504	$1,534	$1,595	$1,659	$1,709	-15%	-11%	-10%	2%	4%	4%	3%	-11%	-1%
FDIC and other deposit assessments	$1,266	$357	$333	$359	$307	$1,356	$292	$259	$214	$225	$990	$1,010	$1,040	$1,061	$1,082	6%	7%	-27%	2%	3%	2%	2%	-40%	-17%
Other	$10,258	$2,808	$3,092	$2,771	$2,795	$11,466	$2,466	$2,827	$2,670	$2,690	$10,653	$10,653	$10,866	$11,083	$11,305	-1%	12%	-7%	0%	2%	2%	2%	-4%	-6%
Expenses	$46,365	$12,471	$12,108	$11,865	$11,781	$48,225	$12,205	$12,109	$11,878	$11,695	$47,887	$48,294	$49,700	$51,241	$52,763	-1%	4%	-1%	1%	3%	3%	3%	0%	-2%
Preprovision net revenue	**$33,591**	**$8,978**	**$9,176**	**$9,339**	**$9,713**	**$37,206**	**$9,072**	**$9,316**	**$8,305**	**$8,810**	**$35,503**	**$37,222**	**$40,172**	**$44,931**	**$48,187**	**-13%**	**11%**	**-5%**	**5%**	**8%**	**12%**	**7%**	**-11%**	**-11%**
OREO expense	$1,354	$304	$289	$247	$221	$1,061	$195	$146	$161	$150	$652	$300	$200	$100	$100								-35%	10%
Securities gains	$54	($7)	($61)	$3	($63)	($128)	$45	($54)	($6)	$0	($15)	$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	$1,482	$364	$242	$164	$715	$1,485	$113	$203	$502	$250	$1,068	$100	$100	$100	$100								206%	147%
Nonrecurring gains	$153	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0								NA	NA
Nonrecurring losses	$1,674	$218	$0	$0	$894	$1,112	$0	$0	$63	$0	$63	$0	$0	$0	$0								NA	NA
Pretax income	$23,656	$6,648	$7,092	$7,510	$7,221	$28,471	$7,640	$8,471	$8,300	$8,506	$32,917	$33,928	$34,783	$36,397	$37,173	24%	20%	16%	3%	3%	5%	2%	11%	-2%
Taxes	$7,445	$2,328	$2,371	$2,480	$1,924	$9,103	$2,420	$2,863	$2,618	$2,807	$10,708	$11,037	$11,315	$11,840	$12,093	17%	22%	18%	3%	3%	5%	2%	6%	-9%
Tax rate - stated	31.5%	35.0%	33.4%	33.0%	26.6%	32.0%	31.7%	33.8%	31.54%	33.0%	32.5%	32.5%	32.5%	32.5%	32.5%								(148)	-226
Net income	$16,211	$4,320	$4,721	$5,030	$5,297	$19,368	$5,220	$5,608	$5,682	$5,699	$22,209	$22,891	$23,468	$24,557	$25,081	28%	19%	15%	3%	3%	5%	2%	13%	1%
Change in acctg. principle/ minority interest	$342	$72	$99	$93	$207	$471	$49	$89	$105	$105	$348	$300	$300	$300	$300	14%	38%	-26%	-14%	0%	0%	0%	13%	18%
Preferred dividends	$844	$226	$219	$220	$233	$898	$240	$247	$261	$261	$1,009	$1,009	$1,009	$1,009	$1,009	16%	6%	12%	0%	0%	0%	0%	19%	6%
Net income to common	**$15,025**	**$4,022**	**$4,403**	**$4,717**	**$4,857**	**$17,999**	**$4,931**	**$5,272**	**$5,316**	**$5,333**	**$20,852**	**$21,582**	**$22,159**	**$23,248**	**$23,772**	**29%**	**20%**	**16%**	**4%**	**3%**	**5%**	**2%**	**13%**	**1%**

Source: Barclays Research, Company Reports

Figure 4: WFC Earnings Model- Balance Sheet and Performance Metrics

		Actual					Quarterly Forecast									Annual Change							3Q13A vs.	
	2011A	1Q12A	2Q12A	3Q12A	4Q12A	2012A	1Q13A	2Q13A	3Q13A	4Q13E	2013E	2014E	2015E	2016E	2017E	10/11	11/12	12/13	13/14	14/15	15/16	16/17	3Q12A	2Q13A
Average Balance Sheet ($ in billions)																								
Assets	$1,270	$1,303	$1,322	$1,354	$1,387	$1,341	$1,404	$1,429	$1,450	$1,473	$1,439	$1,525	$1,602	$1,682	$1,749	4%	6%	7%	6%	5%	5%	4%	7%	1%
Earning assets	$1,102	$1,135	$1,151	$1,178	$1,213	$1,169	$1,235	$1,266	$1,289	$1,310	$1,275	$1,351	$1,419	$1,490	$1,550	3%	6%	9%	6%	5%	5%	4%	9%	2%
Securities	$175	$215	$214	$212	$215	$214	$226	$235	$246	$253	$240	$252	$265	$278	$292	8%	23%	5%	5%	5%	5%	5%	16%	5%
Loans held for sale	$38	$48	$50	$53	$47	$50	$43	$44	$33	$33	$38	$38	$38	$38	$38	-5%	29%	0%	0%	0%	0%	0%	-37%	-23%
Loans	$757	$769	$768	$777	$787	$775	$798	$800	$805	$815	$805	$845	$887	$931	$978	-2%	2%	4%	5%	5%	5%	5%	4%	1%
Deposits	$872	$915	$924	$947	$976	$940	$986	$1,010	$1,026	$1,031	$1,013	$1,064	$1,117	$1,173	$1,231	7%	8%	5%	5%	5%	5%	5%	8%	2%
Borrowed funds	$193	$176	$179	$179	$180	$179	$183	$183	$187	$187	$185	$194	$204	$214	$225	-19%	-7%	5%	5%	5%	5%	5%	4%	2%
Equity	$137	$145	$149	$152	$158	$151	$160	$165	$165	$167	$164	$174	$183	$194	$204	12%	10%	9%	6%	6%	6%	5%	8%	0%
Period-end Balance Sheet ($ in billions)																								
Assets	$1,314	$1,334	$1,336	$1,375	$1,423	$1,423	$1,437	$1,441	$1,488	$1,512	$1,512	$1,603	$1,683	$1,767	$1,838	4%	8%	6%	6%	5%	5%	4%	8%	3%
Risk-weighted assets	$1,006	$1,000	$1,009	$1,052	$1,078	$1,078	$1,094	$1,097	$1,131	$1,149	$1,149	$1,218	$1,279	$1,343	$1,397	3%	7%	7%	6%	5%	5%	4%	7%	3%
Securities	$223	$230	$227	$229	$235	$235	$248	$249	$259	$267	$267	$281	$295	$309	$325	29%	6%	14%	5%	5%	5%	5%	13%	4%
Loans held for sale	$50	$44	$51	$51	$47	$47	$47	$39	$26	$26	$26	$26	$26	$26	$26	-6%	-5%	-46%	0%	0%	0%	0%	-49%	-34%
Loans	$770	$767	$775	$783	$800	$800	$800	$802	$812	$823	$823	$864	$907	$953	$1,000	2%	4%	3%	5%	5%	5%	5%	4%	1%
Loan loss reserve	$19.4	$19	$18	$18	$17	$17.1	$17	$16	$15	$15	$14.5	$14	$15	$18	$21	-16%	-12%	-15%	-5%	6%	20%	21%	-15%	-6%
Deposits	$920	$930	$929	$952	$1,003	$1,003	$1,011	$1,022	$1,042	$1,047	$1,047	$1,099	$1,154	$1,212	$1,273	9%	9%	4%	5%	5%	5%	5%	9%	2%
Tangible common equity	$95	$100	$103	$109	$112	$112	$115	$116	$120	$122	$122	$132	$142	$153	$164	14%	18%	9%	8%	8%	8%	7%	10%	3%
Common equity	$129	$133	$136	$142	$145	$145	$148	$148	$152	$154	$154	$164	$174	$185	$196	9%	12%	6%	6%	6%	6%	6%	6%	2%
Goodwill & other intangibles	$34	$34	$34	$33	$33	$33	$33	$32	$32	$32	$32	$32	$32	$32	$32	-4%	-3%	-3%	0%	0%	0%	0%	-5%	-1%
Performance Ratios																								
Return on equity	**11.81%**	**11.92%**	**12.64%**	**13.20%**	**13.44%**	**12.82%**	**13.02%**	**13.62%**	**13.77%**	**13.65%**	**13.52%**	**13.18%**	**12.79%**	**12.69%**	**12.30%**	**145**	**101**	**70**	**-34**	**-38**	**-11**	**-39**	**56**	**15**
Return on tang com equity	17.10%	17.33%	18.36%	18.46%	18.96%	17.33%	18.13%	19.30%	18.97%	18.72%	18.24%	17.37%	16.53%	16.07%	15.31%	184	23	91	-86	-85	-45	-76	51	-33
Return on assets	**1.28%**	**1.33%**	**1.43%**	**1.49%**	**1.53%**	**1.44%**	**1.49%**	**1.57%**	**1.57%**	**1.55%**	**1.54%**	**1.50%**	**1.47%**	**1.46%**	**1.43%**	**24**	**17**	**10**	**-4**	**-4**	**-1**	**-3**	**8**	**0**
Return on tangible assets	1.31%	1.36%	1.47%	1.52%	1.56%	1.48%	1.52%	1.61%	1.60%	1.58%	1.58%	1.53%	1.50%	1.49%	1.46%	25	17	10	-5	-4	-1	-3	8	0
Return on RWA	1.61%	1.73%	1.87%	1.91%	1.97%	1.80%	1.91%	2.04%	2.01%	1.98%	1.93%	1.88%	1.83%	1.83%	1.80%	32	18	14	-5	-4	-1	-3	10	-3
Efficiency ratio	58.0%	58.1%	56.9%	56.0%	54.8%	56.4%	57.4%	56.5%	58.9%	57.0%	57.4%	56.5%	55.3%	53.3%	52.3%	337	-154	98	-95	-117	-202	-101	290	233
Net profit margin	20.3%	20.1%	22.2%	23.7%	24.6%	22.7%	24.5%	26.2%	28.2%	27.8%	26.6%	26.8%	26.1%	25.5%	24.8%	544	240	396	14	-66	-58	-69	443	198
Fee income/revenue	45.6%	48.4%	47.3%	49.0%	49.6%	48.6%	49.8%	48.9%	45.8%	46.1%	47.7%	47.8%	47.1%	45.8%	45.5%	-120	293	-90	17	-74	-133	-27	-322	-316
Loans/AEA	67.7%	67.7%	66.7%	66.0%	64.9%	64.9%	64.6%	63.2%	62.4%	62.2%	62.2%	62.5%	62.5%	62.5%	63.1%	-193	-279	-265	27	0	0	60	-353	-79
Equity/loans	18.3%	18.9%	19.4%	19.6%	20.0%	20.0%	20.1%	20.6%	20.5%	20.5%	20.5%	20.6%	20.7%	20.8%	20.9%	155	170	46	9	11	11	7	89	-7
Loans/deposits	87%	84%	83%	82%	81%	82%	81%	79%	78%	79%	79%	79%	79%	79%	79%	-308	-442	-301	0	0	0	0	-359	-79
Asset Quality ($ in millions)															\									
Nonperforming loans	$21,304	$22,026	$20,578	$21,044	$20,486	$20,486	$19,526	$17,915	$16,893	$16,200	$16,200	$14,580	$12,393	10534.05	$10,534	-19%	-4%	-10%	-10%	-15%	-0.15	-15%	-20%	-6%
OREO	$4,661	$4,617	$4,307	$4,209	$4,023	$4,023	$3,350	$3,140	$3,802	$3,500	$3,500	$3,325	$2,993	$2,783	$2,783	-22%	-14%	-2%	-5%	-10%	-7%	-7%	-10%	21%
Nonperforming assets	**$25,965**	**$26,643**	**$24,885**	**$25,253**	**$24,509**	**$24,509**	**$22,876**	**$21,055**	**$20,695**	**$19,700**	**$19,700**	**$17,905**	**$15,386**	**$13,317**	**$13,317**	**-19%**	**-6%**	**-20%**	**-9%**	**-14%**	**-13%**	**0%**	**-18%**	**-2%**
Accruing TDRs	$15,846	$15,859	$16,024	$17,400	$16,765	$16,765	$17,375	$14,500	$14,000	$13,500	$13,500	$12,150	$10,935	$9,295	$9,295	50%	6%	-10%	-10%	-10%	-15%	-15%	-20%	-3%
NPL ratio	2.77%	2.87%	2.65%	2.69%	2.56%	2.56%	2.44%	2.23%	2.08%	1.97%	1.97%	1.69%	1.37%	1.11%	1.05%	-70	-21	-59	-28	-32	-26	-5	-61	-15
NPA ratio	**3.35%**	**3.46%**	**3.19%**	**3.21%**	**3.05%**	**3.05%**	**2.85%**	**2.62%**	**2.54%**	**2.38%**	**2.38%**	**2.06%**	**1.69%**	**1.39%**	**1.33%**	**-87**	**-30**	**-67**	**-32**	**-37**	**-30**	**-7**	**-67**	**-8**
NPA ratio (including accruing TDRs)	5.40%	5.51%	5.25%	5.42%	5.14%	5.14%	5.01%	4.42%	4.25%	4.02%	4.02%	3.47%	2.89%	2.37%	2.25%	-21	-26	-112	-55	-57	-52	-11	-117	-16
NCOs ($)	$11,299	$2,395	$2,200	$2,358	$2,081	$9,034	$1,419	$1,152	$975	$856	$4,402	$2,957	$3,548	$4,657	$6,357	-36%	-20%	-51%	-33%	20%	31%	37%	-59%	-15%
NCO ratio	**1.49%**	**1.25%**	**1.15%**	**1.21%**	**1.06%**	**1.17%**	**0.71%**	**0.58%**	**0.48%**	**0.42%**	**0.55%**	0.0035	0.004	0.005	0.0065	**-81**	**-33**	**-62**	**-20**	**5**	**10**	**15**	**-73**	**-9**
Provision/loans	1.04%	1.04%	0.94%	0.82%	0.93%	0.93%	0.61%	0.33%	0.04%	0.10%	0.27%	0.0027	0.005	0.0082	0.0103	-100	-11	-66	0	23	32	21	-78	-29
Reserve/NPLs	90.9%	85.6%	89.0%	84.8%	83.3%	83.3%	85.6%	90.1%	89.7%	89.5%	89.5%	94.9%	118.8%	168.0%	203.3%	320	-765	627	531	2390	4925	3528	498	-38
Reserve/loans	**2.52%**	**2.46%**	**2.36%**	**2.28%**	**2.13%**	**2.13%**	**2.09%**	**2.01%**	**1.87%**	**1.76%**	**1.76%**	**1.60%**	**1.62%**	**1.86%**	**2.14%**	**-52**	**-38**	**-37**	**-16**	**2**	**24**	**28**	**-41**	**-15**
90 days past due	$2,048	$1,636	$1,360	$1,492	$1,435	$1,435	$1,360	$1,154	$1,050														-30%	-9%
Capital ($ in billions)																								
Equity/assets	10.80%	11.13%	11.30%	11.25%	11.36%	11.26%	11.42%	11.53%	11.39%	11.34%	11.42%	11.39%	11.45%	0.1151229	11.66%	84	46	15	-3	6	6	15	14	-14
TCE ratio	7.41%	7.67%	7.90%	8.13%	8.04%	8.04%	8.20%	8.25%	8.23%	8.23%	8.23%	8.39%	8.60%	8.80%	9.07%	62	63	19	16	21	20	26	10	-3
Tier 1 common	$95.1	$99.5	$101.7	$105.8	$109.1	$109.1	$113.6	$117.6	$119.2	$121.1	$121.1	$130.9	$141.0	$151.6	$162.4	17%	15%	11%	8%	8%	8%	7%	13%	1%
Tier 1 common ratio	**9.46%**	**9.95%**	**10.08%**	**10.05%**	**10.12%**	**10.12%**	**10.38%**	**10.72%**	**10.54%**	**10.54%**	**10.54%**	**10.75%**	**11.02%**	**11.29%**	**11.63%**	**116**	**66**	**42**	**21**	**28**	**26**	**34**	48	**-18**
Tier I capital	$113.9	$117.4	$117.9	$120.9	$123.2	$123.2	$126.1	$128.7	$130.2	$132.2	$132.2	$142.0	$152.1	$162.6	$173.5	4%	8%	7%	7%	7%	7%	7%	8%	1%
Tier I capital ratio	11.33%	11.74%	11.69%	11.66%	11.75%	11.75%	11.80%	12.14%	11.51%	11.50%	11.50%	11.66%	11.89%	12.11%	12.42%	17	42	-25	16	23	22	31	-15	-63
Leverage ratio	9.03%	9.35%	9.25%	9.45%	9.47%	9.47%	9.53%	9.63%	8.94%	8.93%	8.93%	9.04%	9.21%	9.37%	9.61%	-16	44	-54	11	17	16	23	-51	-69
Tang assets/tang equity	13.5x	13.0x	12.7x	12.3x	12.4x	12.4x	12.2x	12.1x	12.2x	12.2x	12.2x	11.9x	11.6x	11.4x	11.0x									

Source: Barclays Capital, Company Reports

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Primary Stocks (Ticker, Date, Price)

Wells Fargo (WFC, 11-Oct-2013, USD 41.43), Overweight/Positive, A/C/D/J/K/L/M/N/O

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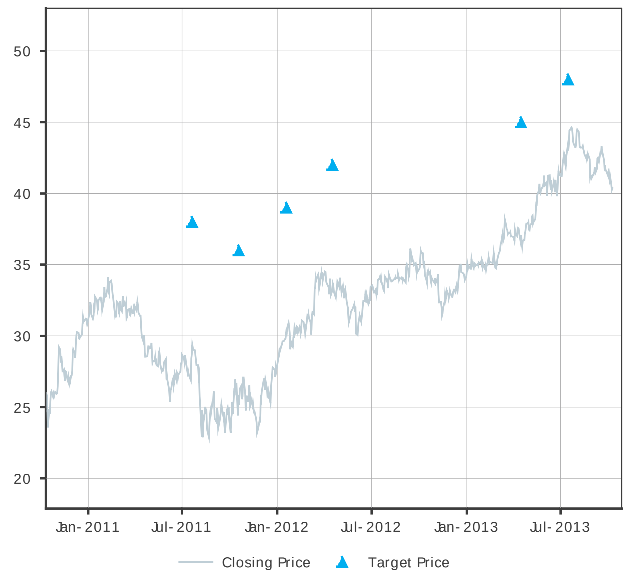
Wells Fargo (WFC)	Stock Rating	Industry View
USD 41.43 (11-Oct-2013)	**OVERWEIGHT**	**POSITIVE**

Rating and Price Target Chart - USD (as of 11-Oct-2013) **Currency=USD**



Date	Closing Price	Rating *	Price Target
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

*The rating for this security remained Overweight during the relevant period.

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Valuation Methodology: Our price target of $48 is based on 12x multiple (10yr avg forward P/E) on our 2014 EPS estimate of $4.10.

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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