WELLS FARGO

# 4Q12 Quarterly Supplement

January 11, 2013

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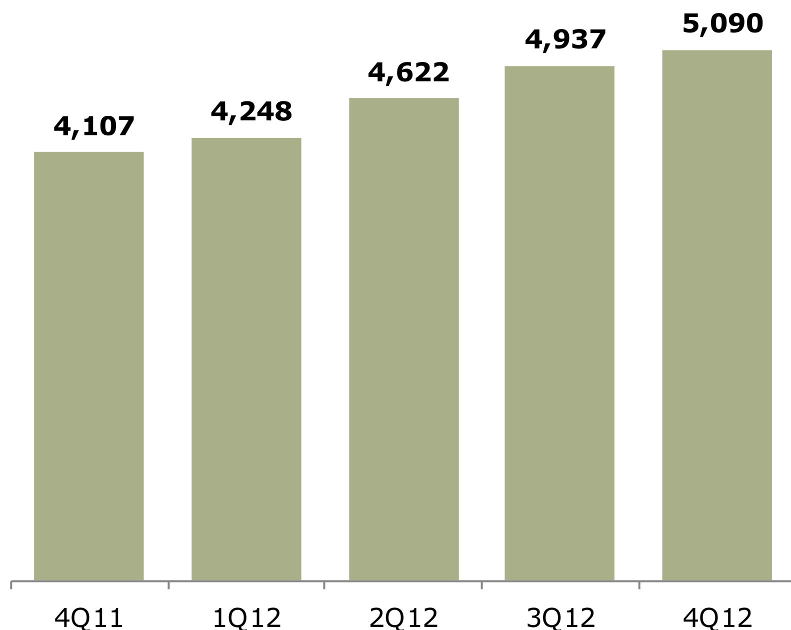
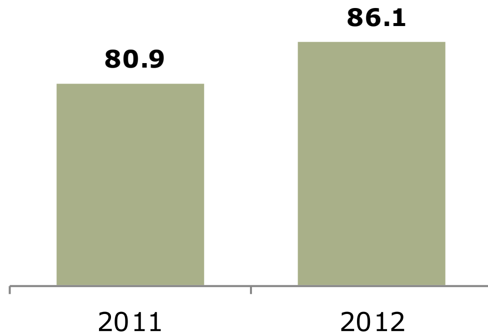
# 4Q12 Results

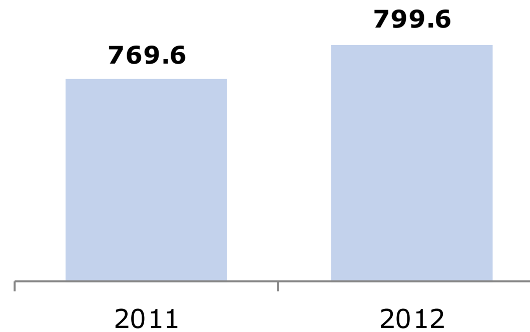


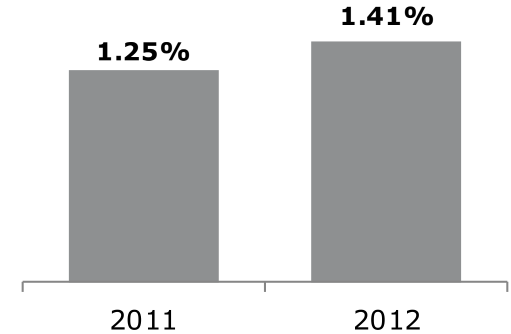

- Record earnings of $5.1 billion, up 24% year-over-year (YoY) and 3% linked quarter (LQ)
- Record diluted earnings per common share of $0.91, up 25% YoY and 3% LQ
- Total revenue of $21.9 billion up 7% YoY and 3% LQ on growth in noninterest income
- Efficiency ratio of 58.8% (1)
- Pre-tax pre-provision profit (2) of $9.1 billion, up 12% YoY and down $49 million LQ
- Strong credit performance
- ROA = 1.46%, up 21 bps YoY and up 1 bp LQ
- ROE = 13.35%, up 138 bps YoY and down 3 bps LQ
- Capital levels remained strong
  - 10.12% Tier 1 common equity ratio under Basel I and estimated Tier 1 common equity ratio under Basel III of 8.18% (3)

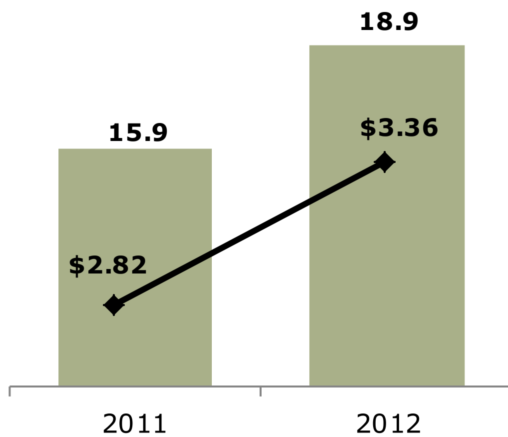
*(1) Efficiency ratio defined as noninterest expense divided by total revenue (net interest income plus noninterest income).*
*(2) Pre-tax pre-provision profit (PTPP) is total revenue less noninterest expense. Management believes PTPP is a useful financial measure because it enables investors and others to assess the Company's ability to generate capital to cover credit losses through a credit cycle.*
*(3) Estimated Basel III calculation based on management's current interpretation of the Basel III capital rules proposed by federal banking agencies in notices of proposed rulemaking announced in June 2012. The proposed rules and interpretations and assumptions used in estimating Basel III calculations are subject to change depending on final promulgation of Basel III capital rules. See pages 36-37 for additional information regarding Tier 1 common equity ratios.*

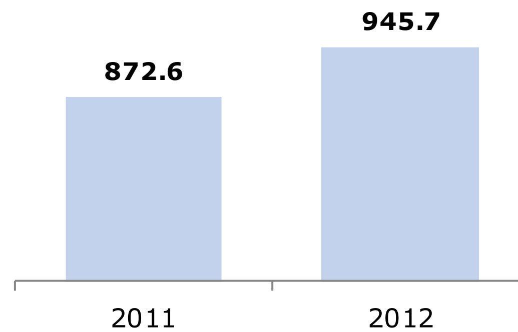
# 2012 Results

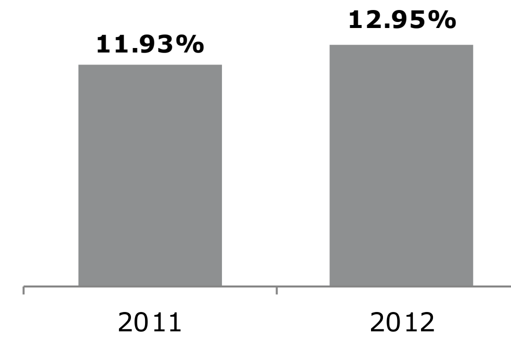


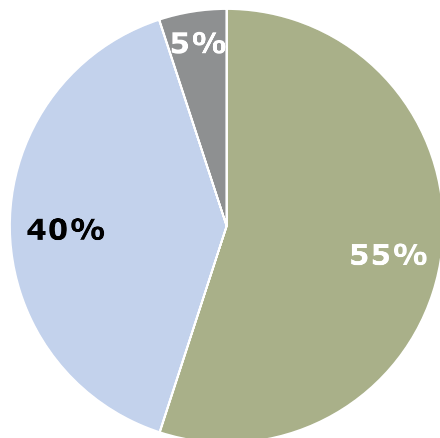



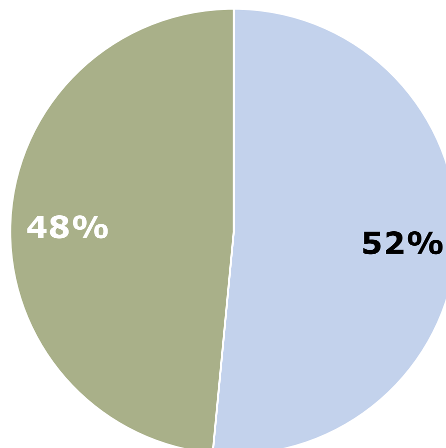
# Strong diversification

### Diversified Loan Portfolio



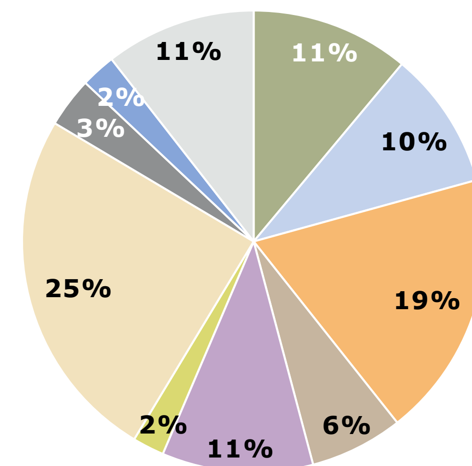

| Consumer Loans | 55% |
|---|---|
| Commercial Loans | 40% |
| Foreign Loans | 5% |

### Balanced Spread and Fee Income




| Net Interest Income | 48% |
|---|---|
| Noninterest Income | 52% |

### Diversified Fee Generation




| Deposit Service Charges | 11% |
|---|---|
| Trust, Investment & IRA fees | 10% |
| Commissions & All Other Investment Fees | 19% |
| Card Fees | 6% |
| Other Banking Fees | 11% |
| Mortgage Servicing, net | 2% |
| Mortgage Orig./Sales, net | 25% |
| Insurance | 3% |
| Net Gains from Trading | 2% |
| Other Noninterest Income [(1)] | 11% |

*All data is for 4Q12.*

*(1) Other noninterest income includes net gains (losses) on debt securities available for sale, equity investments, operating leases and all other noninterest income.*

# Selected 4Q12 items

| *(Pre-tax except for tax expense and EPS)* | 4Q12 | | |
| --- | --- | --- | --- |
| **Selected item and Financial Statement line affected** | ***$ in millions*** | ***EPS*** [1] | **Comments** |
| **Noninterest income:** | | | |
| Above-average quarterly equity gains [2] | $ 393 | $ 0.05 | Equity gains reflect strong business results including the gain on the sale of Becker Underwood |
| **Noninterest expense:** | | | |
| Elevated operating losses | (644) | (0.09) | Incremental accrual to fully reserve for Wells Fargo's costs associated with the Independent Foreclosure Review Settlement and additional remediation-related costs |
| Wells Fargo Foundation Contribution | (250) | (0.03) | Included in other noninterest expense |
| **Taxes** | | | |
| Lower tax expense | 332 | 0.06 | Effective tax rate of 27.4% included a $332 million benefit associated with the realization for tax purposes of a previously written-down Wachovia life insurance investment |

*(1) 4Q12 effective tax rate of 27.4% used in the calculations of EPS.*
*(2) 4Q12 net gains from equity investments of $715 million were $393 million higher than previous seven quarter average net gains of $322 million.*

# Independent Foreclosure Review (IFR) Settlement

- On 1/7/13, 10 servicers, including Wells Fargo, entered into settlement agreements with the OCC and FRB
- As part of the settlement servicers have agreed to:
  - Make direct cash payments of $3.3 billion
  - Provide $5.2 billion in additional assistance, such as modifications to consumers
- Wells Fargo's portion of the cash settlement is $766 million
  - $644 million incremental accrual in 4Q12 to fully reserve for settlement and additional remediation costs
- Wells Fargo has committed to an additional $1.2 billion for foreclosure prevention
  - Covered through allowance for credit losses and purchased credit-impaired nonaccretable difference
- Settlement ends the Independent Foreclosure Review programs created by the April 2011 Interagency Consent Order which cost Wells Fargo ~$125 million per quarter in 2012

# Balance Sheet and credit overview

| **Balance Sheet** | |
|---|---|
| **Loans** | ▪ Total period-end loans up $17.0 billion<br>- Core loans increased $21.1 billion reflecting $8.7 billion in commercial growth and the retention of $9.7 billion of 1-4 family conforming first mortgage production<br>- Non-strategic/liquidating portfolio decreased $4.1 billion [1] |
| **Short-term investments/ Fed funds sold** | ▪ Up $36.9 billion driven by strong deposit growth |
| **Securities available for sale (AFS)** | ▪ Up $5.8 billion driven by new investments<br>- Agency MBS purchases occurred late in the quarter as rates rose and yields became more attractive |
| **Deposits** | ▪ Up $50.6 billion on growth across the franchise |
| **Long-term debt** | ▪ Down $3.4 billion as $4.4 billion in maturities were partially offset by $1.8 billion in issuances |
| **Common stock repurchases** | ▪ Purchased 42.1 million common shares in the quarter and an additional estimated 5.9 million shares through a forward repurchase transaction that is expected to settle in 1Q13 |
| **Credit** | ▪ Strong credit performance; $250 million reserve release [3] on strong credit and incorporates estimated losses attributable to Hurricane Sandy |
| **4Q12 effect of 3Q12 OCC guidance [2] implementation on credit** | ▪ $394 million increase in nonaccrual loans ($264 million from the completion of implementation and $130 million from 4Q12 activity)<br>▪ $321 million in net charge-offs ($271 million from the completion of implementation and $50 million from 4Q12 activity) |

*Period-end balances. All result comparisons are 4Q12 compared with 3Q12.*

*(1) See pages 9 and 24 for additional information regarding core loans and the non-strategic/liquidating portfolio, which comprises the Pick-a-Pay, liquidating home equity, legacy WFF indirect auto, legacy WFF debt consolidation, Education Finance-government guaranteed, and legacy Wachovia commercial & industrial, commercial real estate, foreign and other PCI loan portfolios.*

*(2) Office of the Comptroller of the Currency update to the Bank Accounting Advisory Series issued third quarter 2012 (OCC guidance). The OCC guidance requires write-down of performing consumer loans discharged in bankruptcy to net realizable collateral value.*

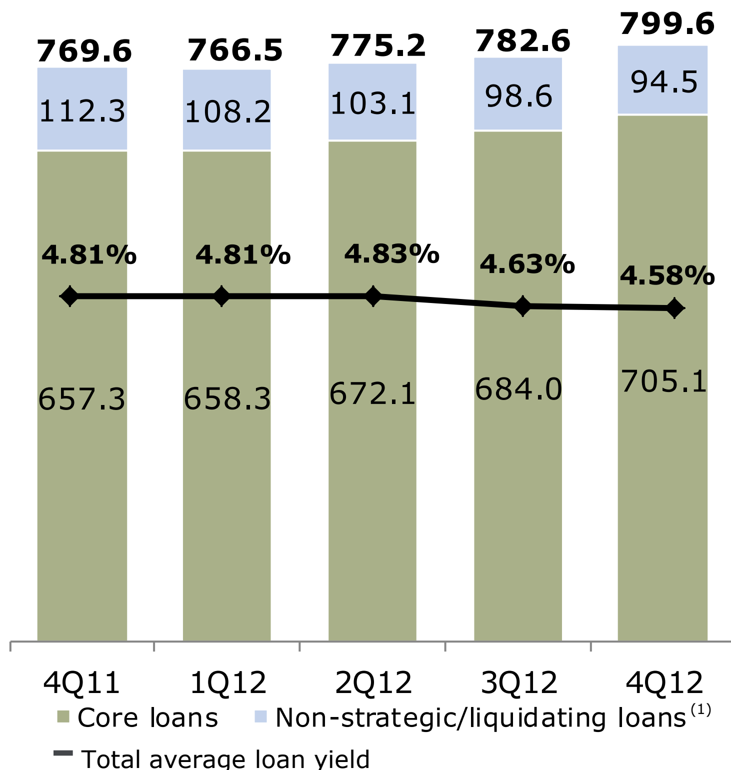
*(3) Provision expense minus net charge-offs.*

# Income Statement overview

| | |
|---|---|
| **Total revenue** | ▪ Revenue of $21.9 billion, up $735 million, or 3% |
| **Net interest income** | ▪ NII essentially flat<br>▪ Net interest margin (NIM) down 10 bps to 3.56% driven by strong deposit growth |
| **Noninterest income** | ▪ Mortgage banking up $261 million<br>- Net servicing income up $53 million<br>- Gain on sale revenue up $208 million (despite $340 million in forgone revenue resulting from the retention of conforming production) on higher margins and lower repurchase reserve build<br>▪ Trust & investment fees up $245 million on stronger investment banking and higher asset based fees in retail brokerage<br>▪ Market sensitive revenues [1] up $231 million<br>- Gains on equity investments more than offset weaker trading and losses on debt securities |
| **Noninterest expense** | ▪ Operating losses up $672 million reflecting the $644 million incremental accrual to fully reserve for the settlement costs associated with the IFR Settlement and additional remediation-related costs<br>▪ All other expense up $267 million driven by the $250 million contribution to the Foundation<br>▪ Personnel expense down $88 million and included $82 million lower deferred compensation expense (P&L neutral) |

*All result comparisons are 4Q12 compared with 3Q12.*
*(1) Includes net gains from trading activities, net gains (losses) on debt securities available for sale and net gains from equity investments.*

# Loans
## Strong core loan growth

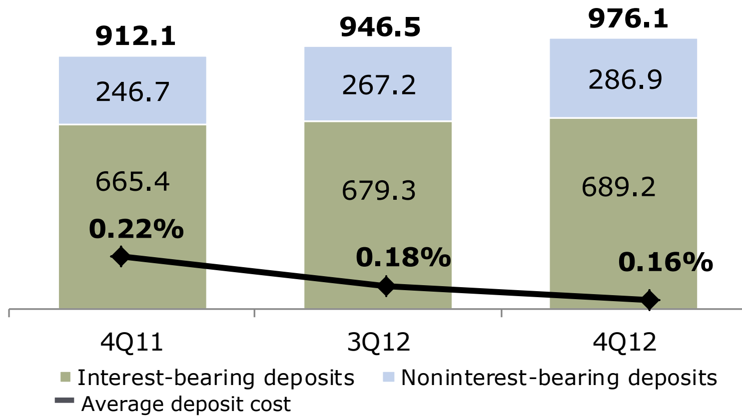


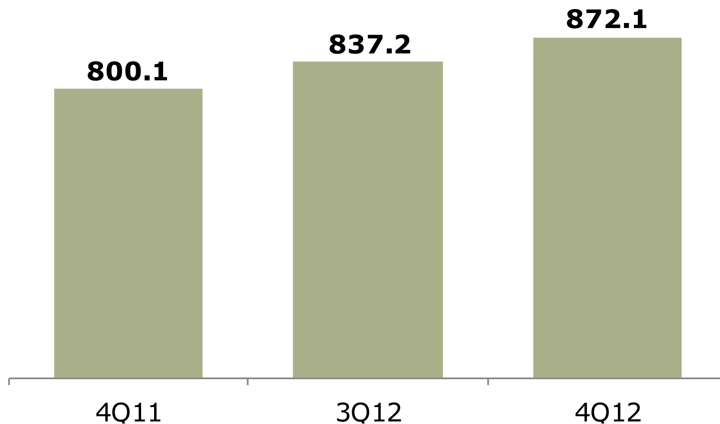

- Period-end loans up $30.0 billion YoY and $17.0 billion from 3Q12
  - Commercial loans up $8.7 billion LQ on growth in C&I and CRE
  - Consumer loans up $8.3 billion LQ as growth in first mortgage, auto, credit card and private student lending was partially offset by a $2.6 billion decline in junior lien mortgage
    - Includes retention of $9.7 billion of 1-4 family conforming first mortgages
- Non-strategic/liquidating loans (1) down $17.8 billion YoY and $4.1 billion from 3Q12
- Core loans grew $47.8 billion YoY and $21.1 billion LQ
- Total average loan yield of 4.58% down 5 bps LQ
  - Core loan yield excluding the non-strategic/ liquidating portfolio was down 5 bps
  - Non-strategic/liquidating portfolio yield of 5.17%

*Period-end balances.*

*(1) See page 24 for additional information regarding the non-strategic/liquidating portfolio, which comprises the Pick-a-Pay, liquidating home equity, legacy WFF indirect auto, legacy WFF debt consolidation, Education Finance-government guaranteed, and legacy Wachovia commercial & industrial, commercial real estate, foreign and other PCI loan portfolios.*

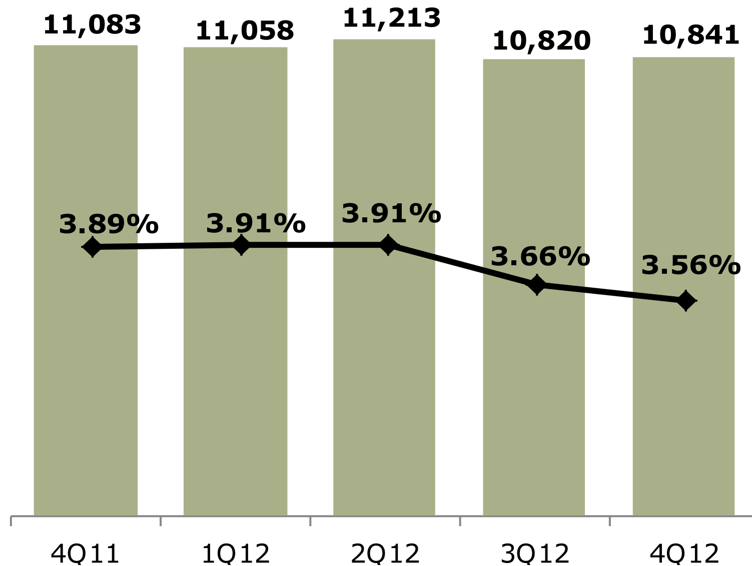
# Deposits
## Strong growth and reduced average cost

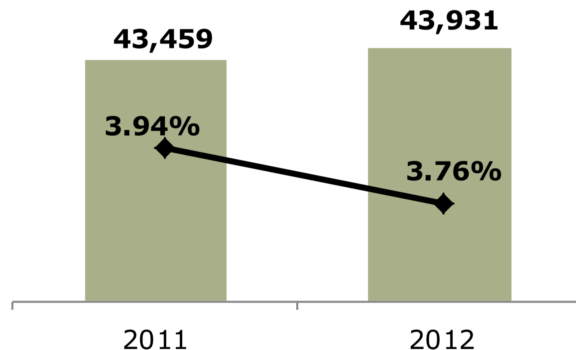



- Average deposits up $64.0 billion YoY and $29.6 billion LQ driven by growth across the franchise
- Average core deposits of $928.8 billion up $63.9 billion YoY and $33.5 billion from 3Q12
  - 118% of average loans
  - Average retail core deposits up 6% YoY and 10% annualized LQ
- Average core checking and savings up $72.0 billion, or 9% YoY, and $34.9 billion, or 4% from 3Q12
  - 94% of average core deposits
- Average deposit cost of 16 bps down 2 bps from 3Q12

# Net interest income



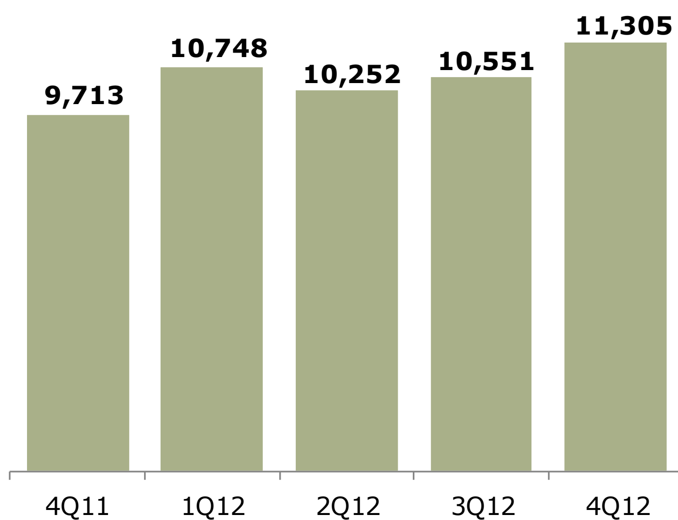




- Tax-equivalent net interest income [1] essentially flat LQ
- Average earning assets up $35.6 billion or 3% LQ
  - Short-term investments/fed funds sold up $25.5 billion
  - Loans up $10.5 billion
  - AFS securities up $2.9 billion
  - Trading assets up $2.5 billion
  - Mortgages held for sale declined $4.9 billion
- NIM of 3.56%, down 10 bps, from 3Q12 on:
  - Strong deposit inflows with proceeds invested in short-term investments/fed funds sold = (8) bps
  - Continued balance sheet repricing = (5) bps
    - Securities (3) bps and loans (2) bps
  - Variable income = +3 bps
- 2012 tax-equivalent NII increase driven by lower funding costs and growth in earning assets
- 2012 NIM decline driven by strong deposit flows

*(1) Tax-equivalent net interest income is based on the federal statutory rate of 35% for the periods presented. Net interest income was $10,892 million, $10,888 million, $11,037 million, $10,662 million, $10,643 million, $42,763 million and $43,230 million for 4Q11, 1Q12, 2Q12, 3Q12, 4Q12, 2011 and 2012 respectively.*

# Noninterest income

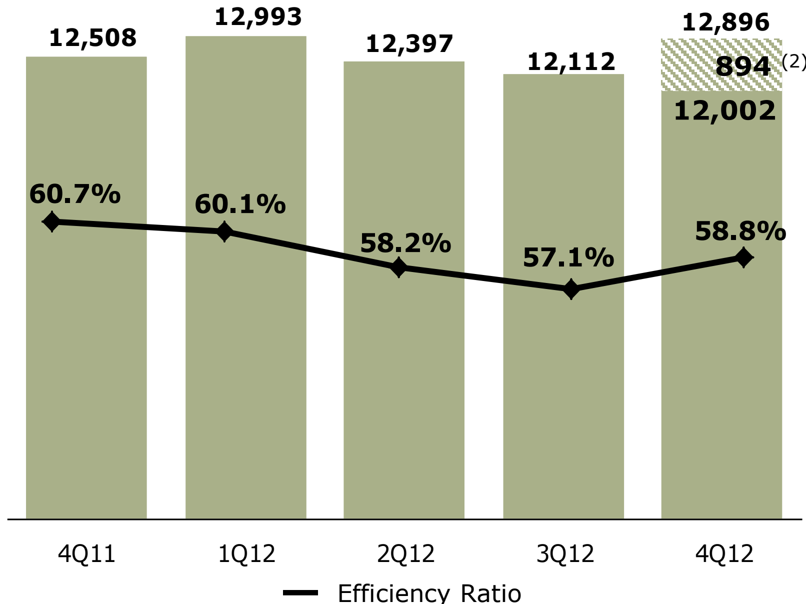
| ($ in millions) | | 4Q12 | vs 3Q12 | | vs 4Q11 |
|---|---|---|---|---|---|
| Noninterest income | | | | | |
| Service charges on deposit accounts | $ | 1,250 | 3 | % | 15 |
| Trust and investment fees | | 3,199 | 8 | | 20 |
| Card fees | | 736 | (1) | | 8 |
| Other fees | | 1,193 | 9 | | 9 |
| Mortgage banking | | 3,068 | 9 | | 30 |
| Insurance | | 395 | (5) | | (15) |
| Net gains from trading activities | | 275 | (48) | | (36) |
| Net losses on debt securities available for sale | | (63) | n.m. | | n.m. |
| Net gains from equity investments | | 715 | n.m. | | n.m. |
| Operating leases | | 170 | (22) | | 183 |
| Other | | 367 | (11) | | (52) |
| **Total noninterest income** | **$** | **11,305** | **7** | **%** | **16** |




- Deposit service charges up 3% LQ reflecting product and pricing changes
- Trust and investment fees up 8% LQ primarily due to stronger investment banking and retail brokerage asset-based fees
- Other fees up $96 million, or 9% LQ, on stronger investment banking advisory fees
- Mortgage banking up $261 million, or 9%, LQ
  - Net servicing income up $53 million as higher net MSR/servicing hedge results were partially offset by higher unreimbursed foreclosure costs
  - Gain on sale revenue up $208 million on higher margins and $83 million lower repurchase reserve build
    - $340 million in forgone revenue from the retention of conforming production
- Insurance down 5% LQ reflecting crop insurance seasonality
- Trading gains down $254 million LQ on lower volumes and $95 million lower deferred compensation plan investment income
- Equity gains up $551 million reflecting strong business results including the gain on the sale of Becker Underwood

# Noninterest expense and efficiency ratio [1]

| ($ in millions) | | 4Q12 | vs 3Q12 | | vs 4Q11 |
|---|---|---|---|---|---|
| Noninterest expense | | | | | |
| Salaries | $ | 3,735 | 2 | % | 1 |
| Commission and incentive compensation | | 2,365 | - | | 5 |
| Employee benefits | | 891 | (16) | | (12) |
| Equipment | | 542 | 6 | | (11) |
| Net occupancy | | 728 | - | | (4) |
| Core deposit and other intangibles | | 418 | - | | (10) |
| FDIC and other deposit assessments | | 307 | (14) | | (2) |
| Other | | 3,910 | 30 | | 15 |
| **Total noninterest expense** | **$** | **12,896** | **6** | **%** | **3** |




- Noninterest expense up $784 million from 3Q12 and included $894 million in higher operating losses and a foundation contribution [2]
  - Personnel expense down $88 million, or 1%, on lower benefits expense including lower deferred compensation
  - Equipment expense up $32 million reflecting seasonality
  - Other expense up $892 million and included:
    - Operating losses up $672 million on $644 million incremental accrual to fully reserve for settlement costs associated with the IFR Settlement and additional remediation-related costs
    - Foundation contribution expense of $250 million
- Efficiency ratio of 58.8% in 4Q12
- Continue to target an efficiency ratio of 55%-59%

*(1) Efficiency ratio defined as noninterest expense divided by total revenue (net interest income plus noninterest income).*
*(2) Includes $644 million for IFR Settlement and additional remediation-related costs and $250 million Foundation contribution.*

# Environmentally-elevated costs

| ($ in millions)<br>Expense description | 4Q12 | 2012 |
|---|---|---|
| OCC Consent Order: | | |
| Independent consultant expense | $ ~100 | ~400 |
| Internal costs associated with foreclosure reviews | ~25 | ~100 |
| Foreclosed asset expense | 221 | 1,061 |
| Mortgage repurchase reserve build [1] | 313 | 1,665 |
| MSR servicing and foreclosure costs [2] | 127 | 677 |

*(1) Contra revenue item. Change in estimate.*
*(2) Contra revenue item. MSR valuation adjustments include costs to service and unreimbursed foreclosure costs.*

# Community Banking

| ($ in millions) | | 4Q12 | vs 3Q12 | | vs 4Q11 |
|---|---|---|---|---|---|
| Net interest income | $ | 7,166 | (1) | % | (3) |
| Noninterest income | | 6,616 | 13 | | 18 |
| Provision for credit losses | | 1,757 | 8 | | (13) |
| Noninterest expense | | 8,033 | 9 | | 10 |
| Income tax expense | | 918 | (27) | | (15) |
| **Segment earnings** | **$** | **2,869** | **5** | **%** | **14** |
| *($ in billions)* | | | | | |
| Avg loans, net | $ | 493.1 | 2 | | 1 |
| Avg core deposits | | 608.9 | 2 | | 7 |

| | 4Q12 | | 3Q12 | 4Q11 |
|---|---|---|---|---|
| **Regional Banking** | | | | |
| Consumer checking account growth [1][2] | - | % | - | 3.9 |
| Business checking account growth [1][2] | 3.7 | | 3.9 | 3.7 |
| Retail Bank household cross-sell [1] | 6.05 | | 6.04 | 5.93 |

| ($ in billions) | | 4Q12 | | vs 3Q12 | | vs 4Q11 |
|---|---|---|---|---|---|---|
| **Consumer Lending** | | | | | | |
| Credit card payment volumes (POS) | $ | 12.6 | | 5 | % | 14 |
| Credit card penetration [1][3] | | 33.1 | % | 10 | bps | 39 |
| Home Mortgage | | | | | | |
| Applications | $ | 152 | | (19) | % | (3) |
| Application pipeline | | 81 | | (16) | | 13 |
| Originations | | 125 | | (10) | | 4 |
| Managed residential mortgage servicing *($ in trillions)* | $ | 1.9 | | - | | 3 |

(1) *Metrics reported on a one-month lag from reported quarter-end; for example 4Q12 cross-sell is as of November 2012.*
(2) *Checking account growth is 12-months ending for each respective period.*
(3) *Household penetration as of November 2012 and defined as the percentage of retail banking deposit households that have a credit card with Wells Fargo. Household penetration has been redefined to include legacy Wells Fargo Financial accounts.*
(4) *Home Affordable Refinance Program.*

- Net income of $2.9 billion, up 14% YoY and 5% LQ
- Noninterest expense increased $631 million LQ as higher operating losses and the contribution to the Wells Fargo Foundation were only partially offset by lower employee benefit costs

**Regional Banking**

- Continued franchise and cross-sell growth [1]
  - Consumer checking [2] essentially flat to prior year
  - Business checking [2] up a net 3.7% YoY
  - Retail bank cross-sell of 6.05 products per household up from 5.93 in 4Q11

**Consumer Lending**

- Credit card penetration [1] [3] rose to 33.1%, up from 32.1% in 3Q12 and 29.2% in 4Q11
- Consumer auto originations of $5.4 billion, down 15% LQ and up 8% YoY
- Mortgage originations of $125 billion down 10% LQ and up 4% YoY
  - 12% of originations were from HARP [4]
- Quarter-end pipeline of $81 billion down 16% LQ and up 13% YoY
- Managed residential mortgage servicing of $1.9 trillion up 3% YoY

# Wholesale Banking

| ($ in millions) | | 4Q12 | vs 3Q12 | | vs 4Q11 |
|---|---|---|---|---|---|
| Net interest income | $ | 3,092 | 2 | % | 1 |
| Noninterest income | | 2,901 | (1) | | 24 |
| Provision for credit losses | | 60 | n.m. | | 94 |
| Noninterest expense | | 3,007 | 3 | | 2 |
| Income tax expense | | 892 | (19) | | 10 |
| **Segment earnings** | **$** | **2,032** | **2** | **%** | **24** |
| *($ in billions)* | | | | | |
| Avg loans, net | $ | 279.2 | 1 | | 5 |
| Avg core deposits | | 240.7 | 7 | | 8 |

| ($ in billions) | | 4Q12 | vs 3Q12 | | vs 4Q11 |
|---|---|---|---|---|---|
| **Key Metrics:** | | | | | |
| Cross-sell [1] | | 6.8 | 1 | % | 4 |
| Commercial card spend volume | $ | 4.3 | 6 | | 25 |
| YTD U.S. investment banking market share % [2] | | 5.1 | - | bps | - |
| Total AUM | $ | 451.8 | - | % | - |
| Advantage Funds AUM | | 217.0 | 4 | | 2 |

(1) *Cross-sell reported on a quarter lag.*
(2) *Source: Dealogic U.S. investment banking fee market share.*

- Record net income of $2.0 billion, up 24% YoY and 2% LQ
- Net interest income up 2% LQ driven by strong loan and deposit growth
  - Average loans up 1% and average core deposits up 7%
- Noninterest income down 1% LQ driven by lower trading volumes
- Provision was $60 million in 4Q12 and included higher net charge-offs
- Expenses up 3% LQ driven by higher personnel expense and investments in the business

**Key Metrics**

- Cross-sell of 6.8 products per relationship [1] up 1% LQ and 4% YoY

**Treasury Management**

- Commercial card spend volume of $4.3 billion up 6% LQ and 25% YoY

**Investment Banking**

- 2012 Investment Banking fees from Commercial and Corporate Banking customers up 30% from 2011
- 2012 U.S. investment banking market share [2] of 5.1%

**Asset Management**

- Total AUM up $1.4 billion LQ from growth in long-term assets

# Wealth, Brokerage and Retirement

| ($ in millions) | | 4Q12 | vs 3Q12 | | vs 4Q11 |
|---|---|---|---|---|---|
| Net interest income | $ | 689 | 1 | % | (6) |
| Noninterest income | | 2,405 | 2 | | 4 |
| Provision for credit losses | | 15 | (50) | | (25) |
| Noninterest expense | | 2,513 | 2 | | - |
| Income tax expense | | 215 | 3 | | 13 |
| **Segment earnings** | **$** | **351** | **4** | **%** | **13** |
| *($ in billions)* | | | | | |
| Avg loans, net | $ | 43.3 | 2 | | 1 |
| Avg core deposits | | 143.4 | 5 | | 6 |

| ($ in billions, except where noted) | | 4Q12 | vs 3Q12 | | vs 4Q11 |
|---|---|---|---|---|---|
| **Key Metrics:** | | | | | |
| WBR Clients Assets [1] *($ in trillions)* | $ | 1.4 | 1 | % | 7 |
| Cross-sell [2] | | 10.27 | - | | 2 |
| Retail Brokerage | | | | | |
| Financial Advisors | | 15,414 | 1 | | 1 |
| Managed account assets | $ | 304 | 2 | | 20 |
| Client assets [1] *($ in trillions)* | | 1.2 | 1 | | 8 |
| Wealth Management | | | | | |
| Client assets [1] | | 204 | 2 | | 3 |
| Retirement | | | | | |
| IRA Assets | | 297 | 1 | | 11 |
| Institutional Retirement Plan Assets | | 266 | 2 | | 13 |

- Record net income up 13% YoY and 4% LQ
- Net interest income up 1% LQ; average core deposits up 5%
- Noninterest income up 2% LQ; excluding $37 million lower deferred compensation plan investment results, noninterest income was up 4% due to higher asset-based fees
- Noninterest expense was up 2%, excluding $34 million in lower deferred compensation expense, expenses increased 4% due to higher personnel expense
- Provision expense down $15 million LQ on lower net charge-offs; both current quarter and prior quarter reflect credit reserve releases

**Retail Brokerage**

- Managed account assets up 2% LQ and 20% YoY driven by strong net flows and market performance

**Wealth Management**

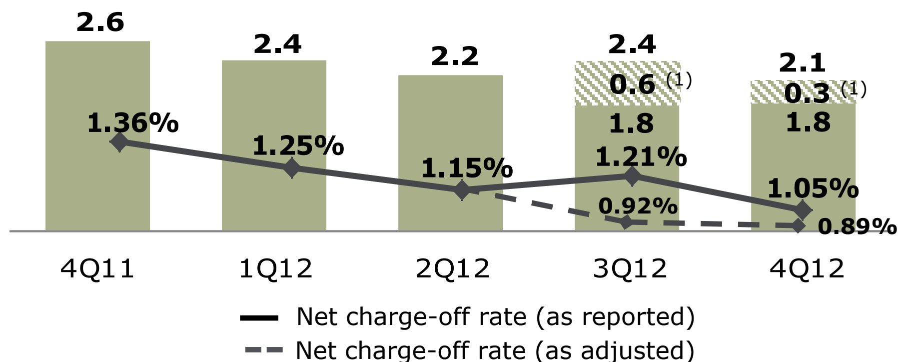
- Wealth Management client assets up 2% LQ and 3% YoY

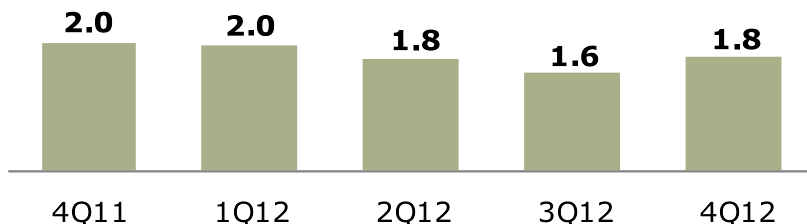
**Retirement**

- IRA assets up 1% LQ and 11% YoY
- Institutional Retirement plan assets up 2% LQ and 13% YoY

*(1) Includes deposits.*
*(2) Data as of November 2012.*

# Credit quality
## Trends showed continued improvement

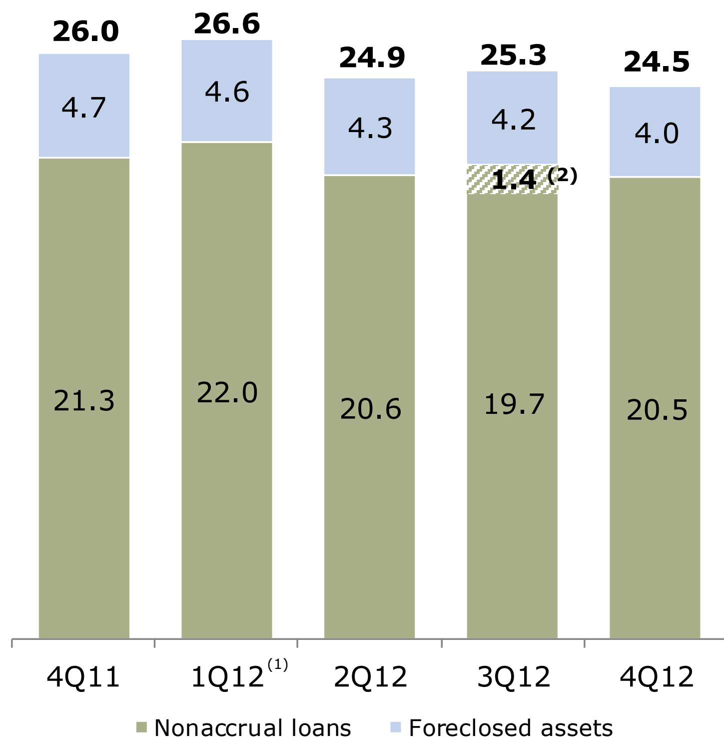


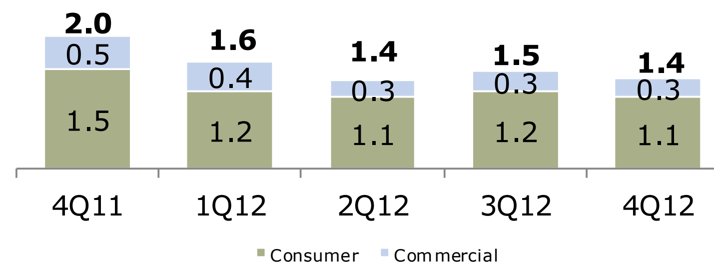



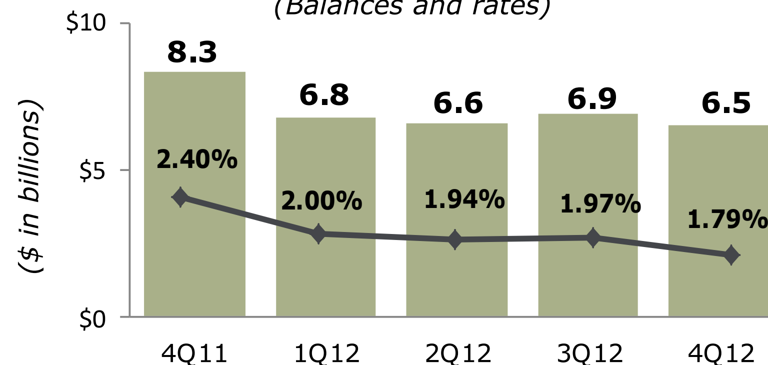

- Net charge-offs of $2.1 billion were down $277 million LQ; consumer losses included $321 million from OCC guidance (2) vs. $567 million in 3Q12. Excluding this effect:
  - 0.89% net charge-off rate, down 3 bps LQ
- NPAs declined $744 million LQ on a $558 million decline in nonaccrual loans and a $186 million decline in foreclosed assets
  - Included $394 million in NPLs from OCC guidance (3)
- Provision expense of $1.8 billion, up $240 million from 3Q12
- Early stage consumer delinquency balances decreased 7% and rates declined 18 bps LQ
- Allowance for credit losses = $17.5 billion
- Remaining PCI nonaccretable = 22.9% of remaining UPB (4)
- Absent significant deterioration in the economy we continue to expect future reserve releases in 2013, though at a lower level than 2012

*(1) OCC guidance.*
*(2) Includes $271 million from the completion of implementation and $50 million from 4Q12 activity.*
*(3) Includes $264 million from the completion of implementation and $130 million from 4Q12 activity.*
*(4) Unpaid principal balance for PCI loans that have not had a UPB charge-off.*

# Credit quality

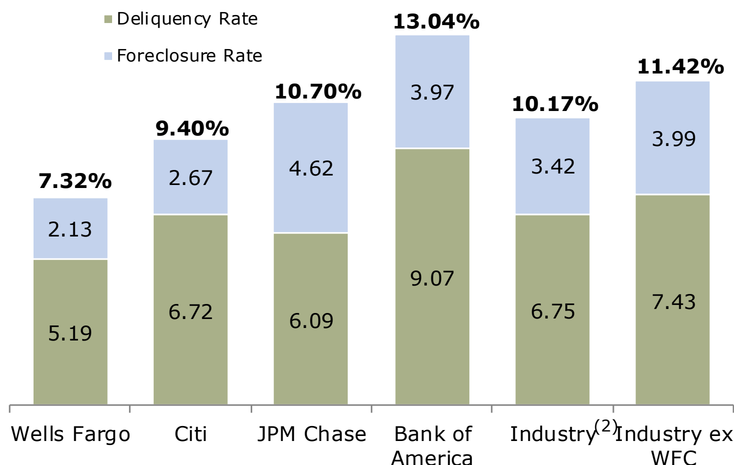


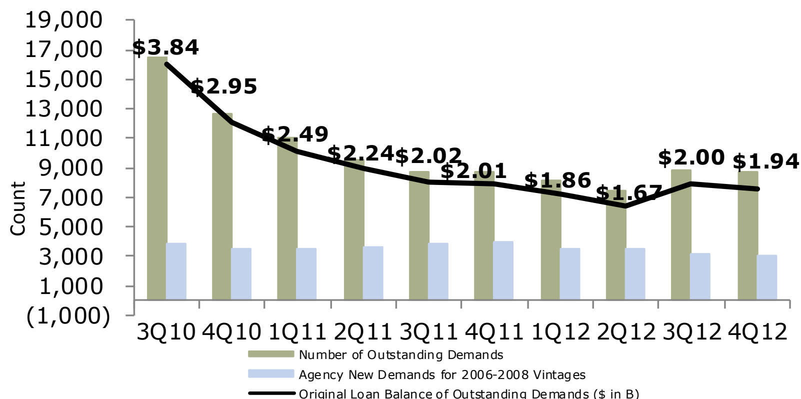




(1) Includes $1.7 billion at March 31, 2012, resulting from implementation of Interagency Supervisory Guidance on Allowance for Loan and Lease Losses Estimation Practices for Loans and Lines of Credit Secured by Junior Liens on 1-4 Family Residential Properties issued January 31, 2012.
(2) OCC guidance impact.
(3) Consumer includes mortgage loans held for sale 30-89 days and 90 days or more past due and still accruing.
(4) Excludes mortgage loans insured/guaranteed by the FHA or VA, reverse mortgages, margin loans and student loans whose repayments are predominantly guaranteed by guarantee agencies on behalf of the U.S. Department of Education under the Federal Family Education Loan Program. Also excludes the carrying value of PCI loans contractually delinquent.

# Mortgage servicing
## Delinquency and outstanding repurchase demands




(1) *Inside Mortgage Finance, data as of September 30, 2012. Industry excluding WFC performance calculated based on IMF data.*
(2) *Industry is all large servicers ($6.0 trillion) including WFC, C, JPM and BAC.*
(3) *Includes mortgage insurance rescissions.*

- 3Q12 Wells Fargo delinquency and foreclosure ratio continued to be significantly lower than peers
- Wells Fargo's total delinquency and foreclosure ratio for 4Q12 was 7.04%, down 28 bps LQ and down from 7.96% in 4Q11
- Number and balance of total outstanding repurchase demands were down slightly LQ and YoY

**Agency demands outstanding**

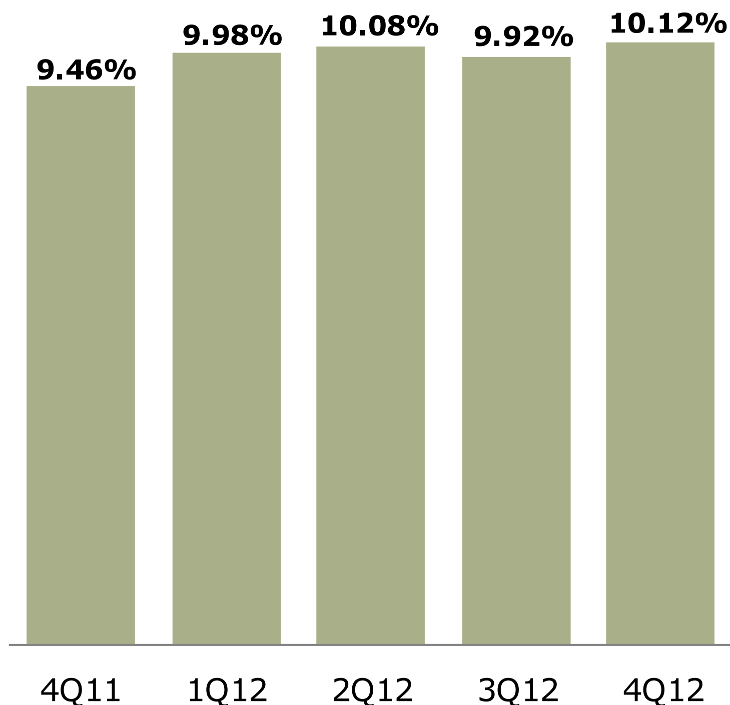
- Agency repurchase demands outstanding essentially flat from 3Q12 on lower resolutions
- New agency demands in total and in the 2006-2008 vintages down LQ
- Demands on newer vintage originations continued to emerge consistent with our estimates

**Non-Agency demands outstanding**

- Balance of non-agency repurchase demands outstanding down LQ

- Repurchase reserves of $2.2 billion increased $173 million LQ on lower losses/reserve usage and included a $379 million reserve addition vs. $462 million in 3Q12
  - Incorporates current demand levels
  - Considers all vintages
  - Anticipates future expected demands

# Capital




- Capital remained strong
- Tier 1 common equity ratio under Basel I of 10.12% increased 20 bps LQ
- Tier 1 common equity ratio under Basel III is estimated to be 8.18% at 12/31/12 (1)
- Purchased 42.1 million common shares in 4Q12 and entered into a $200 million 4Q12 forward repurchase transaction, estimated to be 5.9 million shares, that is expected to settle in 1Q13

*See Appendix page 36 for additional information on Tier 1 common equity.*
*4Q12 capital ratios are preliminary estimates.*
*(1) Estimated Basel III calculation based on management's current interpretation of the Basel III capital rules proposed by federal banking agencies in notices of proposed rulemaking announced in June 2012. The proposed rules and interpretations and assumptions used in estimating Basel III calculations are subject to change depending on final promulgation of Basel III capital rules. See pages 36-37 for additional information regarding Tier 1 common equity ratios.*

# Summary - strong 4Q12

- Record earnings of $5.1 billion, up $983 million, or 24% from 4Q11
- Record diluted earnings per share of $0.91, up 25%
- PTPP of $9.1 billion up $955 million, or 12%
- Revenue up $1.3 billion, or 7%
- 4Q12 efficiency ratio (1) of 58.8% down 190 bps
- Strong credit performance
- Solid returns
  - ROA = 1.46%, up 21 bps
  - ROE = 13.35%, up 138 bps
- Capital levels increased
- Returned more capital to shareholders in 2012

*All comparisons are 4Q12 vs. 4Q11.*

*(1) Noninterest expense and our efficiency ratio may be affected by a variety of factors, including business and economic cyclicality, seasonality, changes in our business composition and operating environment, growth in our business and/or acquisitions, and unexpected expenses relating to, among other things, litigation and regulatory matters.*

# Appendix

# Non-strategic/liquidating loan portfolio risk reduction

| ($ in billions) | | 4Q12 | 3Q12 | 2Q12 | 1Q12 | 4Q11 | 4Q08 |
|---|---|---|---|---|---|---|---|
| Pick-a-Pay mortgage [1] | $ | 58.3 | 60.1 | 62.0 | 64.0 | 65.7 | 95.3 |
| Liquidating home equity | | 4.6 | 5.0 | 5.2 | 5.5 | 5.7 | 10.3 |
| Legacy WFF indirect auto | | 0.8 | 1.1 | 1.5 | 1.9 | 2.5 | 18.2 |
| Legacy WFF debt consolidation | | 14.5 | 15.0 | 15.5 | 16.0 | 16.5 | 25.3 |
| Education Finance - gov't guaranteed | | 12.5 | 13.0 | 13.8 | 14.8 | 15.4 | 20.5 |
| Legacy WB C&I, CRE and foreign PCI loans [1] | | 3.2 | 3.8 | 4.3 | 5.2 | 5.7 | 18.7 |
| Legacy WB other PCI loans [1] | | 0.6 | 0.6 | 0.8 | 0.8 | 0.8 | 2.5 |
| **Total** | **$** | **94.5** | **98.6** | **103.1** | **108.2** | **112.3** | **190.8** |

**-$4.1** **-$4.5** **-$5.1** **-$4.1** **-$78.5**

**-$96.3**

*(1) Net of purchase accounting adjustments.*

# Purchased credit-impaired (PCI) portfolios

## Legacy Wachovia PCI loans continued to perform better than originally expected

| *($ in billions)* | | *Commercial* | *Pick-a-Pay* | *Other consumer* | *Total* |
|---|---|---|---|---|---|
| **Adjusted unpaid principal balance** [(1)] | | | | | |
| December 31, 2008 | $ | 29.2 | 62.5 | 6.5 | **98.2** |
| September 30, 2012 | | 5.9 | 33.1 | 1.5 | **40.5** |
| December 31, 2012 | | 5.0 | 32.0 | 1.4 | **38.4** |
| | | | | | |
| **Nonaccretable difference rollforward** | | | | | |
| 12/31/08 Nonaccretable difference | $ | 10.4 | 26.5 | 4.0 | **40.9** |
| Addition of nonaccretable difference due to acquisitions | | 0.2 | - | - | **0.2** |
| Losses from loan resolutions and write-downs | | (6.9) | (17.3) | (2.8) | **(27.0)** |
| Release of nonaccretable difference since merger | | (3.3) | (3.0) | (0.8) | **(7.1)** [(2)] |
| 12/31/12 Remaining nonaccretable difference | | 0.4 | 6.2 | 0.4 | **7.0** |
| | | | | | |
| **Life-to-date net performance** | | | | | |
| Additional provision since 2008 merger | $ | (1.7) | - | (0.1) | **(1.8)** |
| Release of nonaccretable difference since 2008 merger | | 3.3 | 3.0 | 0.8 | **7.1** [(2)] |
| Net performance | | 1.6 | 3.0 | 0.7 | **5.3** |

*(1) Includes write-downs taken on loans where severe delinquency (normally 180 days) or other indications of severe borrower financial stress exist that indicate there will be a loss of contractually due amounts upon final resolution of the loan.*

*(2) Reflects releases of $1.8 billion for loan resolutions and $5.3 billion from the reclassification of nonaccretable difference to the accretable yield, which will result in increasing income over the remaining life of the loan or pool of loans.*

# PCI nonaccretable difference

| Analysis of nonaccretable difference for PCI loans ($ in millions) | | Commercial | Pick-a-Pay | Other consumer | Total |
|---|---|---|---|---|---|
| Balance, September 30, 2012 | $ | 557 | 6,679 | 370 | 7,606 |
| Addition of nonaccretable difference due to acquisitions | | 7 | - | - | 7 |
| Release of nonaccretable difference due to: | | | | | |
| Loans resolved by settlement with borrower [1] | | (5) | - | - | (5) |
| Loans resolved by sales to third parties [2] | | - | - | - | - |
| Reclassification to accretable yield for loans with improving credit-related cash flows [3] | | (127) | - | (8) | (135) |
| Use of nonaccretable difference due to: | | | | | |
| Losses from loan resolutions and write-downs [4] | | (10) | (447) | (52) | (509) |
| Balance, December 31, 2012 | $ | 422 | 6,232 | 310 | 6,964 |

- $135 million in nonaccretable difference reclassified to accretable yield this quarter
- $86 million of the $509 million in losses from loan resolutions and write-downs in the quarter was the result of the OCC guidance
- $7.0 billion in nonaccretable difference remains to absorb losses on PCI loans
  - Remaining nonaccretable = 22.9% of unpaid principal balance (UPB) [5]
    - Remaining Pick-a-Pay nonaccretable = 24.4% of Pick-a-Pay UPB [5]

*(1) Release of the nonaccretable difference for settlement with borrower, on individually accounted PCI loans, increases interest income in the period of settlement. Pick-a-Pay and Other consumer PCI loans do not reflect nonaccretable difference releases for settlements with borrowers due to pool accounting for those loans, which assumes that the amount received approximates the pool performance expectations.*
*(2) Release of the nonaccretable difference as a result of sales to third parties increases noninterest income in the period of the sale.*
*(3) Reclassification of nonaccretable difference to accretable yield for loans with increased cash flow estimates will result in increased interest income as a prospective yield adjustment over the remaining life of the loan or pool of loans.*
*(4) Write-downs to net realizable value of PCI loans are absorbed by the nonaccretable difference when severe delinquency (normally 180 days) or other indications of severe borrower financial stress exist that indicate there will be a loss of contractually due amounts upon final resolution of the loan.*
*(5) Unpaid principal balance of loans without write-downs.*

# PCI accretable yield

- Accretable yield balance decreased $364 million LQ and included:
  - Accretion into interest income of $513 million, up modestly LQ
- Balance of $18.5 billion expected to accrete to income over the remaining life of the underlying loans

| **Accretable yield rollforward** *($ in millions)* | | *4Q12* | *3Q12* | *Cumulative since merger* |
|---|---|---|---|---|
| Total, beginning of period | $ | 18,912 | 15,153 | 10,447 |
| Addition of accretable yield due to acquisitions | | 3 | - | 131 |
| Accretion into interest income [1] | | (513) | (495) | (9,351) |
| Accretion into noninterest income due to sales [2] | | - | - | (242) |
| Reclassification from nonaccretable difference for loans with improving credit-related cash flows | | 135 | 687 | 5,354 |
| Changes in expected cash flows that do not affect nonaccretable difference [3] | | 11 | 3,567 | 12,209 |
| Total, end of period | $ | 18,548 | 18,912 | 18,548 |

*(1) Includes accretable yield released as a result of settlements with borrowers, which is included in interest income.*
*(2) Includes accretable yield released as a result of sales to third parties, which is included in noninterest income.*
*(3) Represents changes in cash flows expected to be collected due to changes in interest rates on variable rate PCI loans, changes in prepayment assumptions and the impact of modifications.*

# PCI accretable yield (Commercial [1] and Pick-a-Pay)

| Commercial [1] PCI Accretable Yield ($ in millions) | | 4Q12 | | 3Q12 | 2Q12 |
|---|---|---|---|---|---|
| PCI interest income | | | | | |
| Accretion and resolution income | $ | 182 | | 204 | 323 |
| Average carrying value | | 4,332 | | 4,914 | 5,629 |
| Accretable yield percentage [2] | | 16.77 | % | 16.62 | 22.95 |
| Accretable yield balance | $ | 941 | | 978 | 1,008 |
| Weighted average life (years) | | 2.9 | | 2.8 | 2.2 |

- Commercial accretion [2] decreased $22 million and accretable yield percentage of 16.77% was in line with 3Q12

| Pick-a-Pay PCI Accretable Yield ($ in millions) | | 4Q12 | | 3Q12 | 2Q12 |
|---|---|---|---|---|---|
| PCI interest income | | | | | |
| Accretion | $ | 312 | | 287 | 303 |
| Average carrying value | | 26,560 | | 27,260 | 28,041 |
| Accretable yield percentage | | 4.70 | % | 4.21 | 4.32 |
| Accretable yield balance | $ | 16,879 | | 17,189 | 13,466 |
| Weighted average life (years) | | 12.5 | | 12.7 | 11.4 |

- Pick-a-Pay accretable yield balance declined to $16.9 billion while accretable yield percentage increased to 4.7% reflecting the 3Q12 increase in the balance
  - Weighted average life decreased to 12.5 years

*(1) Includes both legacy Wachovia PCI loans as well as recently purchased PCI loans.*
*(2) Includes resolution income.*

# Pick-a-Pay mortgage portfolio

- Carrying value of $58.3 billion in first lien loans outstanding, down $1.8 billion from 3Q12 and down $37.0 billion from 4Q08 on paid-in-full loans and loss mitigation efforts
  - Adjusted unpaid principal balance of $63.8 billion, down $2.3 billion from 3Q12 and down $51.9 billion from 4Q08
  - $5.1 billion in modification principal forgiveness since acquisition reflects over 111,000 completed full-term modifications; additional $427 million of conditional forgiveness that can be earned by borrowers through performance over the next 3 years
  - Modification redefault rate has been consistently better than the industry average (as measured by 60+ DPD after six months)
  - 49% of the adjusted UPB are option payment loans vs. 86% in 4Q08

| *($ in millions)* | At 12/31/2012 [3] | | At 9/30/2012 [3] | | At 12/31/2008 | |
|---|---|---|---|---|---|---|
| *Product type* | *Adjusted unpaid principal balance* | *% of total* | *Adjusted unpaid principal balance* | *% of total* | *Adjusted unpaid principal balance* | *% of total* |
| Option payment loans [1] | $ 31,510 | 49 % | $ 33,364 | 50 % | $ 99,937 | 86 % |
| Non-option payment adjustable-rate and fixed-rate loans [1][2] | 8,781 | 14 | 8,974 | 14 | 15,763 | 14 |
| Full-term loan modifications [1] | 23,528 | 37 | 23,736 | 36 | - | - |
| Total adjusted unpaid principal balance [1][2] | $ 63,819 | 100 % | $ 66,074 | 100 % | $ 115,700 | 100 % |
| Total carrying value | 58,274 | | 60,080 | | 95,315 | |

(1) *Adjusted unpaid principal includes write-downs taken on loans where severe delinquency (normally 180 days) or other indications of severe borrower financial stress exist that indicate there will be a loss of contractually due amounts upon final resolution of the loan.*
(2) *Includes loans refinanced under the Consumer Relief Refinance Program.*
(3) *Reflects OCC guidance.*

# Pick-a-Pay credit highlights

| *($ in millions)* | | *4Q12* | | *3Q12* |
|---|---|---|---|---|
| **Non-PCI loans** | | | | |
| Carrying value [1] | $ | 31,940 | | 33,096 |
| Nonaccrual loans | | 4,200 | | 4,018 |
| as a % of loans | | 13.15 | % | 12.14 |
| Net charge-offs | $ | 138 | | 177 |
| as % of avg loans | | 1.68 | % | 2.09 |
| 90+ days past due as % of loans | | 10.30 | | 10.09 |
| Current average LTV [2] | | 83 | % | 84 |
| Current average FICO | | 682 | | 683 |
| Contractual average loan size | $ | 202,000 | | 204,000 |
| Contractual average age of loans | | 8.79 | years | 8.54 |
| % of loans in California | | 49 | % | 49 |

| *($ in millions)* | | *4Q12* | | *3Q12* |
|---|---|---|---|---|
| **PCI loans** | | | | |
| Adjusted unpaid principal balance [3] | $ | 32,003 | | 33,107 |
| Carrying value [1] | | 26,334 | | 26,984 |
| Current average LTV [2] | | 88 | % | 90 |
| Current average FICO | | 618 | | 617 |
| Contractual average loan size | $ | 299,000 | | 304,000 |
| Contractual average age of loans | | 6.75 | years | 6.50 |
| % of loans in California | | 68 | % | 68 |

**Non-PCI portfolio**

- Loans down 3% LQ driven by loans paid-in-full
- 85% of portfolio current
- Nonaccrual loans increased $182 million, or 5%, LQ
  - $209 million increase related to OCC guidance
  - $142 million of nonaccrual TDRs reclassified to accruing TDR status based on borrower payment performance
- $4.2 billion in nonaccruals includes $1.9 billion of nonaccruing TDRs
- Net charge-offs of $138 million down $39 million LQ
- 45% of portfolio with LTV [2] ≤ 80%

**PCI portfolio**

- Carrying value down 2%
- 67% of portfolio current
- Life-of-loan losses continued to be lower than originally projected at time of merger

*(1) The carrying value, which does not reflect the allowance for loan losses, includes purchase accounting adjustments, which, for PCI loans, are the nonaccretable difference and the accretable yield, and for all other loans, an adjustment to mark the loans to a market yield at date of merger less any subsequent charge-offs.*
*(2) The current loan-to-value (LTV) ratio is calculated as the net carrying value (defined in (1) above) divided by the collateral value.*
*(3) The adjusted unpaid principal balance includes write-downs taken on loans where severe delinquency (normally 180 days) or other indications of severe borrower financial stress exist that indicate there will be a loss of contractually due amounts upon final resolution of the loan.*

# Real estate 1-4 family first mortgage portfolio

| ($ in millions) | | 4Q12 | | 3Q12 |
|---|---|---|---|---|
| Total real estate 1-4 family first mortgage | $ | 249,900 | | 240,554 |
| Less consumer non-strategic/liquidating portfolios: | | | | |
| Pick-a-Pay non-PCI first lien mortgage | | 31,940 | | 33,096 |
| PCI first lien mortgage | | 26,838 | | 27,535 |
| Debt consolidation first mortgage portfolio | | 14,178 | | 14,640 |
| Core first lien mortgage | | 176,944 | | 165,283 |
| Legacy WFF debt consolidation first mortgage loan performance (1) | | | | |
| Nonaccrual loans | $ | 2,363 | | 2,279 |
| as % of loans | | 16.67 | % | 15.57 |
| Net charge-offs | $ | 182 | | 214 |
| as % of average loans | | 5.03 | % | 5.77 |
| Core first lien mortgage loan performance (2) | | | | |
| Nonaccrual loans | $ | 4,892 | | 4,898 |
| as % of loans | | 2.76 | % | 2.96 |
| Net charge-offs | $ | 329 | | 282 |
| as % of loans | | 0.74 | % | 0.69 |

- First lien mortgage loans up 4% as growth in core first lien mortgage was partially offset by continued run-off in the liquidating portfolio
  - Pick-a-Pay non-PCI portfolio down 3%
  - PCI portfolio down 3%
  - Debt consolidation first lien down 3%
  - Core first lien up $11.7 billion, or 7%, reflecting strong origination volumes and the decision to retain $9.7 billion of conforming production
    - Nonconforming mortgages increased $3.6 billion to $49.0 billion
- Core net charge-offs up $47 million on higher losses from OCC guidance

*(1) Ratios on Legacy WFF debt consolidation first mortgage loan portfolio only.*
*(2) Ratios on non run-off first lien mortgage loan portfolio only.*

# Home equity portfolio

| ($ in millions) | | 4Q12 | | 3Q12 |
|---|---|---|---|---|
| **Core Portfolio** [1] | | | | |
| Outstandings | $ | 90,427 | | 92,979 |
| Net charge-offs | | 622 | | 935 |
| as % of avg loans | | 2.69 | % | 3.93 |
| 2+ payments past due | $ | 2,497 | | 2,685 |
| as % loans | | 2.77 | % | 2.90 |
| % CLTV > 100% [2] | | 34 | | 35 |
| 2+ payments past due | | 3.52 | | 3.90 |
| % Unsecured balances [3] | | 15 | | 16 |
| % 1st lien position | | 22 | | 21 |
| **Liquidating Portfolio** | | | | |
| Outstandings | $ | 4,647 | | 4,951 |
| Net charge-offs | | 101 | | 148 |
| as % of avg loans | | 8.33 | % | 11.60 |
| 2+ payments past due | $ | 178 | | 199 |
| as % loans | | 3.82 | % | 4.03 |
| % CLTV > 100% [2] | | 71 | | 72 |
| 2+ payments past due | | 3.73 | | 4.07 |
| % 1st lien position | | 4 | | 4 |

*Excludes purchased credit-impaired loans.*

*(1) Includes equity lines of credit and closed-end junior liens associated with the Pick-a-Pay portfolio totaling $1.3 billion at December 31, 2012 and $1.4 billion at September 30, 2012.*

*(2) CLTV is calculated based on outstanding balance plus unused lines of credit divided by estimated home value. Estimated home values are determined predominantly based on automated valuation models updated through December 2012.*

*(3) Unsecured balances, representing the percentage of outstanding balances above the most recent home value.*

**Core Portfolio** [1]

- Outstandings down 3%
  - High quality new originations with weighted average CLTV of 61%, 778 FICO, and 30% total debt service ratio
- 4Q12 losses decreased $313 million mainly due to the implementation of OCC guidance in 3Q12
- 2+ delinquencies decreased $188 million
- Delinquency rate for loans with a CLTV >100% improved 38 bps

**Liquidating Portfolio**

- Outstandings down 6%
- 4Q12 losses decreased $47 million
- 2+ delinquencies declined $21 million
- Delinquency rate for loans with a CLTV >100% improved 34 bps

**Total home equity portfolio = $95 billion**

- 21% in 1st lien position
- 40% in junior lien position behind WFC owned or serviced 1st lien
  - Current 1st lien, Current junior lien = 96.0%
  - Current 1st lien, Delinquent junior lien = 1.0%
  - Delinquent 1st lien, Current junior lien = 1.3%
  - Delinquent 1st lien, Delinquent junior lien = 1.7%
- 39% in junior lien position behind third party 1st lien

# Credit card portfolio

| ($ in millions) | 4Q12 | | 3Q12 |
|---|---|---|---|
| Credit card outstandings | $ 24,640 | | 23,692 |
| Net charge-offs | 222 | | 212 |
| as % of avg loans | 3.71 | % | 3.67 |
| **Key Metrics:** | | | |
| Purchase volume | $ 12,609 | | 12,066 |
| Penetration [1] | 33.1 | % | 32.1 |

- Record $24.6 billion credit card outstandings, up 4% from 3Q12 on seasonal holiday spending and 8% YoY on strong account growth
  - Consumer credit card new accounts increased 11% YoY with household penetration increasing to 33.1% [1]
  - Record $12.6 billion purchase dollar volume in 4Q12, increased 5% LQ and 14% YoY
  - Purchase transactions grew 6% LQ and 17% YoY
- Net charge-offs up $10 million, or 4 bps, LQ a return to pre-recession seasonality and down $34 million, or 92 bps, YoY reflecting continued steady improvement

*(1) Household penetration as of November 2012 and defined as the percentage of retail banking deposit households that have a credit card with Wells Fargo. Household penetration has been redefined to include Wells Fargo Financial accounts.*

# Auto portfolios [1]

| ($ in millions) | | 4Q12 | | 3Q12 |
|---|---|---|---|---|
| **Core Indirect Consumer Portfolio** | | | | |
| Auto outstandings | $ | 43,841 | | 43,613 |
| Nonaccrual loans | | 185 | | 218 |
| as % of loans | | 0.42 | % | 0.50 |
| Net charge-offs | $ | 102 | | 57 |
| as % of avg loans | | 0.93 | % | 0.52 |
| 30+ days past due | $ | 797 | | 609 |
| as % of loans | | 1.82 | % | 1.40 |
| **Core Direct Consumer Portfolio** | | | | |
| Auto outstandings | $ | 2,306 | | 2,357 |
| Nonaccrual loans | | 35 | | 46 |
| as % of loans | | 1.52 | % | 1.95 |
| Net charge-offs | $ | 9 | | 6 |
| as % of avg loans | | 1.46 | % | 1.02 |
| 30+ days past due | $ | 30 | | 30 |
| as % of loans | | 1.30 | % | 1.27 |
| **Commercial Portfolio** | | | | |
| Auto outstandings | $ | 7,396 | | 6,599 |
| Nonaccrual loans | | - | | - |
| as % of loans | | - | % | - |
| Net charge-offs (recoveries) | $ | - | | - |
| as % of avg loans | | n.m. | % | n.m. |

**Core Consumer Portfolio**

- Core auto outstandings of $46.1 billion flat LQ and up 9% YoY
  - 4Q12 originations of $5.4 billion down 15% LQ from prior quarter reflecting seasonality and increased competition and up 8% YoY
- Nonaccrual loans decreased $44 million LQ
- Net charge-offs were up $48 million LQ reflecting seasonality and include $26 million in losses from OCC guidance
  - December Manheim index of 124.1, up 3% LQ and down 1% from December 2011
- 30+ days past due increased $188 million LQ reflecting seasonality

**Commercial Portfolio**

- Loans of $7.4 billion up 12% LQ and 31% YoY as dealer floorplan utilization rates hit highest levels since the merger
- Continued strong credit performance

*(1) Legacy Wells Fargo Financial indirect portfolio balance as of December 31, 2012, was $830 million.*

# Student lending portfolio

| ($ in millions) | | 4Q12 | | 3Q12 |
|---|---|---|---|---|
| **Education Finance** | | | | |
| Total outstandings | $ | 23,119 | | 23,504 |
| **Private Portfolio** | | | | |
| Private outstandings | $ | 10,654 | | 10,553 |
| Net charge-offs | | 38 | | 27 |
| as % of avg loans | | 1.41 | % | 1.02 |
| 30 days past due | $ | 233 | | 231 |
| as % of loans | | 2.19 | % | 2.19 |
| **Government Guaranteed Portfolio** | | | | |
| Government outstandings | $ | 12,465 | | 12,951 |

- $23.1 billion student lending outstandings down 2% LQ

**Private Portfolio**

- $10.7 billion private loans outstandings up 1% LQ and up 7% YoY
  - Applications decreased 57% LQ due to peak season in 3Q12
  - Dollar originations decreased 54% LQ due to seasonality
  - Continued to originate high quality loans with an average FICO of 764 and 81% of new loans co-signed
- Net charge-offs up $11 million LQ due to seasonality of repayments on loans

**Government Portfolio**

- $12.5 billion liquidating government guaranteed outstandings declined 4% LQ and 19% YoY

# Tier 1 common equity under Basel I (1)

Wells Fargo & Company and Subsidiaries

**FIVE QUARTER TIER 1 COMMON EQUITY UNDER BASEL I** (1)

| ($ in billions) | | Dec. 31, 2012 | Sept. 30 2012 | June 30, 2012 | Mar. 31, 2012 | Dec. 31, 2011 |
|---|---|---|---|---|---|---|
| Total equity | | $ **158.9** | 156.1 | 149.4 | 146.8 | 141.7 |
| Noncontrolling interests | | **(1.3)** | (1.4) | (1.3) | (1.3) | (1.5) |
| Total Wells Fargo stockholders' equity | | **157.6** | 154.7 | 148.1 | 145.5 | 140.2 |
| Adjustments: | | | | | | |
| Preferred equity | | **(12.0)** | (11.3) | (10.6) | (10.6) | (10.6) |
| Goodwill and intangible assets (other than MSRs) | | **(32.9)** | (33.4) | (33.5) | (33.7) | (34.0) |
| Applicable deferred assets | | **3.2** | 3.3 | 3.5 | 3.7 | 3.8 |
| Deferred tax asset limitation | | **-** | - | - | - | - |
| MSRs over specified limitations | | **(0.7)** | (0.7) | (0.7) | (0.9) | (0.8) |
| Cumulative other comprehensive income | | **(5.6)** | (6.4) | (4.6) | (4.1) | (3.1) |
| Other | | **(0.5)** | (0.4) | (0.5) | (0.4) | (0.4) |
| Tier 1 common equity | (A) | $ **109.1** | 105.8 | 101.7 | 99.5 | 95.1 |
| Total risk-weighted assets (2) | (B) | $ **1,077.9** | $ 1,067.1 | 1,008.6 | 996.8 | 1,005.6 |
| Tier 1 common equity to total risk-weighted assets (2) | (A)/(B) | **10.12** % | 9.92 | 10.08 | 9.98 | 9.46 |

(1) Tier 1 common equity is a non-generally accepted accounting principle (GAAP) financial measure that is used by investors, analysts and bank regulatory agencies to assess the capital position of financial services companies. Management reviews Tier 1 common equity along with other measures of capital as part of its financial analyses and has included this non-GAAP financial information, and the corresponding reconciliation to total equity, because of current interest in such information on the part of market participants.

(2) Under the regulatory guidelines for risk-based capital, on-balance sheet assets and credit equivalent amounts of derivatives and off-balance sheet items are assigned to one of several broad risk categories according to the obligor, or, if relevant, the guarantor or the nature of any collateral. The aggregate dollar amount in each risk category is then multiplied by the risk weight associated with that category. The Company's December 31, 2012, risk-weighted assets and resulting Tier 1 common equity to total risk-weighted assets are preliminary and reflect total estimated on-balance sheet and total estimated derivative and off-balance sheet risk-weighted assets of $861.6 billion and $216.3 billion, respectively. Effective September 30, 2012, the Company refined its determination of the risk weighting of certain unused lending commitments that provide for the ability to issue standby letters of credit and commitments to issue standby letters of credit under syndication arrangements where the Company has an obligation to issue in a lead agent or similar capacity beyond its contractual participation level.

# Tier 1 common equity under Basel III (Estimated) [1]

Wells Fargo & Company and Subsidiaries

**TIER 1 COMMON EQUITY UNDER BASEL III (ESTIMATED)** [1] [2]

| (in billions) | | Dec. 31, 2012 |
|---|---|---|
| Tier 1 common equity under Basel I | | $ 109.1 |
| Adjustments from Basel I to Basel III [3][5]: | | |
| Cumulative other comprehensive income related to AFS securities and defined benefit pension plans | | $ 5.3 |
| Other | | 0.2 |
| Total adjustments from Basel I to Basel III | | 5.5 |
| Threshold deductions, as defined under Basel III [4] [5] | | (0.7) |
| Tier 1 common equity anticipated under Basel III | (C) | $ 113.9 |
| Total risk-weighted assets anticipated under Basel III [6] | (D) | $ 1,393.1 |
| Tier 1 common equity to total risk-weighted assets anticipated under Basel III | (C)/(D) | 8.18 % |

(1) Tier 1 common equity is a non-generally accepted accounting principle (GAAP) financial measure that is used by investors, analysts and bank regulatory agencies to assess the capital position of financial services companies. Management reviews Tier 1 common equity along with other measures of capital as part of its financial analyses and has included this non-GAAP financial information, and the corresponding reconciliation to total equity, because of current interest in such information on the part of market participants.

(2) The Basel III Tier 1 common equity and risk-weighted assets are calculated based on management’s current interpretation of the Basel III capital rules proposed by federal banking agencies in notices of proposed rulemaking announced in June 2012. The proposed rules and interpretations and assumptions used in estimating Basel III calculations are subject to change depending on final promulgations of Basel III capital rules

(3) Adjustments from Basel I to Basel III represent reconciling adjustments, primarily certain components of cumulative other comprehensive income deducted for Basel I purposes, to derive Tier 1 common equity under Basel III.

(4) Threshold deductions, as defined under Basel III, include individual and aggregate limitations, as a percentage of Tier 1 common equity, with respect to MSRs, deferred tax assets and investments in unconsolidated financial companies.

(5) Volatility in interest rates can have a significant impact on the valuation of cumulative other comprehensive income and MSRs and therefore, may impact adjustments from Basel I to Basel III, and MSRs subject to threshold deductions, as defined under Basel III, in future reporting periods.

(6) Under current Basel proposals, risk-weighted assets incorporate different classifications of assets, with certain risk weights based on a borrower's credit rating or Wells Fargo's own risk models, along with adjustments to address a combination of credit/counterparty, operational and market risks, and other Basel III elements. The amount of risk-weighted assets anticipated under Basel III is preliminary and subject to change depending on final promulgation of Basel III capital rulemaking and interpretations thereof by regulatory authorities.

# Forward-looking statements and additional information

**Forward-looking statements:**

*This Quarterly Supplement and management's related presentation contain forward-looking statements about our future financial performance. These forward-looking statements include statements using words such as "believe," "expect," "anticipate," "estimate," "target", "should," "may," "can," "will," "outlook," "appears" or similar expressions. These forward-looking statements may include, among others, statements about: future credit quality and performance, including our current expectation of future loan loss reserve releases; mortgage repurchase exposure; exposure related to mortgage practices, including foreclosures and servicing; our noninterest expense and efficiency ratio, including our targeted efficiency ratio range as part of our expense management initiatives; the future economic environment; loan growth; net interest income in a low interest rate environment; our net interest margin, including our expectations regarding continued pressure on our net interest margin given the low interest rate environment; reduction or mitigation of risk in our loan portfolios; future effects of loan modification programs; life-of-loan loss estimates; the estimated impact of regulatory reform on our financial results and business and expectations regarding our efforts to mitigate such impact; our estimated Tier 1 common equity ratio as of December 31, 2012, under proposed Basel III capital rules; and future common stock dividends, common share repurchases and other uses of capital. Investors are urged to not unduly rely on forward-looking statements as actual results could differ materially from expectations. Forward-looking statements speak only as of the date made, and we do not undertake to update them to reflect changes or events that occur after that date. For more information about factors that could cause actual results to differ materially from expectations, refer to pages 15-16 of Wells Fargo's press release announcing our fourth quarter 2012 results, as well as Wells Fargo's reports filed with the Securities and Exchange Commission, including the discussion under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2011.*

**Purchased credit-impaired loan portfolio:**

*Loans that were acquired from Wachovia that were considered credit impaired were written down at acquisition date in purchase accounting to an amount estimated to be collectible and the related allowance for loan losses was not carried over to Wells Fargo's allowance. In addition, such purchased credit-impaired loans are not classified as nonaccrual or nonperforming, and are not included in loans that were contractually 90+ days past due and still accruing. Any losses on such loans are charged against the nonaccretable difference established in purchase accounting and are not reported as charge-offs (until such difference is fully utilized). As a result of accounting for purchased loans with evidence of credit deterioration, certain ratios of the combined company are not comparable to a portfolio that does not include purchased credit-impaired loans.*

*In certain cases, the purchased credit-impaired loans may affect portfolio credit ratios and trends. Management believes that the presentation of information adjusted to exclude the purchased credit-impaired loans provides useful disclosure regarding the credit quality of the non-impaired loan portfolio. Accordingly, certain of the loan balances and credit ratios in this Quarterly Supplement have been adjusted to exclude the purchased credit-impaired loans. References in this Quarterly Supplement to impaired loans mean the purchased credit-impaired loans. Please see pages 31-33 of the press release for additional information regarding the purchased credit-impaired loans.*