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Equity Research

Financial Services | U.S. Large-Cap Banks

9 July 2013

Wells Fargo

2Q13 EPS Preview: Reduced Costs Remedy Mortgage Reservations

Although mortgage banking revenue could be under pressure as gain on sale margins are expected to compress and refi originations fall as rates backed up over the course of the quarter, WFC should benefit from its diversified business mix and operational efficiency. Specifically, in 2Q13, we expect expenses to decline from a seasonally elevated 1Q, reflecting lower employee benefits, in addition to savings from the IFR settlement back in January, aiding overall results. Margin pressure should also decline in magnitude, as industry deposit growth has declined from prior periods and rates have moved higher, aiding reinvestment. Finally, with a propensity to tout its streak of 13 consecutive quarters of increased EPS, we expect favorable results to persist.

Results: We expect WFC to report 2Q13 EPS of $0.93 vs. the $0.92 consensus and a penny above the prior quarter. Although mortgage banking may be under pressure, led by lower GOS margins, expenses should be well controlled and margin pressure should moderate. Putting its excess liquidity to work should also aid results.

Drivers: Relative to 1Q13, we expect results to evidence an expanded balance sheet (AEA +1%); continued, albeit decelerating, net interest margin pressure; lower fee income (mortgage); lower expenses (seasonally lower employee benefits and IFR settlement savings); improved credit quality, including lower NCOs, NPAs and provision; a lower average share count (-0.5%); and a higher tax rate (+132bps).

Outlook: We expect WFC to reiterate its efficiency ratio target of 55-59% (58.3% at 1Q), forecast continued credit quality improvement and reiterate its long-term goal of returning 50-65% of EPS to shareholders through higher dividends and buybacks (40% in 1Q). In addition, we expect it to maintain its ROA (1.3-1.6%) and ROE (12-15%) targets, while providing color around near-term trends in mortgage banking/costs.

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	0.90E	23%	N/A
Q2	0.82A	0.93E	0.93E	0.92E	N/A	N/A	0.97E	13%	N/A
Q3	0.88A	0.94E	0.94E	0.93E	N/A	N/A	1.01E	7%	N/A
Q4	0.91A	0.96E	0.96E	0.94E	N/A	N/A	1.03E	5%	N/A
Year	3.36A	3.75E	3.75E	3.71E	3.90E	3.90E	3.91E	12%	4%
P/E	12.5		11.2			10.8			

Source: Barclays Research.
Consensus numbers are from Thomson Reuters

Stock Rating	OVERWEIGHT
	Unchanged
Industry View	POSITIVE
	Unchanged
Price Target	USD 45.00
	Unchanged
Price (05-Jul-2013)	USD 42.07
Potential Upside/Downside	+7%
Tickers	WFC

Market Cap (USD mn)	222910
Shares Outstanding (mn)	5296.40
Free Float (%)	99.87
52 Wk Avg Daily Volume (mn)	22.0
Dividend Yield (%)	2.4
Return on Equity TTM (%)	12.89
Current BVPS (USD)	27.92

Source: FactSet Fundamentals

Price Performance	Exchange-NYSE
52 Week range	USD 42.07-31.25

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 ($mn)	2012A	2013E	2014E	2015E	CAGR
Net interest income	43,932.0	43,380.8	45,606.8	48,267.5	3.2%
Operating expenses	48,225	47,760	48,715	50,373	1.5%
Pre-provision earnings	37,206	37,433	39,725	42,026	4.1%
Loan loss provisions	7,217	5,284	6,760	7,458	1.1%
Pre-tax income	28,471	31,293	32,026	33,692	5.8%
Net income (adj)	17,999	19,911	20,301	21,423	6.0%
Balance sheet ($bn)					**Average**
Total assets	1,423	1,507	1,603	1,672	1,551
Risk-weighted assets	1,078	1,148	1,222	1,275	1,181
Non-performing loans ($mn)	20,486	18,000	16,200	13,770	17,114
Allowance for loan losses	17	17	16	17	17
Loans	799.6	834.0	875.7	919.5	857.2
Deposits	1,003	1,026	1,077	1,131	1,059
Tier 1 capital	123	133	142	152	137
Tier 1 common capital	109	120	129	139	124
Shareholders' equity	145	154	164	174	159
Tangible common equity	112	122	131	141	126
Loan/deposit ratio (%)	82.4	82.0	82.0	82.0	82.1
Valuation and leverage metrics					**Average**
P/E (reported) (x)	12.5	11.2	10.8	10.0	11.1
P/BV (tangible) (x)	2.0	1.8	1.6	1.5	1.7
Dividend yield (%)	2.1	2.7	2.8	3.0	2.6
P/PPE (x)	6.0	6.0	5.5	5.1	5.7
Tier 1 (%)	11.75	11.56	11.62	11.90	11.71
Tier 1 Common (%)	10.12	10.47	10.59	10.92	10.53
Tang assets/tang equity (x)	12.4	12.1	12.0	11.6	12.0
Margin and return data					**Average**
Return on RWAs (%)	1.8	1.8	1.8	1.8	1.8
ROA (%)	1.4	1.5	1.4	1.4	1.4
ROE (tangible common) (%)	17.3	17.3	16.4	16.1	16.8
Fee income/revenue (%)	48.6	49.1	48.4	47.8	48.5
Net interest margin (%)	3.8	3.4	3.4	3.4	3.5
Cost/income (%)	56.4	56.1	55.1	54.5	55.5
Credit quality ratios					**Average**
Loan loss provs/loans (%)	0.9	0.6	0.8	0.8	0.8
NCO ratio (%)	1.2	0.6	0.8	0.8	0.9
Coverage ratio (%)	83.3	94.3	101.7	121.6	100.2
NPL ratio (%)	2.6	2.2	1.8	1.5	2.0
Reserves/loans (%)	2.1	2.0	1.9	1.8	2.0
Per share data ($)					**Average**
EPS (reported)	3.36	3.75	3.90	4.20	3.80
DPS	0.88	1.15	1.17	1.26	1.11
BVPS (tangible)	21.2	23.4	25.7	28.2	24.6
Payout ratio (%)	26.2	30.7	30.0	30.0	29.2
Diluted shares (mn)	5,350.5	5,313.5	5,207.2	5,103.1	5,243.6

Price (05-Jul-2013)	USD 42.07
Price Target	USD 45.00

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.

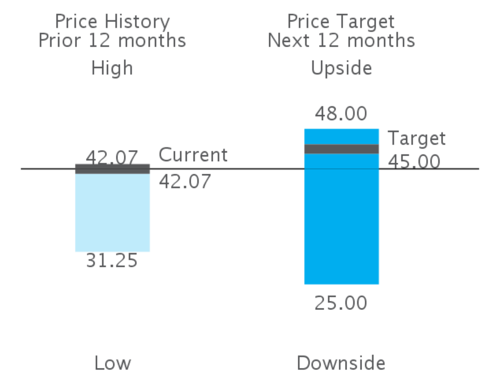
Upside case — USD 48.00

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 $4.00 and shares to trade to 12x EPS.

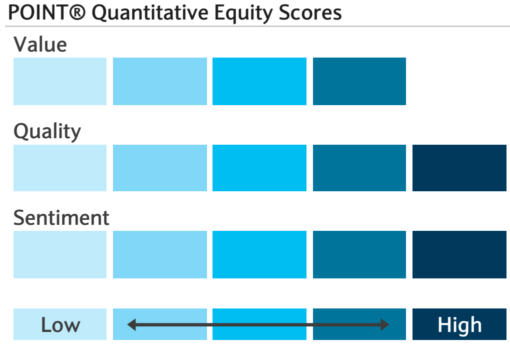
Downside case — USD 25.00

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

Please see today's industry note titled "2Q13 EPS Preview – Earnings Are a Sideshow to the Rate/Capital Debate" for macro commentary.

Expected Results

- We expect WFC to report 2Q13 EPS of $0.93 vs. the $0.92 consensus. This is $0.01 higher than the prior quarter. Although mortgage banking may be under pressure, led by lower gain on sale margins and refi activity, expenses should be well controlled and margin pressure should moderate from prior periods. Putting its excess liquidity to work should also aid results.

- Relative to 1Q13, we expect results to evidence an expanded balance sheet (AEA +1%); continued, albeit decelerating, net interest margin pressure; lower fee income (mortgage); lower expenses (seasonally lower employee benefits and IFR settlement savings); improved credit quality, including lower NCOs, NPAs and provision; a lower average share count (-0.5%); and a higher tax rate (+132bps).

- As a part of CCAR 2013, WFC received permission to increase its dividend to $0.30 in 2Q13 (+$0.05 from 1Q13). Recall, in late January, WFC announced it increased its dividend by 14%, or $0.03, to $0.25 per quarter. Similar to the language it used with CCAR 2012, it reiterated it expects to repurchase more shares in 2013 than in 2012. It repurchased $4bn in 2012, up from $2.5bn in 2011. Assuming it does $5bn equates to 135mn shares, or 2.6% of oustandings. In 1Q13, it repurchased 17mn shares, or 0.3% of outstanding, for $630mn. In April 2013 it entered into a private forward share repurchase contract and paid $500mn (0.2% of outstanding) to an unrelated third party. This contract expires in 3Q13; however, the counterparty has the right to accelerate settlement. At April 30, 2013, WFC had 5,296,386,944 shares outstanding compared to 5,288,800,000 at 1Q13 (+0.1%).

- We expect WFC to reiterate its efficiency ratio target of 55-59% (58.3% at 1Q13), forecast continued credit quality improvement and reiterate its long-term goal of returning 50-65% of earnings to shareholders through higher dividends and buybacks (40% in 1Q13). In addition, we expect it to maintain its ROA (1.3-1.6%) and ROE (12-15%) targets, while providing color around expectations for near-term trends in mortgage banking and expenses.

- We expect WFC to report on July 12th, with a conference call at 10am.

Net Interest Income

- Net interest income (50% of operating revenue) is expected to increase 1% sequentially, as modest earning asset expansion is expected to offset continued net interest margin pressure. In addition, an extra day relative to 1Q13 should help. Still, this is a 4% decline from 2Q12, primarily representing the effect of elevated deposit balances and declining loan yields. In 1Q13, net interest income declined 2% from 4Q12, as margin pressure offset higher earning asset balances.

- Average earning assets are expected to increase 1% from 1Q13, primarily reflecting higher loan balances. Still, 2Q13 will be the first time in 3 quarters that the retention of conforming mortgages won't aid loan balances. Period-end loans were stable linked quarter at $800bn in 1Q13. However, this included $3.4bn of retained conforming mortgages (retained $9.7bn in 4Q12) offset by a $3.7bn decline in liquidating loans. Excluding retained mortgages and liquidating loans, period-end balances rose 1.5% to $706bn. By category, period-end balances declined linked quarter during 1Q13 in H/E (-4%), R/E construction (-2%), card (-2%) and C&I (-1%). Increases were seen in mortgage (+1%), foreign (+8%; trade finance) and other revolving (+1%). Its liquidating portfolio declined by $3.7bn to $90.9bn. It now composes 11.4% of loans (11.8% at 4Q12). During 1Q13 it purchased higher yielding securities when rates ticked higher, leading to a 6% increase in period-end securities balances. We would expect it to make similar additions to securities this quarter as rates backed up.

- After declining 8bps linked quarter, we expect WFC to report an additional 4bps of margin pressure in 2Q13. While competition is expected to push loan yields lower, we do expect the back up in rates to aid reinvestment. In addition, deposit growth across the industry has been less robust than previous periods, which should help reduce the drag from excess liquidity. In 1Q13, elevated deposits weighed on its net interest margin by 3bps, while lower income from variable sources, particularly PCI loan resolutions and periodic dividends, cost its NIM 3bps. Net growth of loans and AFS securities and ongoing repricing of the balance sheet reduced the NIM by 2bps.

- Discount accretion into interest income was $447mn ($0.05) in 1Q13, down from $513mn ($0.06) in 4Q12. This added 14bps to NIM (17bps in 4Q12). Additionally, 1Q13 included $151mn ($0.02) of accretion into noninterest income due to sales.

- As a reminder, despite its recent pause, WFC has been one of the more active banks in our coverage universe in terms of acquiring U.S. assets from deleveraging European peers. Completed acquisitions include Allied Irish Bank, the Bank of Ireland and the Irish Bank Resolution Corp. In addition, it acquired Burdale Financial holdings, BNP Paribas' North American energy lending business and West LB's subscription finance portfolio. All together, these acquisitions added over $13bn to asset balances. Although WFC paused from similar acquisitions in 2H12, it continues to evaluate deals, though opportunities appear less prevalent than they were previously

- Its yield on average earning assets declined 10bps from 4Q12 to 3.86% in 1Q13, including a 9bp decline in loan yields (to 4.49%) and a 17bp decline in securities AFS (to 3.70%). Its cost of interest-bearing liabilities declined 4bps to 0.51%, while its cost of total liabilities decreased 2bps to 0.38%. Its cost of deposits declined 1bp to 15bps. Average interest-bearing deposits rose 3%, while noninterest-bearing deposit balances declined 4%, resulting in a net 1% increase in total deposits.

- At 1Q13, its most recent simulation indicated estimated earnings at risk of less than 1.0% (1.0% at 4Q12) of its most likely earnings plan over the next 24 months using a scenario in which the federal funds rate increased to 25bps and the 10-year Constant Maturity Treasury bond yield rises to 2.98%.

- At 1Q13, WFC held $245.4bn ($232.4bn at 4Q12) of debt securities in AFS, with net unrealized gains of $10.7bn vs. $11.4bn at 4Q12. It also held $2.8bn ($2.8bn at 4Q12) of marketable equity securities AFS at 1Q13, with net unrealized gains of $516mn ($448mn at 4Q12). The weighted-average expected remaining maturity of the debt securities within its AFS portfolio was 6.2 years (5.5 years at 4Q12) at 1Q13. Because 57% (57% at 4Q12) 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 1Q13 was -$4.8bn (-$1.9bn at 4Q12) for an increase in rates and +$10.4bn (+$10.3bn) for a decrease in rates.

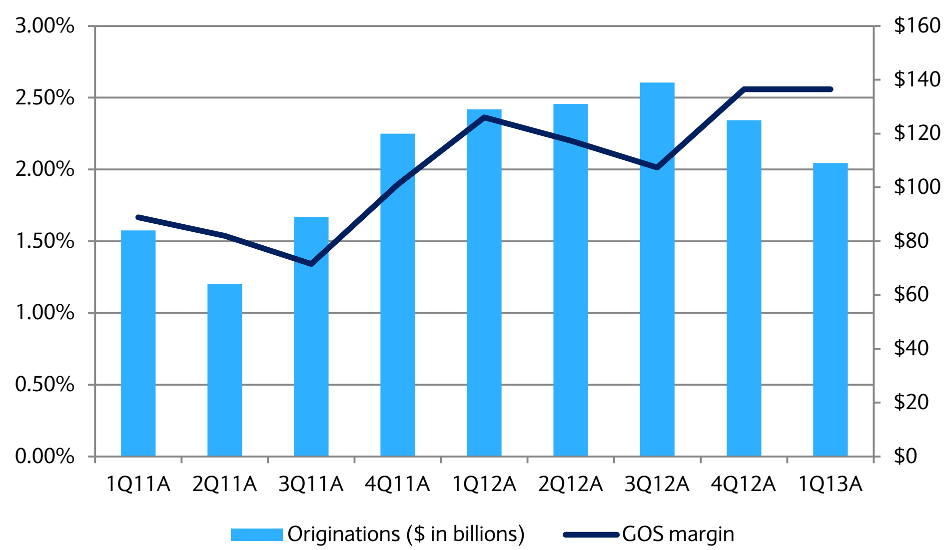
Fee Income & Expenses

- Fee income (50% of operating revenues) is expected to decline 1.0% in 2Q13, slightly ahead of 1Q13's 0.5% decline, as mortgage revenue (26% of fee income) is expected to be under pressure. Still, trust and investment fees (30% of fee income) are expected to improve sequentially. Specifically, increases are expected in trust and investment income (+$48mn), other (+$43mn), service charges on deposit accounts (+$36mn), operating leases (+$30mn) and other (+$16mn). Declines are expected across mortgage (-$194mn), net gains from trading activities (-$70mn) and insurance (-$16mn).

- We expect mortgage banking revenue to decline 7% sequentially to $2.6bn after declining 9% in 1Q13. This is predicated on lower mortgage refinance activity, as rates have backed up recently, and lower gain on sale margins. Unlike a few peers, WFC books a portion of mortgage income at application and a portion at close. This allowed it to report a stable gain on sale margin of 2.56% in 1Q13. However, that benefit is likely to fade, pushing our GOS forecast lower. Still, GOS will remain elevated historically, although off its highs. In 1Q13, WFC's total applications declined 8% to $140bn, while its unclosed pipeline was 9% lower to $74bn. Originations also declined, falling 13% sequentially in 1Q13 to $109bn. Looking at 2Q13, the MBA forecasts a modest rise in total originations, with a 7% decline in refinance offset by a 30% rise in purchase. However, rates have continued to move higher since this estimate was published. WFC remarked earlier in the quarter that 3.50% appears to be a line in the sand where consumers either refinance or refrain from doing so. With the current FRE 30yr fixed rate at 4.29%, we would expect this to reduce refinance volume.

FIGURE 1

Historical Origination Volume (left) & Gain on Sale Margin (right)



Source: Barclays Research and Company Documents

- Core expenses are expected to decline 3% in 2Q13, which is consistent with previously provided guidance, reflecting seasonally lower employee benefits expense and $50mn of savings related to the Independent Foreclosure Review Settlement. By category, we expect lower commission and incentive compensation (-$177mn), employee benefits expense (-$433mn), equipment (-$53mn) and net occupancy (-$14mn). Salaries (+$87mn), core deposit and other intangibles (+$23mn) and other (+$234mn) are expected to rise. It continues to target an efficiency ratio between 55-59%. In 1Q13, it reported an efficiency ratio of 58.3%, down from 58.8% at 4Q12.

Asset Quality

- Looking toward 2Q13, WFC expects continued credit quality improvement, including ongoing reserve releases and lower NCOs.

- After reporting a 35bp decline in its NCO ratio in 1Q13, we expect WFC to post further improvement in 2Q13. Specifically, we expect a 6bp decline to 0.61%. This equates to a $103mn decline, below the $662mn decline reported in 1Q13. Its loan loss provision is expected to follow suit, and decline $44mn to $1.2bn. It declined a higher $612mn sequentially in 2Q13. As a result, its provision/loan ratio is expected to decline 3bps to 0.58% (-32bps in 1Q13). Its reserve/loan ratio is expected to decline 5bps to 2.04%, adding to 1Q13's 4bp decline.

- We expect NPAs to improve in 1Q13 as well. Relative to 1Q13, we expect a 10bp decline in its NPA ratio to 2.75% (-20bps in 1Q13). Dollar NPAs are expected to decline $476mn sequentially to $22.4bn, building on 1Q13's $1.6bn decline. NPLs are expected to decline 2% to $19.2bn, while OREO is expected to decline 4% to $3.2bn. Loans 90-plus days past due declined 5% in 1Q13 to $1.36bn.

- Its total troubled debt restructurings (TDRs) at 1Q13 were $27.7bn ($5.1bn commercial and $21.8bn consumer), up from $26.9bn at 4Q12. Of this amount, $17.4bn ($16.8bn at 4Q12) was on accrual status, while $10.3bn ($10.1bn) was on nonaccrual.

- Total loans stood at $780.0bn ($799.6bn at 4Q12) at 1Q13. Its loan mix at 1Q13 was 55% (55% at 4Q12) consumer and 45% (45%) commercial/CRE. Its commercial/CRE categorical mix was commercial 23% of total loans (23% at 4Q12), commercial mortgage 13% (13%), real estate construction 2% (2%), lease financing 2% (2%), and foreign 5% (5%). Its consumer book included residential mortgage 32% (31%), home equity 9% (9%), card 3% (3%) and other 11% (11%). The carrying value of its net loans of $764.8bn was lower than the fair value of $774.7bn by $9.9bn (1%).

- The improvement in its credit portfolio in 1Q13 was due in part to the continued decline in balances in its non-strategic/liquidating loan portfolios, which decreased $3.7bn linked quarter to $90.9bn at 1Q13. These portfolios consist primarily of its Pick-a-Pay mortgage portfolio ($56.6bn) acquired from WB as well as some portfolios from legacy WFC Home Equity ($4.4bn) and WFC Financial ($14.1bn). Effective in 1Q11, it added its education finance government guaranteed loan portfolio ($11.9bn) 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 11.80% (11.75% at 4Q12) at 1Q13, its total capital ratio was 14.76% (14.63%), and its leverage ratio stood at 9.53% (9.47%). Its Tier 1 common ratio increased to 10.39% (10.12%). Under its interpretation of current Basel III capital proposals, it estimated its Tier 1 common equity ratio at 8.39% (8.19% at 4Q12) at 1Q13. At 1Q13, WFC and each of its subsidiary banks were "well capitalized" under the applicable regulatory capital adequacy guidelines.

- As a part of CCAR 2013, WFC received permission to increase its dividend to $0.30 in 2Q13 (+$0.05 from 1Q13). Recall, in late January, WFC announced it increased its dividend by 14%, or $0.03, to $0.25 per quarter. Similar to the language it used with

CCAR 2012, it reiterated it expects to repurchase more shares in 2013 than in 2012. It repurchased $4bn in 2012, up from $2.5bn in 2011. Assuming it does $5bn equates to 135mn shares, 2.6% of oustandings, 5.6 days of volume, and 26% of consensus earnings. In 1Q13, it repurchased 17mn shares, or 0.3% of outstanding, for $630mn. In April 2013 it entered into a private forward share repurchase contract and paid $500mn (0.2% of outstanding) to an unrelated third party. This contract expires in 3Q13; however, the counterparty has the right to accelerate settlement. At April 30, 2013, WFC had 5,296,386,944 shares outstanding compared to 5,288,800,000 at 1Q13 (+0.1%).

- Its retail bank household cross-sell increased each quarter since the beginning of 2011 and in February 2013, its cross-sell was 6.10 products per household, up from 6.05 at 4Q12. It believes there is more opportunity for cross-sell as it continues to earn more business from its customers. Its goal is 8 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, 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 1Q13, it posted an ROA of 1.49% and a ROE of 13.59% (we peg its ROTCE closer to 18%).

FIGURE 2
WFC 2Q13 Earnings Sensitivity

Net Interest Margin \ Loan Loss Provision	0.43%	0.48%	0.53%	0.58%	0.63%	0.68%	0.73%
3.29%	$0.91	$0.90	$0.89	$0.88	$0.86	$0.85	$0.84
3.34%	$0.93	$0.92	$0.91	$0.90	$0.88	$0.87	$0.86
3.39%	$0.95	$0.94	**$0.93**	**$0.91**	**$0.90**	$0.89	$0.88
3.44%	$0.97	$0.96	**$0.95**	**$0.93**	**$0.92**	$0.91	$0.90
3.49%	$0.99	$0.98	**$0.97**	**$0.95**	**$0.94**	$0.93	$0.92
3.54%	$1.01	$1.00	$0.99	$0.97	$0.96	$0.95	$0.94
3.59%	$1.03	$1.02	$1.01	$0.99	$0.98	$0.97	$0.95

Source: Barclays Research and Company Documents

FIGURE 3

WFC Earnings Model – Income Statement ($ in millions)

		Actual					Quarterly Forecast					Annual Forecast				Annual Change							2Q13E vs.	
	2011A	1Q12A	2Q12A	3Q12A	4Q12A	2012A	1Q13A	2Q13E	3Q13E	4Q13E	2013E	2014E	2015E	2016E	2017E	10/11	11/12	12/13	13/14	14/15	15/16	16/17	2Q12A	1Q13A
EPS - operating	$2.82	$0.75	$0.82	$0.88	$0.91	$3.36	$0.92	$0.93	$0.94	$0.96	$3.75	$3.90	$4.20	$4.50	$5.00	13%	19%	0.114	4%	8%	0.071	11%	**14%**	**1%**
EPS - reported	**$2.82**	**$0.75**	**$0.82**	**$0.88**	**$0.91**	**$3.36**	**$0.92**	**$0.93**	**$0.94**	**$0.96**	**$3.75**	**$3.90**	**$4.20**	**$4.50**	**$5.00**	**28%**	**19%**	**11%**	**4%**	**8%**	**7%**	**11%**	**14%**	**1%**
Book value	$24.48	$25.45	$26.06	$27.10	$27.64	$27.64	$28.27	$28.48	$29.05	$29.63	$29.63	$32.08	$34.72	$37.57	$40.71	9%	13%	7%	8%	8%	8%	8%	9%	1%
Tangible book	$18.19	$19.13	$19.50	$20.61	$21.22	$21.22	$21.78	$22.31	$22.84	$23.39	$23.39	$25.71	$28.22	$30.93	$33.93	15%	17%	10%	10%	10%	10%	10%	14%	2%
Dividend	$0.48	$0.22	$0.22	$0.22	$0.22	$0.88	$0.25	$0.30	$0.30	$0.30	$1.15	$1.17	$1.26	$1.35	$1.50	140%	83%	31%	2%	8%	7%	11%	36%	20%
Diluted average shares	5,323	5,338	5,370	5,356	5,339	5,351	5,354	5,327	5,300	5,274	5,313	5,207	5,103	5,001	4,901	1%	1%	-1%	-2%	-2%	-2%	-2%	-1%	-0.50%
Period-end shares	5,263	5,302	5,276	5,290	5,266	5,266	5,289	5,262	5,235	5,209	5,209	5,103	4,998	4,896	4,796	0%	0%	-1%	-2%	-2%	-2%	-2%	0%	-1%
Payout ratio	17%	29%	27%	25%	24%	26%	27%	32%	32%	31%	31%	30%	30%	30%	30%									
Operating revenue	**$79,956**	**$21,449**	**$21,284**	**$21,204**	**$21,494**	**$85,431**	**$21,277**	**$21,196**	**$21,312**	**$21,408**	**$85,193**	**$88,441**	**$92,399**	**$96,522**	**$102,052**	**-6%**	**7%**	**0%**	**4%**	**4%**	**4%**	**6%**	**0%**	**0%**
Avg earning assets ($bn)	$1,102	$1,135	$1,151	$1,178	$1,213	$1,169	$1,235	$1,247	$1,266	$1,295	$1,261	$1,341	$1,399	$1,455	$1,513	3%	6%	8%	6%	4%	4%	4%	8%	1%
Net interest margin	**3.95%**	**3.91%**	**3.91%**	**3.66%**	**3.56%**	**3.76%**	**3.48%**	**3.44%**	**3.42%**	**3.40%**	**3.44%**	**3.40%**	**3.45%**	**3.50%**	**3.60%**	**-28**	**-19**	**0**	**-3**	**5**	**5**	**10**	**(47)**	**(4)**
Net interest income	$43,460	$11,058	$11,213	$10,820	$10,841	$43,932	$10,675	$10,696	$10,912	$11,098	$43,381	$45,607	$48,267	$50,926	$54,476	-4%	1%	-1%	5%	6%	6%	7%	-5%	0%
FTE adjustment	$697	$170	$176	$158	$198	$702	$176	$176	$176	$176	$704	$739	$776	$815	$856	11%	1%	0%	5%	5%	5%	5%	0%	0%
Average loans ($bn)	$757	$769	$768	$777	$787	$775	$798	$810	$820	$832	$815	$856	$899	$943	$991	-2%	2%	5%	5%	5%	5%	5%	5%	1%
Loan loss provision	$7,899	$1,995	$1,800	$1,591	$1,831	$7,217	$1,219	$1,175	$1,435	$1,456	$5,284	$6,760	$7,458	$8,397	$9,312	-50%	-9%	-27%	28%	10%	13%	11%	-35%	-4%
Provision/loan ratio	1.04%	1.04%	0.94%	0.82%	0.93%	0.93%	0.61%	0.58%	0.70%	0.70%	0.65%	0.79%	0.83%	0.89%	0.94%	-100	-11	0	14	4	6	5	(36)	(3)
Net credit income	$34,864	$8,893	$9,237	$9,071	$8,812	$36,013	$9,280	$9,346	$9,301	$9,466	$37,393	$38,107	$40,034	$41,714	$44,308	20%	3%	4%	2%	5%	4%	6%	1%	1%
Service charges on deposit accounts	$4,280	$1,084	$1,139	$1,210	$1,250	$4,683	$1,214	$1,250	$1,275	$1,300	$5,039	$5,291	$5,555	$5,833	$6,125	-13%	9%	8%	5%	5%	5%	5%	10%	3%
Trust and investment fees	$11,304	$2,839	$2,898	$2,954	$3,199	$11,890	$3,202	$3,250	$3,250	$3,300	$13,002	$13,652	$14,335	$15,051	$15,804	3%	5%	9%	5%	5%	5%	5%	12%	1%
Card fees	$3,653	$654	$704	$744	$736	$2,838	$738	$740	$740	$750	$2,968	$3,116	$3,272	$3,436	$3,608	0%	-22%	5%	5%	5%	5%	5%	5%	0%
Other fees	$4,193	$1,095	$1,134	$1,097	$1,193	$4,519	$1,034	$1,050	$1,100	$1,100	$4,284	$4,370	$4,544	$4,772	$5,010	5%	8%	-5%	2%	4%	5%	5%	-7%	2%
Mortgage banking (details below)	$7,832	$2,870	$2,893	$2,807	$3,068	$11,638	$2,794	$2,600	$2,450	$2,300	$10,144	$9,800	$9,510	$9,265	$9,450	-20%	49%	-13%	-3%	-3%	-3%	2%	-10%	-7%
Insurance	$1,960	$519	$522	$414	$395	$1,850	$463	$450	$425	$400	$1,738	$1,755	$1,843	$1,935	$2,032	-8%	-6%	-6%	1%	5%	5%	5%	-14%	-3%
Net gains from trading activities	$1,014	$640	$263	$529	$275	$1,707	$570	$500	$500	$500	$2,070	$2,174	$2,282	$2,396	$2,516	-38%	68%	21%	5%	5%	5%	5%	90%	-12%
Operating leases	$524	$59	$120	$218	$170	$567	$130	$160	$160	$160	$610	$641	$673	$706	$741	-36%	8%	8%	5%	5%	5%	5%	33%	23%
Other	$1,736	$631	$398	$411	$367	$1,807	$457	$500	$500	$500	$1,957	$2,035	$2,117	$2,201	$2,289	-20%	4%	8%	4%	4%	4%	4%	26%	9%
Fee income	$36,496	$10,391	$10,071	$10,384	$10,653	$41,499	$10,602	$10,500	$10,400	$10,310	$41,812	$42,834	$44,131	$45,596	$47,576	-9%	14%	1%	2%	3%	3%	4%	4%	-1%
Salaries	$14,462	$3,601	$3,705	$3,648	$3,735	$14,689	$3,663	$3,750	$3,645	$3,700	$14,758	$15,053	$15,505	$15,970	$16,449	4%	2%	0%	2%	3%	3%	3%	1%	2%
Commissions and incentive compensation	$8,857	$2,417	$2,354	$2,368	$2,365	$9,504	$2,577	$2,400	$2,400	$2,450	$9,827	$10,024	$10,424	$10,841	$11,167	2%	7%	3%	2%	4%	4%	3%	2%	-7%
Employee benefits	$4,348	$1,608	$1,049	$1,063	$891	$4,611	$1,583	$1,150	$1,150	$1,000	$4,883	$4,981	$5,130	$5,284	$5,443	-7%	6%	6%	2%	3%	3%	3%	10%	-27%
Equipment	$2,283	$557	$459	$510	$542	$2,068	$528	$475	$510	$550	$2,063	$2,104	$2,188	$2,276	$2,344	-13%	-9%	0%	2%	4%	4%	3%	3%	-10%
Net occupancy	$3,011	$704	$698	$727	$728	$2,857	$719	$705	$730	$730	$2,884	$2,942	$3,089	$3,212	$3,309	-1%	-5%	1%	2%	5%	4%	3%	1%	-2%
Core deposit and other intangibles	$1,880	$419	$418	$419	$418	$1,674	$377	$400	$400	$400	$1,577	$1,609	$1,673	$1,740	$1,792	-15%	-11%	-6%	2%	4%	4%	3%	-4%	6%
FDIC and other deposit assessments	$1,266	$357	$333	$359	$307	$1,356	$292	$310	$300	$300	$1,202	$1,226	$1,263	$1,288	$1,327	6%	7%	-11%	2%	3%	2%	3%	-7%	6%
Other	$10,258	$2,808	$3,092	$2,771	$2,795	$11,466	$2,466	$2,700	$2,700	$2,700	$10,566	$10,777	$11,101	$11,434	$11,777	-1%	12%	-8%	2%	3%	3%	3%	-13%	9%
Expenses	$46,365	$12,471	$12,108	$11,865	$11,781	$48,225	$12,205	$11,890	$11,835	$11,830	$47,760	$48,715	$50,373	$52,045	$53,607	-1%	4%	-1%	2%	3%	3%	3%	-2%	-3%
Preprovision net revenue	**$33,591**	**$8,978**	**$9,176**	**$9,339**	**$9,713**	**$37,206**	**$9,072**	**$9,306**	**$9,477**	**$9,578**	**$37,433**	**$39,725**	**$42,026**	**$44,476**	**$48,445**	**-13%**	**11%**	**1%**	**6%**	**6%**	**6%**	**9%**	**1%**	**3%**
OREO expense	$1,354	$304	$289	$247	$221	$1,061	$195	$190	$150	$120	$655	$300	$200	$100	$100								-34%	-3%
Securities gains	$54	($7)	($61)	$3	($63)	($128)	$45	$0	$0	$0	$45	$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	$95	$125	$125	$458	$100	$100	$100	$100								-61%	-16%
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	$0	$0	$0	$0	$0	$0	$0								NA	NA
Pretax income	$23,656	$6,648	$7,092	$7,510	$7,221	$28,471	$7,640	$7,861	$7,841	$7,951	$31,293	$32,026	$33,692	$35,265	$38,278	24%	20%	10%	2%	5%	5%	9%	11%	3%
Taxes	$7,445	$2,328	$2,371	$2,480	$1,924	$9,103	$2,420	$2,594	$2,588	$2,624	$10,225	$10,465	$11,009	$11,523	$12,508	17%	22%	12%	2%	5%	5%	9%	9%	7%
Tax rate - stated	31.5%	35.0%	33.4%	33.0%	26.6%	32.0%	31.7%	33.0%	33.0%	33.0%	32.7%	32.7%	32.7%	32.7%	32.7%								(43)	132
Net income	$16,211	$4,320	$4,721	$5,030	$5,297	$19,368	$5,220	$5,267	$5,254	$5,327	$21,067	$21,561	$22,683	$23,741	$25,770	28%	19%	9%	2%	5%	5%	9%	12%	1%
Change in acctg. principle/ minority interest	$342	$72	$99	$93	$207	$471	$49	$49	$49	$49	$196	$300	$300	$300	$300	14%	38%	-58%	53%	0%	0%	0%	-51%	0%
Preferred dividends	$844	$226	$219	$220	$233	$898	$240	$240	$240	$240	$960	$960	$960	$960	$960	16%	6%	7%	0%	0%	0%	0%	10%	0%
Net income to common	**$15,025**	**$4,022**	**$4,403**	**$4,717**	**$4,857**	**$17,999**	**$4,931**	**$4,978**	**$4,965**	**$5,038**	**$19,911**	**$20,301**	**$21,423**	**$22,481**	**$24,510**	**29%**	**20%**	**11%**	**2%**	**6%**	**5%**	**9%**	**13%**	**1%**

Source: Barclays Research and Company Documents

FIGURE 4

WFC Earnings Model – Balance Sheet and Performance Metrics

		Actual					Quarterly Forecast									Annual Change							2Q13E vs.	
	2011A	1Q12A	2Q12A	3Q12A	4Q12A	2012A	1Q13A	2Q13E	3Q13E	4Q13E	2013E	2014E	2015E	2016E	2017E	10/11	11/12	12/13	13/14	14/15	15/16	16/17	2Q12A	1Q13A
Average Balance Sheet ($ in billions)																								
Assets	$1,270	$1,303	$1,322	$1,354	$1,387	$1,341	$1,404	$1,418	$1,440	$1,473	$1,434	$1,526	$1,591	$1,655	$1,721	4%	6%	7%	6%	4%	4%	4%	7%	1%
Earning assets	$1,102	$1,135	$1,151	$1,178	$1,213	$1,169	$1,235	$1,247	$1,266	$1,295	$1,261	$1,341	$1,399	$1,455	$1,513	3%	6%	8%	6%	4%	4%	4%	8%	1%
Securities	$175	$215	$214	$212	$215	$214	$226	$227	$228	$235	$229	$240	$253	$265	$278	8%	23%	5%	5%	5%	5%	5%	6%	0%
Loans held for sale	$38	$48	$50	$53	$47	$50	$43	$43	$43	$43	$43	$43	$43	$43	$43	-5%	29%	0%	0%	0%	0%	0%	-14%	0%
Loans	$757	$769	$768	$777	$787	$775	$798	$810	$820	$832	$815	$856	$899	$943	$991	-2%	2%	5%	5%	5%	5%	5%	5%	1%
Deposits	$872	$915	$924	$947	$976	$940	$986	$991	$996	$1,001	$994	$1,043	$1,095	$1,150	$1,208	7%	8%	5%	5%	5%	5%	5%	7%	0%
Borrowed funds	$193	$176	$179	$179	$180	$179	$183	182.5	182.5	182.5	$183	$192	$201	$211	$222	-19%	-7%	5%	5%	5%	5%	5%	2%	0%
Equity	$137	$145	$149	$152	$158	$151	$160	$163	$165	$167	$164	$173	$182	$192	$203	12%	10%	8%	5%	5%	5%	6%	9%	1%
Period-end Balance Sheet ($ in billions)																								
Assets	$1,314	$1,334	$1,336	$1,375	$1,423	$1,423	$1,437	$1,451	$1,473	$1,507	$1,507	$1,603	$1,672	$1,739	$1,808	4%	8%	6%	6%	4%	4%	4%	9%	1%
Risk-weighted assets	$1,006	$1,000	$1,009	$1,052	$1,078	$1,078	$1,095	$1,106	$1,123	$1,148	$1,148	$1,222	$1,275	$1,325	$1,379	3%	7%	7%	6%	4%	4%	4%	10%	1%
Securities	$223	$230	$227	$229	$235	$235	$248	$249	$251	$258	$258	$271	$285	$299	$314	29%	6%	10%	5%	5%	5%	5%	10%	0%
Loans held for sale	$50	$44	$51	$51	$47	$47	$46	$46	$46	$46	$46	$46	$46	$46	$46	-6%	-5%	-2%	0%	0%	0%	0%	-10%	0%
Loans	$770	$767	$775	$783	$800	$800	$800	$812	$822	$834	$834	$876	$920	$965	$1,014	2%	4%	4%	5%	5%	5%	5%	5%	1%
Loan loss reserve	$19.4	$19	$18	$18	$17	$17.1	$17	$17	$17	$17	$17.0	$16	$17	$18	$19	-16%	-12%	0%	-3%	2%	5%	8%	-10%	-1%
Deposits	$920	$930	$929	$952	$1,003	$1,003	$1,011	$1,016	$1,021	$1,026	$1,026	$1,077	$1,131	$1,188	$1,247	9%	9%	2%	5%	5%	5%	5%	9%	0%
Tangible common equity	$95	$100	$103	$109	$112	$112	$115	$117	$120	$122	$122	$131	$141	$151	$163	14%	18%	9%	8%	8%	7%	7%	14%	2%
Common equity	$129	$133	$136	$142	$145	$145	$148	$150	$152	$154	$154	$164	$174	$184	$195	9%	12%	7%	6%	6%	6%	6%	10%	1%
Goodwill & other intangibles	$34	$34	$34	$33	$33	$33	$33	$33	$33	$33	$33	$33	$33	$33	$33	-4%	-3%	-1%	0%	0%	0%	0%	-3%	0%
Performance Ratios																								
Return on equity	**11.81%**	**11.92%**	**12.64%**	**13.20%**	**13.44%**	**12.82%**	**13.02%**	**12.96%**	**12.76%**	**12.77%**	**12.88%**	**12.49%**	**12.46%**	**12.37%**	**12.71%**	**145**	**101**	**6**	**-38**	**-3**	**-9**	**34**	**32**	**-6**
Return on tang com equity	17.10%	17.33%	18.36%	18.46%	18.96%	17.33%	18.13%	17.95%	17.58%	17.49%	17.29%	16.43%	16.08%	15.68%	15.83%	184	23	-4	-86	-36	-40	16	-41	-18
Return on assets	**1.28%**	**1.33%**	**1.43%**	**1.49%**	**1.53%**	**1.44%**	**1.49%**	**1.49%**	**1.46%**	**1.45%**	**1.47%**	**1.41%**	**1.43%**	**1.43%**	**1.50%**	**24**	**17**	**3**	**-6**	**1**	**1**	**6**	**6**	**0**
Return on tangible assets	1.31%	1.36%	1.47%	1.52%	1.56%	1.48%	1.52%	1.52%	1.49%	1.48%	1.50%	1.44%	1.46%	1.46%	1.53%	25	17	2	-6	1	1	6	5	0
Return on RWA	1.61%	1.73%	1.87%	1.91%	1.97%	1.80%	1.91%	1.90%	1.87%	1.86%	1.83%	1.76%	1.78%	1.79%	1.87%	32	18	4	-7	2	1	8	3	0
Efficiency ratio	58.0%	58.1%	56.9%	56.0%	54.8%	56.4%	57.4%	56.1%	55.5%	55.3%	56.1%	55.1%	54.5%	53.9%	52.5%	337	-154	-39	-98	-57	-60	-139	-79	-127
Net profit margin	20.3%	20.1%	22.2%	23.7%	24.6%	22.7%	24.5%	24.8%	24.7%	24.9%	24.7%	24.4%	24.5%	24.6%	25.3%	544	240	206	-35	17	5	65	267	31
Fee income/revenue	45.6%	48.4%	47.3%	49.0%	49.6%	48.6%	49.8%	49.5%	48.8%	48.2%	49.1%	48.4%	47.8%	47.2%	46.6%	-120	293	50	-65	-67	-52	-62	222	-29
Loans/AEA	67.7%	67.7%	66.7%	66.0%	64.9%	64.9%	64.6%	65.0%	64.8%	64.3%	64.3%	63.8%	64.2%	64.8%	65.5%	-193	-279	-63	-46	43	62	62	-178	32
Equity/loans	18.3%	18.9%	19.4%	19.6%	20.0%	20.0%	20.1%	20.1%	20.1%	20.1%	20.1%	20.2%	20.3%	20.3%	20.5%	155	170	3	11	9	8	12	62	-3
Loans/deposits	87%	84%	83%	82%	81%	82%	81%	82%	82%	83%	82%	82%	82%	82%	82%	-308	-442	-40	0	0	0	0	-140	81
Asset Quality ($ in millions)														\										
Nonperforming loans	$21,304	$22,026	$20,578	$21,044	$20,486	$20,486	$19,526	$19,200	$19,000	$18,000	$18,000	$16,200	$13,770	11704.5	$11,705	-19%	-4%	-10%	-10%	-15%	-0.15	-15%	-7%	-2%
OREO	$4,661	$4,617	$4,307	$4,209	$4,023	$4,023	$3,350	$3,200	$3,100	$3,000	$3,000	$2,850	$2,565	$2,385	$2,385	-22%	-14%	-2%	-5%	-10%	-7%	-7%	-26%	-4%
Nonperforming assets	**$25,965**	**$26,643**	**$24,885**	**$25,253**	**$24,509**	**$24,509**	**$22,876**	**$22,400**	**$22,100**	**$21,000**	**$21,000**	**$19,050**	**$16,335**	**$14,090**	**$14,090**	**-19%**	**-6%**	**-14%**	**-9%**	**-14%**	**-14%**	**0%**	**-10%**	**-2%**
Accruing TDRs	$15,846	$15,859	$16,000	$15,800	$15,400	$15,400	$15,000	$14,500	$14,000	$13,500	$13,500	$12,150	$10,935	$9,295	$9,295	50%	-3%	-10%	-10%	-10%	-15%	-15%	-9%	-3%
NPL ratio	2.77%	2.87%	2.65%	2.69%	2.56%	2.56%	2.44%	2.36%	2.31%	2.16%	2.16%	1.85%	1.50%	1.21%	1.15%	-70	-21	-40	-31	-35	-29	-6	-29	-8
NPA ratio	**3.35%**	**3.46%**	**3.19%**	**3.21%**	**3.05%**	**3.05%**	**2.85%**	**2.75%**	**2.68%**	**2.51%**	**2.51%**	**2.17%**	**1.77%**	**1.46%**	**1.39%**	**-87**	**-30**	**-54**	**-34**	**-40**	**-32**	**-7**	**-44**	**-10**
NPA ratio (including accruing TDRs)	5.40%	5.51%	5.24%	5.22%	4.97%	4.97%	4.71%	4.53%	4.38%	4.12%	4.12%	3.55%	2.96%	2.42%	2.30%	-21	-43	-84	-57	-59	-54	-11	-72	-19
NCOs ($)	$11,299	$2,395	$2,200	$2,358	$2,081	$9,034	$1,419	$1,316	$1,230	$1,248	$5,213	$7,274	$7,188	$7,548	$7,925	-36%	-20%	-42%	40%	-1%	5%	5%	-40%	-7%
NCO ratio	**1.49%**	**1.25%**	**1.15%**	**1.21%**	**1.06%**	**1.17%**	**0.71%**	**0.65%**	**0.60%**	**0.60%**	**0.64%**	**0.85%**	**0.80%**	**0.80%**	**0.80%**	**-81**	**-33**	**-53**	**21**	**-5**	**0**	**0**	**-50**	**-6**
Provision/loans	1.04%	1.04%	0.94%	0.82%	0.93%	0.93%	0.61%	0.58%	0.70%	0.70%	0.65%	0.79%	0.83%	0.89%	0.94%	-100	-11	-28	14	4	6	5	-36	-3
Reserve/NPLs	90.9%	85.6%	89.0%	84.8%	83.3%	83.3%	85.6%	86.3%	88.3%	94.3%	94.3%	101.7%	121.6%	150.3%	162.1%	320	-765	1107	731	1990	2871	1185	-273	71
Reserve/loans	**2.52%**	**2.46%**	**2.36%**	**2.28%**	**2.13%**	**2.13%**	**2.09%**	**2.04%**	**2.04%**	**2.04%**	**2.04%**	**1.88%**	**1.82%**	**1.82%**	**1.87%**	**-52**	**-38**	**-10**	**-16**	**-6**	**0**	**5**	**-32**	**-5**
90 days past due	$2,048	$1,636	$1,360	$1,492	$1,435	$1,435	$1,360																	
Capital ($ in billions)																								
Equity/assets	10.80%	11.13%	11.30%	11.25%	11.36%	11.26%	11.42%	11.46%	11.44%	11.33%	11.41%	11.31%	11.44%	0.1159779	11.78%	84	46	15	-10	13	16	18	15	4
TCE ratio	7.41%	7.67%	7.90%	8.13%	8.04%	8.04%	8.20%	8.27%	8.30%	8.26%	8.26%	8.35%	8.60%	8.88%	9.16%	62	63	22	9	25	27	29	38	7
Tier 1 common	$95.1	$99.5	$101.7	$105.8	$109.1	$109.1	$113.6	$115.8	$118.0	$120.2	$120.2	$129.4	$139.2	$149.4	$160.6	17%	15%	10%	8%	8%	7%	7%	14%	2%
Tier 1 common ratio	**9.46%**	**9.95%**	**10.08%**	**10.05%**	**10.12%**	**10.12%**	**10.37%**	**10.47%**	**10.51%**	**10.47%**	**10.47%**	**10.59%**	**10.92%**	**11.27%**	**11.65%**	**116**	**66**	**34**	**13**	**33**	**35**	**38**	**39**	**9**
Tier I capital	$113.9	$117.4	$117.9	$120.9	$123.2	$123.2	$126.1	$128.3	$130.5	$132.7	$132.7	$142.0	$151.7	$161.9	$173.1	4%	8%	8%	7%	7%	7%	7%	9%	2%
Tier I capital ratio	11.33%	11.74%	11.69%	11.66%	11.75%	11.75%	11.79%	11.60%	11.62%	11.56%	11.56%	11.62%	11.90%	12.22%	12.56%	17	42	-19	6	29	31	34	-9	-19
Leverage ratio	9.03%	9.35%	9.25%	9.45%	9.47%	9.47%	9.53%	9.05%	9.06%	9.00%	9.00%	9.04%	9.25%	9.49%	9.75%	-16	44	-47	4	21	24	26	-20	-48
Tang assets/tang equity	13.5x	13.0x	12.7x	12.3x	12.4x	12.4x	12.2x	12.1x	12.0x	12.1x	12.1x	12.0x	11.6x	11.3x	10.9x									
Capital Redeployment ($ in millions)																								
Repurchases as a % of shares outst.	1.6%	0.1%	1.0%	0.3%	0.8%	2.3%	0.3%	0.5%	0.5%	0.5%	1.8%	2.0%	2.0%	2.0%	2.0%									
Shares repurchased (mm)	83.6	7.6	53.0	16.5	42.0	119.1	17.0	26.8	26.6	26.5	96.9	106.3	104.1	102.1	100.0									
Capital for repurchase	$2,211	$214	$1,741	$528	$1,386	$3,869	$629	$1,201	$1,198	$1,215	$4,242	$4,972	$5,246	$5,506	$6,002									
as a % of Net income	15%	5%	40%	11%	29%	21%	13%	24%	24%	24%	21%	24%	24%	24%	24%									
Dividend payout ratio	17%	29%	27%	25%	24%	26%	27%	32%	32%	31%	31%	30%	30%	30%	30%									
Net income distribution	32%	35%	66%	36%	53%	48%	40%	56%	56%	56%	52%	54%	54%	54%	54%									

Source: Barclays Research and Company Documents

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Primary Stocks (Ticker, Date, Price)

Wells Fargo (WFC, 05-Jul-2013, USD 42.07), Overweight/Positive, A/C/D/J/K/L/M/N/O

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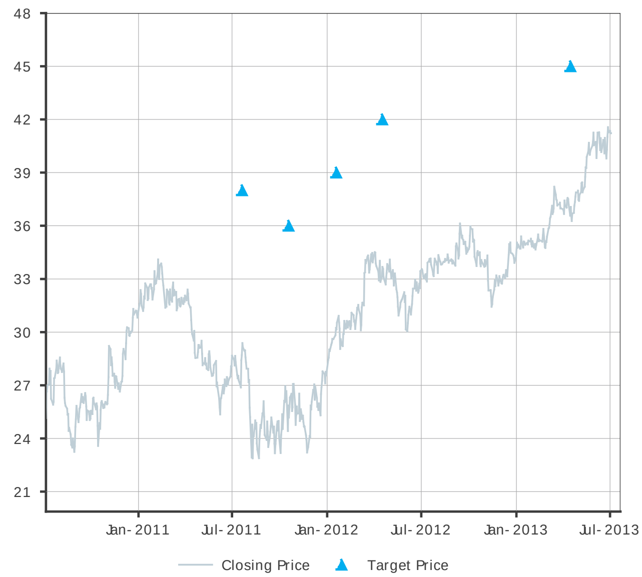
Wells Fargo (WFC)	Stock Rating	Industry View
USD 42.07 (05-Jul-2013)	**OVERWEIGHT**	**POSITIVE**

Rating and Price Target Chart - USD (as of 05-Jul-2013)



Currency=USD

Date	Closing Price	Rating *	Price Target
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.

Link to Barclays Live for interactive charting

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