WELLS FARGO

Financial Overview

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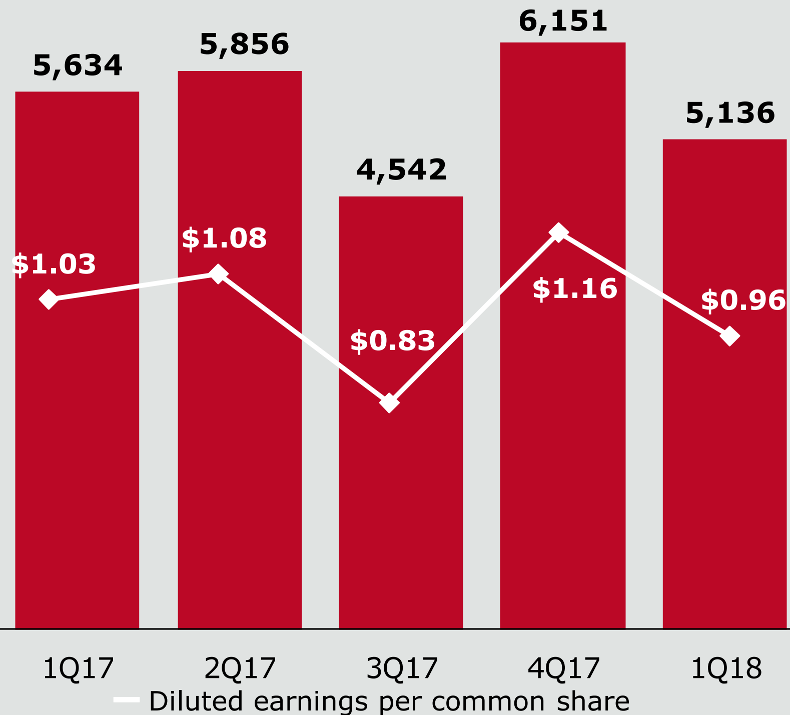
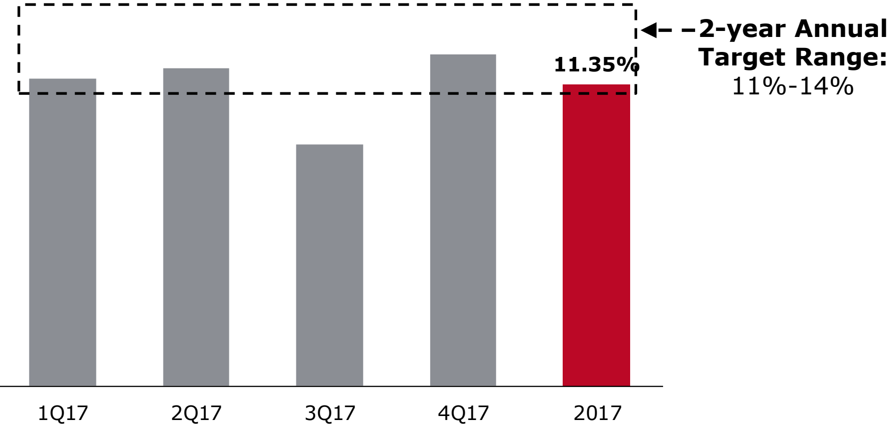
Solid earnings and EPS

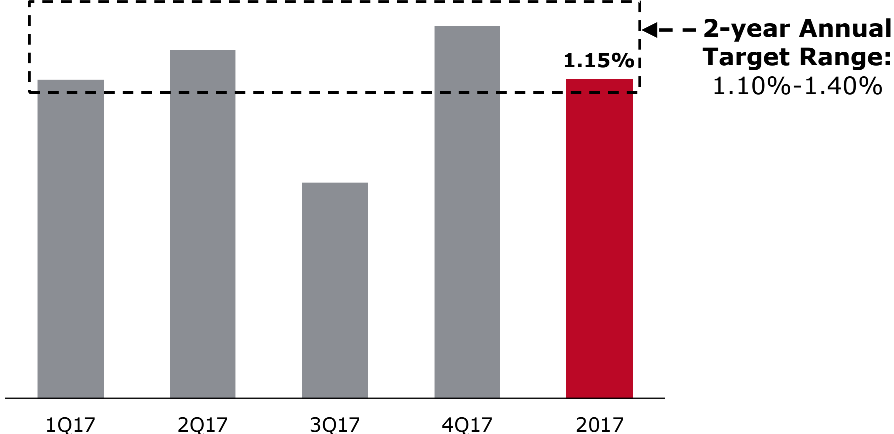


- Results reflect the strength of our diversified business model, as well as recent outsized operating losses
- Competitive advantages:
  - Diversified business model
  - Industry leading distribution
  - Breadth and depth of technology and innovation
  - Large customer base
  - Outstanding team
  - Valuable deposit franchise
  - Broad product set at scale
  - Strong credit discipline
  - Solid returns
  - Strong capital

Return on Equity (ROE) and Return on Assets (ROA) performance

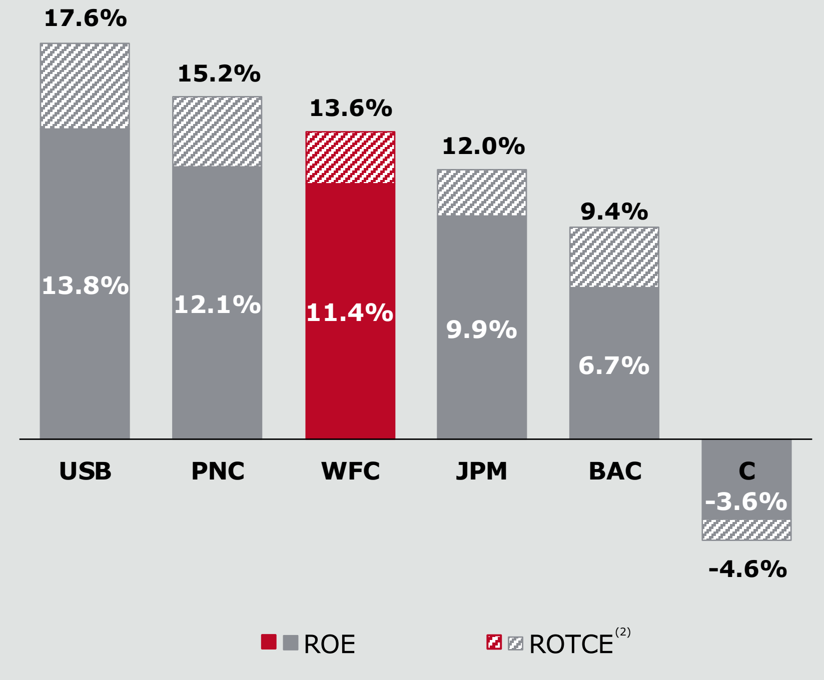
2017 Returns were in line with the 2-year Annual Targets we established at our 2016 Investor Day

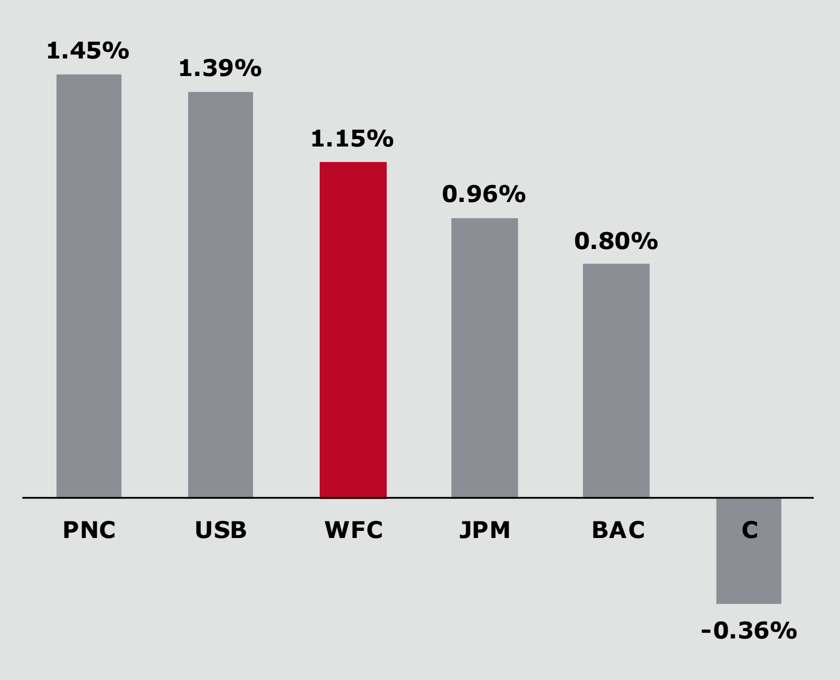




- - - - *Represents target range set at 2016 Investor Day.*

Returns remained strongest among GSIBs (1)



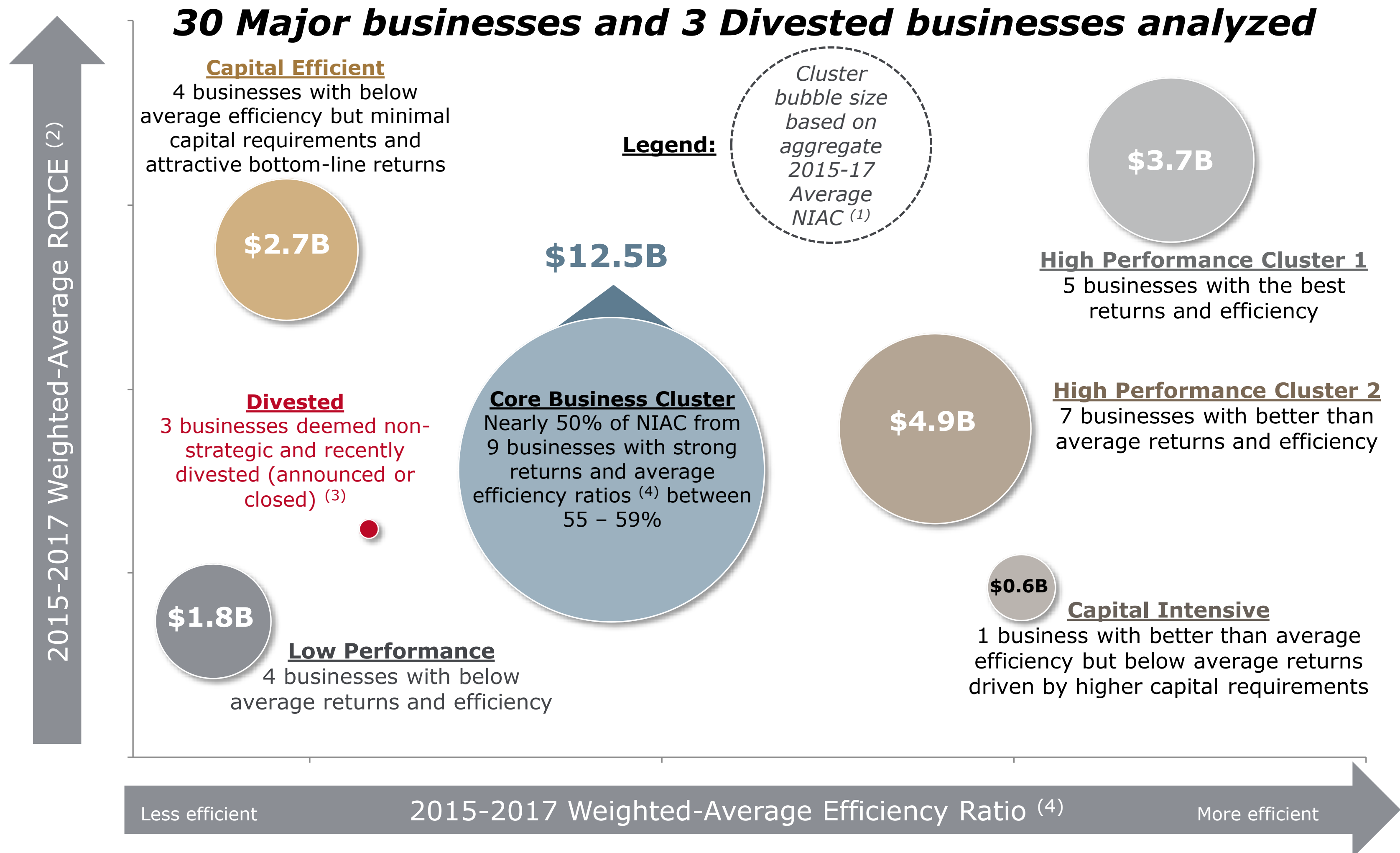


(1) GSIB stands for global systemically important bank. GSIBs referenced above include BAC, C, JPM and WFC. (2) Tangible common equity is a non-GAAP financial measure and represents total equity less preferred equity, noncontrolling interests, and goodwill and certain identifiable intangible assets (including goodwill and intangible assets associated with certain of our nonmarketable equity securities, but excluding mortgage servicing rights), net of applicable deferred taxes. The methodology of determining tangible common equity may differ among companies. Management believes that return on average tangible common equity (ROTCE), which utilizes tangible common equity, is a useful financial measure because it enables investors and others to assess the Company's use of equity. For additional information, including a corresponding reconciliation to GAAP financial measures, see page 50.

Ongoing evaluation of business mix

- Our financial performance management framework allows for detailed internal business analysis to help ensure we have a business mix that strategically meets customer needs, and delivers strong returns and sustainable earnings growth
- Key framework components are focused on earnings and earnings growth, risk-adjusted returns and efficiency ratios; however, a variety of other financial metrics and their corresponding growth rates are also analyzed
- While valuable for business result analysis and comparisons, there are a number of other factors that we consider, including:
  - Strategic importance to customers and fit with our other businesses
  - Alignment with our risk discipline
  - Investment requirements to grow the business
  - Capital and liquidity requirements to maintain and/or grow the business
  - Through-the-cycle performance in relation to current performance
  - Prospective profitability and growth
  - Impact on our overall operational complexity and resolvability

Business results – 3 year returns and efficiency vs. NIAC [1]



Averages based on each business' 2015-2017 average performance metrics and relative Net Income Applicable to Common Stock (NIAC) contribution within each cluster. (1) NIAC for the business results analysis above is higher than the average combined amounts of our reported Community Banking, Wholesale Banking and Wealth and Investment Management operating segments primarily due to the inclusion of Corporate Treasury activities net of allocations in the reported Community Banking segment (including funds transfer pricing, capital, liquidity and certain corporate expenses) in support of other segments, as well as cross-business transactions within Wholesale Banking, all of which are eliminated in the consolidated company, or Wholesale Banking segment, respectively. (2) Tangible common equity is a non-GAAP financial measure and represents total equity less preferred equity, noncontrolling interests, and goodwill and certain identifiable intangible assets (including goodwill and intangible assets associated with certain of our nonmarketable equity securities but excluding mortgage servicing rights), net of applicable deferred taxes. The methodology of determining tangible common equity may differ among companies. Management believes that return on average tangible common equity (ROTCE), which utilizes tangible common equity, is a useful financial measure because it enables investors and others to assess the Company's use of equity. (3) Includes the closed and announced divestitures of Wells Fargo Insurance Services USA, Shareowner Services, and certain assets of Reliable Financial Services, Inc. (4) Efficiency ratio defined as noninterest expense divided by total revenue (net interest income plus noninterest income).

Divesting non-core businesses with low returns or high investment needs

- Divestitures have been focused on businesses that no longer meet our return requirements, and/or have future investment spending requirements to maintain market positioning and product capabilities exceeded our desired investment spend
- Gain on the sales, as well as revenues generated and direct expenses incurred by these businesses included:

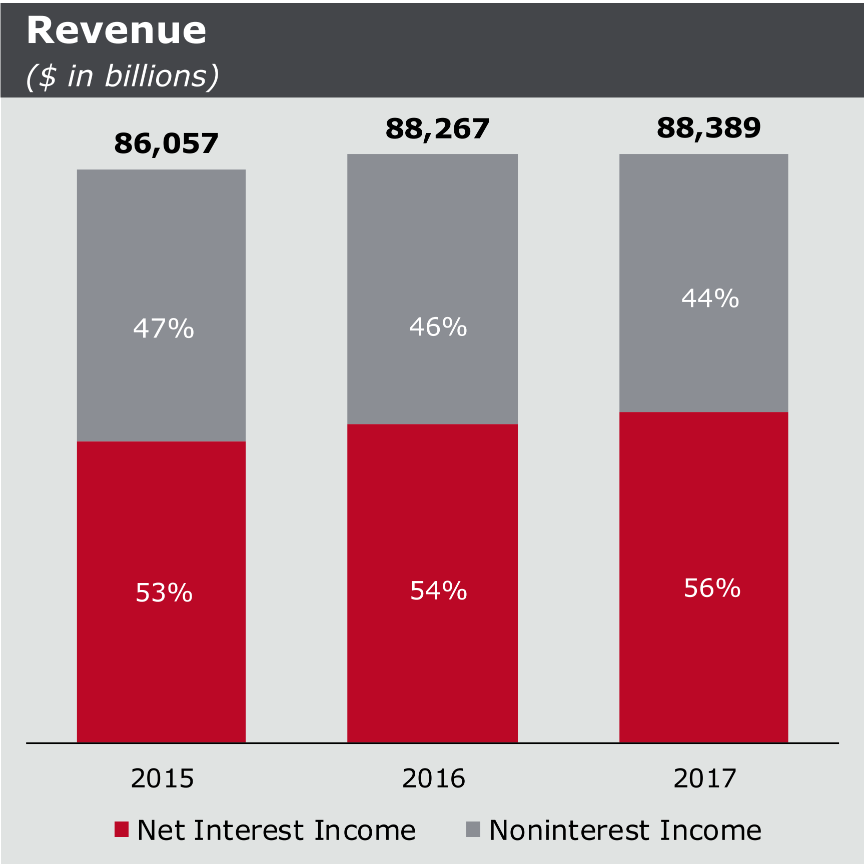
($ in millions)			2016		2017		2018	
Timing of Sale	***Business Sold***	***Gain on Sale***	***Revenue***	***Direct Expense***	***Revenue***	***Direct Expense***	***Revenue***	***Direct Expense***
1Q16	Crop Insurance	$ 381	150	(127)				
2Q16	Health Benefit Services	290	21	(15)				
4Q16	Global Fund Services	n.d.	41	(42)				
	Other divestitures in 2016	n.d.	43	(35)				
4Q17	Wells Fargo Insurance Services USA	848	656	(598)	578	(573)		
1Q18	Shareowner Services	202	104	(41)	119	(39)	7	(3)
	Total	**$ 1,721**	**1,015**	**(858)**	**697**	**(612)**	**7**	**(3)**

- Sale of certain assets of Reliable Financial Services, Inc. (Reliable), the Puerto Rican subsidiary of our auto business, is expected to close in 2Q18
  - 1Q18 results included a $(176) million lower of cost or market (LOCOM) adjustment; $1.9 billion of loans transferred to held for sale

n.d. = not disclosed

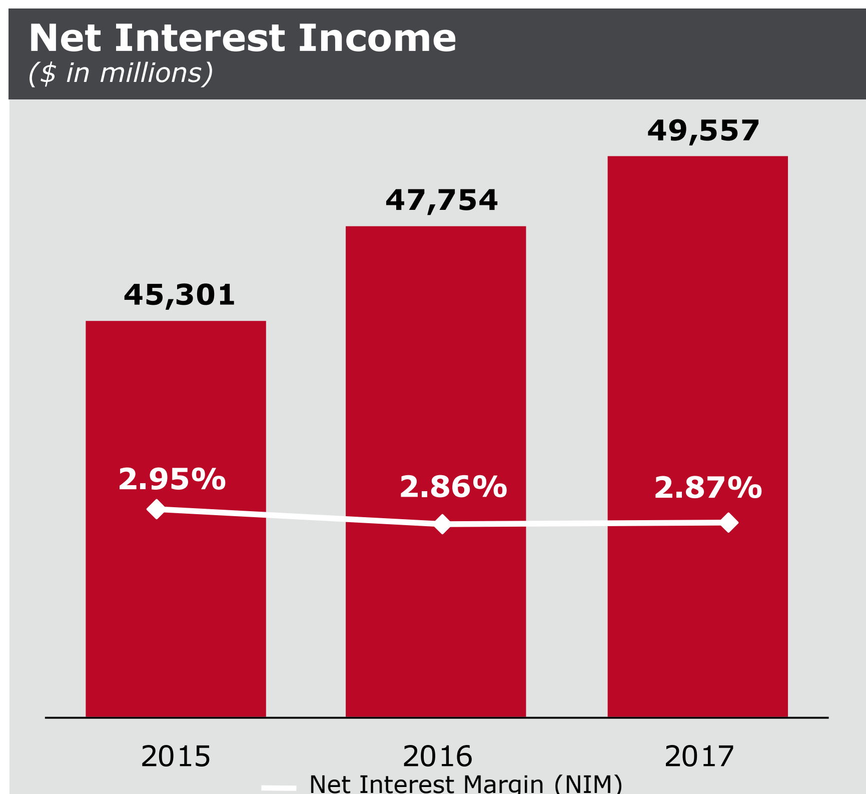
Revenue and credit trends

Revenue mix continues to shift



- 2017 revenue stable YoY and up 3% from 2015, as growth in net interest income more than offset decline in noninterest income
- Net interest income as a percentage of total revenue increased to 56% in 2017

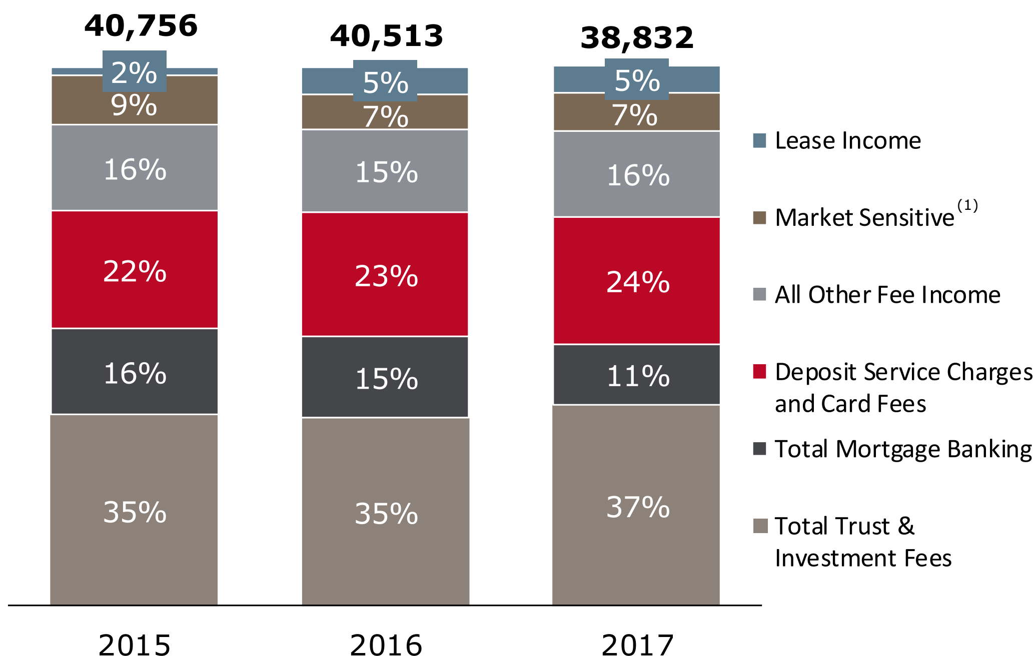
Net interest income growth despite lower NIM



- 2017 net interest income up 9% from 2015 despite an 8 bps decrease in net interest margin (NIM), and up 4% from 2016
- See pages 19 – 26 for additional information on NIM considerations

Net interest income expected to be relatively stable in 2018 as projected higher interest rates are offset by lower earning assets and anticipated increases in deposit costs, but results will be influenced by a number of factors including the absolute level of rates, steepness of yield curve, earning asset mix, and the competitive landscape for loan and deposit pricing

Diversity of noninterest income



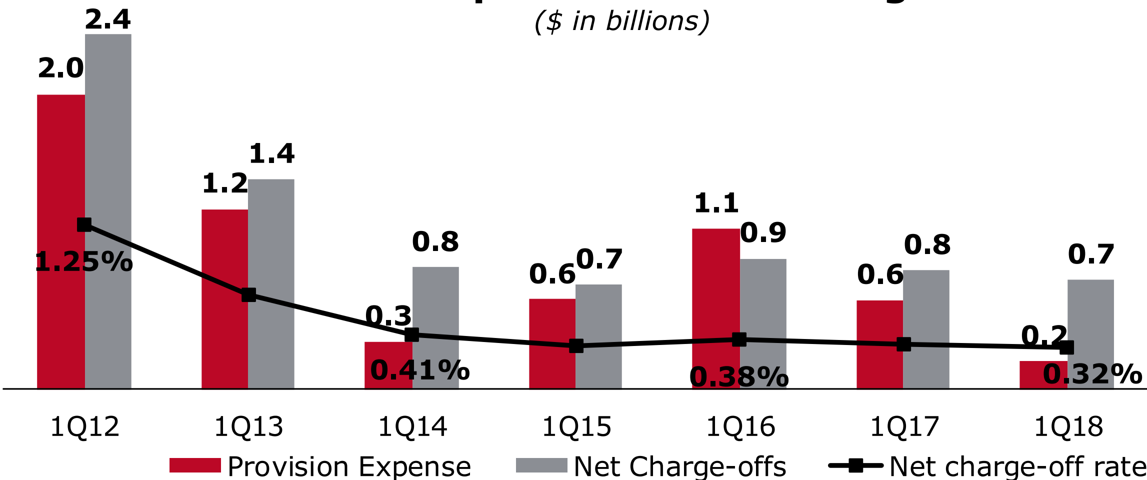
- Diversified sources of noninterest income
  - Trust and investment fees were 37% of total noninterest income in 2017
  - Mortgage banking fee income was 11% of total noninterest income in 2017, down from 16% in 2015 as the size of the market declined and margins tightened
  - Card fees increased with the growth of the customer base
- Lower mortgage banking, business divestitures, and customer-friendly changes to deposit account fees drove declines in noninterest income in 2017

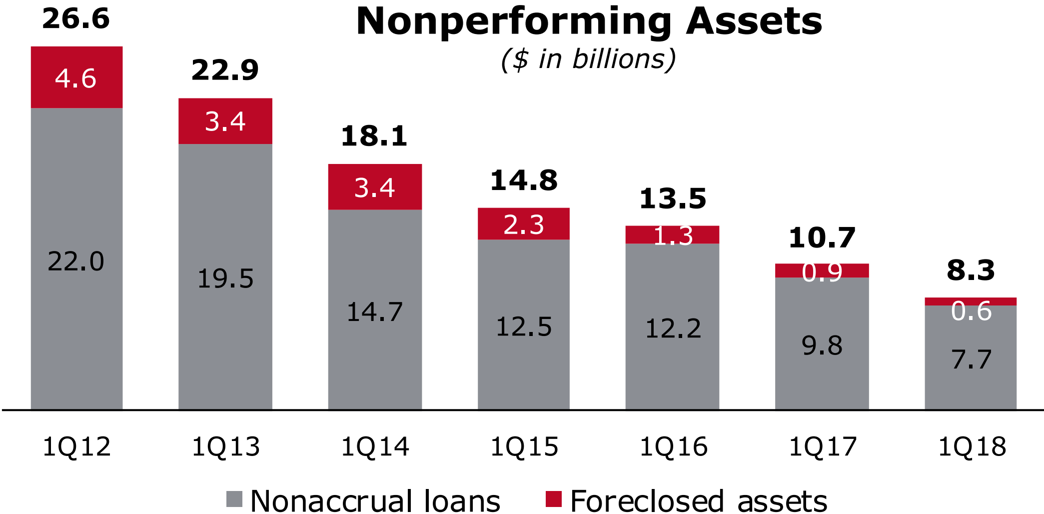
2018 expectations

- Deposit service charges expected to decline on the full year impact of customer-friendly changes to deposit account fees
- Trust and investment fees influenced by market conditions and customer growth
- Card fees expected to increase in line with customer growth and usage, partially offset by credit card reward costs
- Expect mortgage banking fee income to be under pressure in a rising rate environment, but higher mortgage servicing should partially mitigate origination headwinds

(1) Consists of net gains from trading activities, debt securities and equity securities.

Strong credit performance



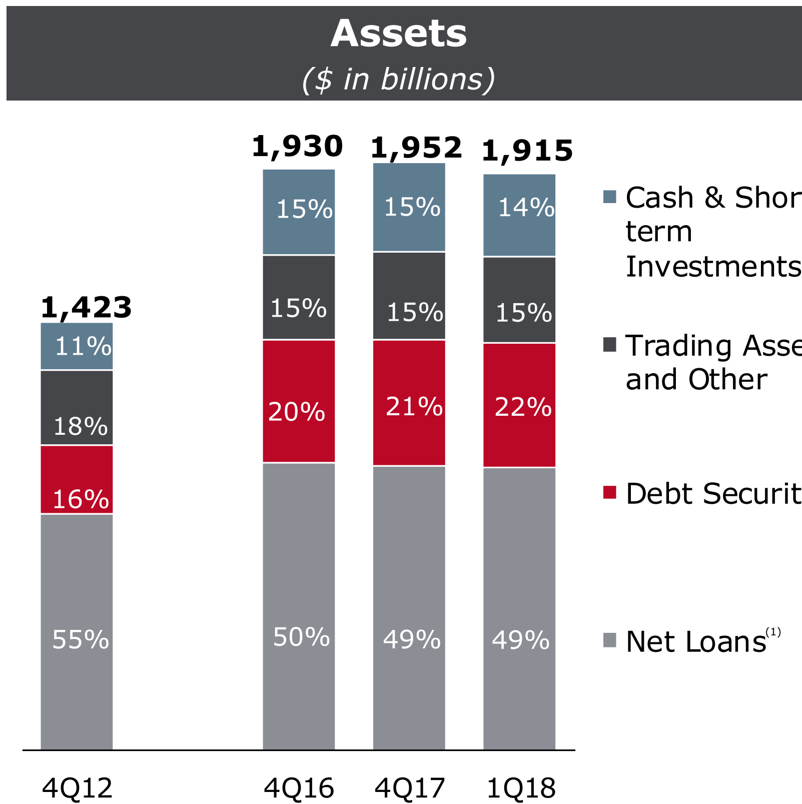


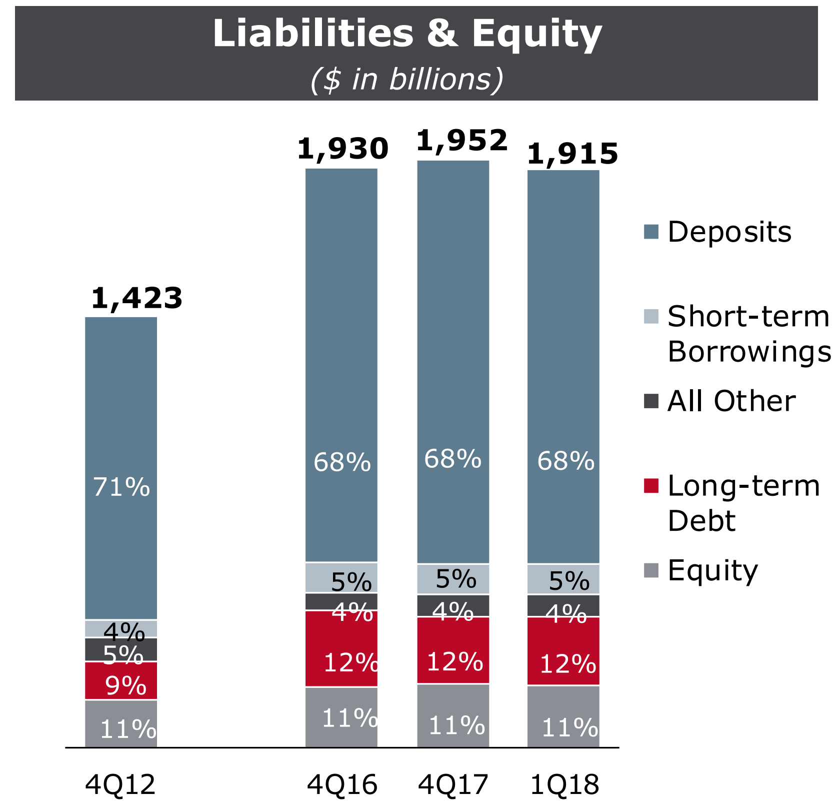
- Improvement in credit quality since 1Q12 reflects improvement across the loan portfolio, as well as portfolio diversification and de-risking
  - Provision expense of $191 million in 1Q18, down $1.8 billion from 1Q12, or 90%
  - Net charge-offs of $741 million in 1Q18, down $1.7 billion from 1Q12, or 69%
  - Nonperforming assets of $8.3 billion in 1Q18, down $18.4 billion from 1Q12, or 69%

- Through-the-cycle net charge-offs expected to be in the range of 60 – 70 bps

Balance Sheet Management

Balance Sheet composition has stabilized



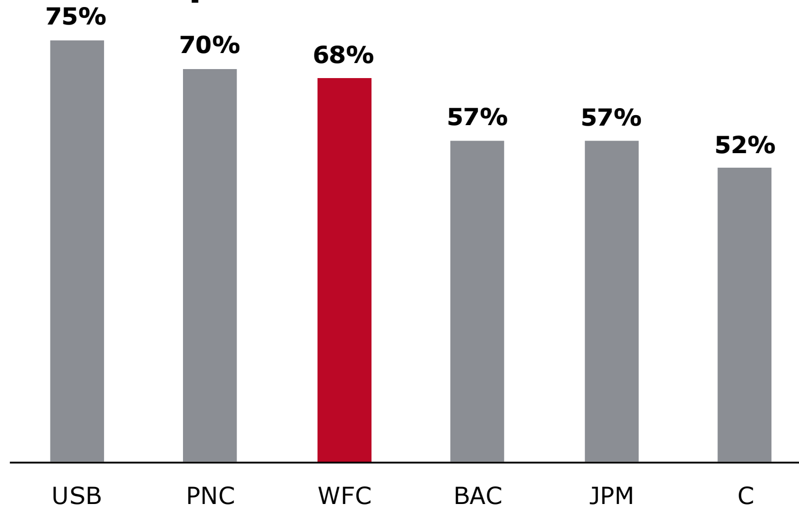


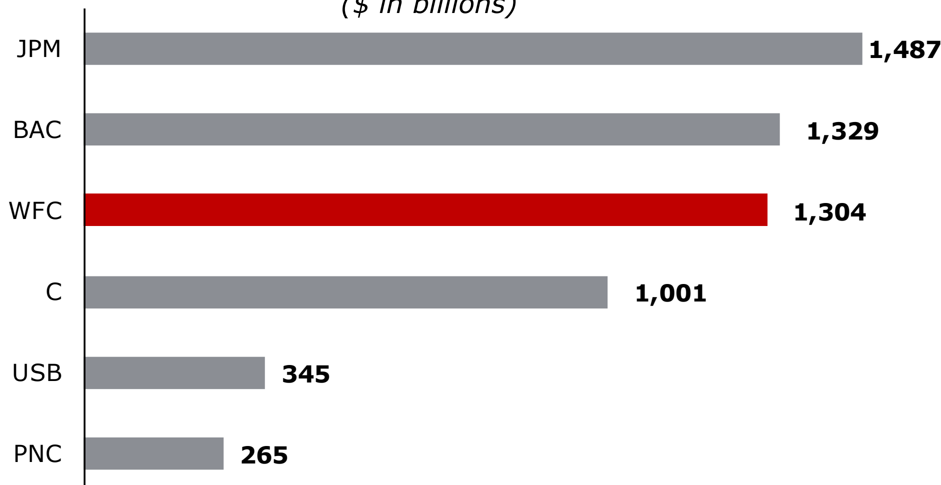
- Cash & Short-term Investments = 14% of Total Assets
- Net loans (1) = 49% of Total Assets

- Funding structure is a source of strength
- Deposits = 68% of Total Liabilities & Equity
- Long-term Debt = 12% of Total Liabilities & Equity

Period-end balances.
(1) Net loans are total loans outstanding minus allowance for loan losses.

Highest deposit funding among GSIBs



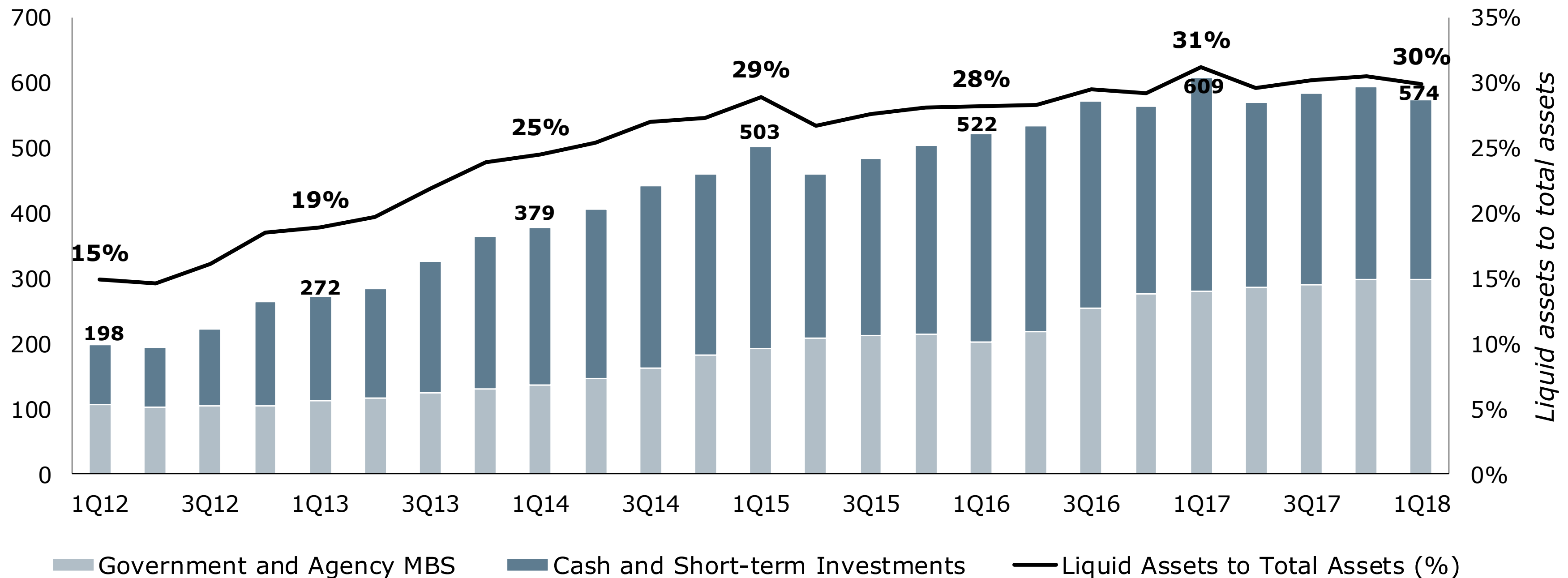


- Deposits fund 68% of our assets
- Average deposit cost = 34 bps in 1Q18
- Largest U.S. retail deposit franchise (1)

Period end data as of March 31, 2018. Source: SNL Financial.
(1) FDIC data, SNL Financial, as of June 2017. Retail deposit data is pro forma for acquisitions and caps deposits at $1 billion in a single banking branch and excludes credit union deposits.

Balance Sheet remains highly liquid

($ in billions, period-end balances)



- Cash and short-term investments of $275.9 billion in 1Q18
- 1Q18 Liquidity Coverage Ratio (LCR) [1] = 123%, exceeded the regulatory minimum threshold of 100%

(1) Based on quarterly average values for the daily-calculated LCR and its components calculated pursuant to the LCR rule requirements.

Currently exceed TLAC requirement

- Final Total Loss Absorbing Capacity (TLAC) rule issued on 12/15/16 and effective on January 1, 2019

	External TLAC		LTD Requirement	
($ in billions)	03/31/18 Actual	% of RWA	03/31/18 Actual	% of RWA
Total Risk Weighted Assets (RWA)	$ 1,278.1		$ 1,278.1	
Common Equity Tier 1	152.3	11.9 %		
Qualifying Tier 1 instruments	23.8	1.9		
Qualifying Tier 2 instruments	25.3	2.0	25.3	2.0 %
Senior unsecured debt	105.1	8.2	101.5	7.9
Total TLAC	306.5	24.0	126.8	9.9
Required TLAC / LTD		22.0		8.0
Estimated Excess / (Shortfall)	25.3	2.0 %	24.5	1.9 %

- We are currently TLAC compliant with a buffer
- We will continue to issue eligible TLAC to fund maturities, RWA growth, and the expected migration of our Common Equity Tier 1 level to our internal target level over the next 2-3 years
- The TLAC rule includes both risk-based and leverage-based minimum requirements. The recent Fed proposal would only recalibrate the leverage-based minimum TLAC requirements, which are non-binding for Wells Fargo, and as a result are not expected to impact our minimum TLAC requirement

Managing within the asset cap

- Achieving compliance with the Consent Order's asset cap [1] and maintaining liquidity and other financial risk management targets while:
  - Minimizing the impact to customers
  - Minimizing adverse long-term strategic effects
  - Maintaining our financial risk discipline
- With nearly $2.0 trillion in total assets we believe we can meet our customers' financial needs and continue to deliver strong results without growing the balance sheet near term
  - We are already operating at scale
  - We have been focused on reducing our exposure to riskier assets
  - We have maintained our credit risk discipline with new originations across the loan portfolio
- As of 3/31/18, total assets were down $36.4 billion from 12/31/17 [2]
  - Reduction in the balance sheet primarily due to a $32 billon decline in commercial deposits from financial institutions [3], including ~$15 billion of actions taken to comply with the Consent Order asset cap
- The earnings impact was nominal in 1Q18, but is expected to modestly increase in subsequent quarters; we estimate that the net income after tax impact in 2018 will be less than $100 million, as loan and deposit growth is below previous expectations and therefore the expected asset cap management actions are less than initially anticipated

(1) Consent Order issued by the Board of Governors of the Federal Reserve System on February 2, 2018.
(2) The Consent Order's asset cap requires the company to maintain a two-quarter daily average of total consolidated assets that is no greater than the 12/31/17 balance of $1.952 trillion.
(3) Includes deposit balance decline in Wells Fargo Securities (WFS).

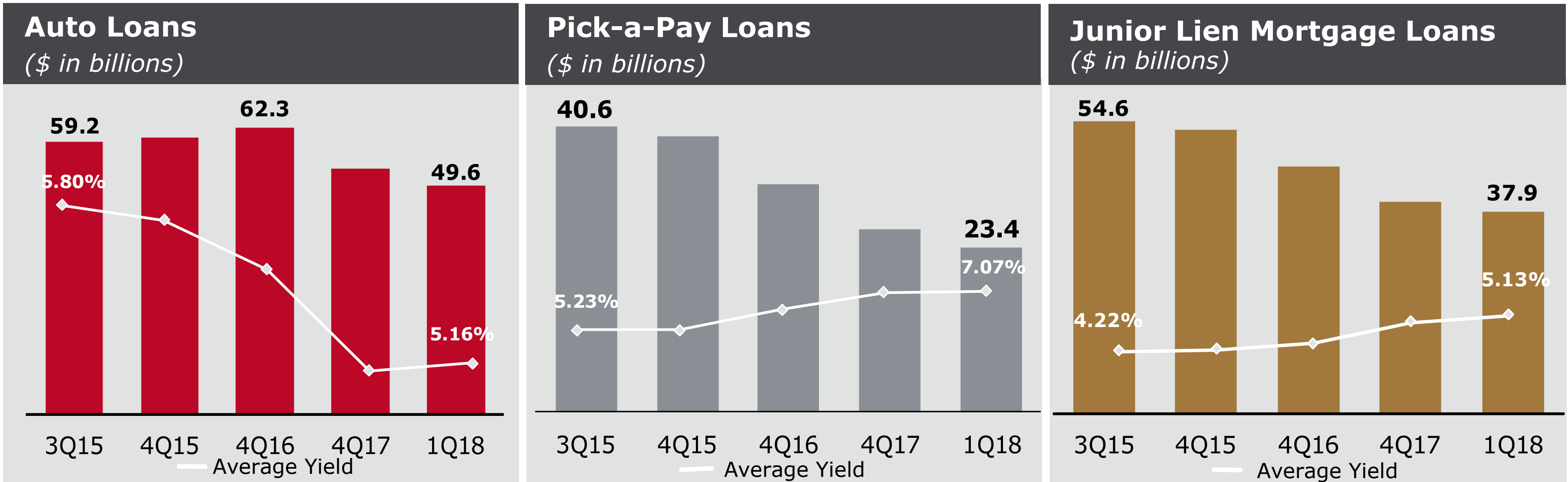
Net Interest Margin Considerations

NIM components

- Rising interest rates and a growing balance sheet have been beneficial to net interest income (up $4.3 billion, or 9%, from 2015 – 2017); however, structural changes and market dynamics have resulted in a decline in NIM during the same period
  - **Loan mix:** reductions in certain higher yield categories have compressed overall yield; loans as a percentage of earning assets have declined as liquid assets have increased
  - **Lower investment and lending spreads:** spreads have reached historical lows and higher yielding securities and loans continue to run off
  - **Market funding dynamics:** Long-term debt is a higher percentage of the funding mix and TLAC issuance is relatively more expensive
  - **Rising interest rates:** have been beneficial; however, a flattening yield curve has reduced the overall impact

	2015			2017			Change (2017 vs. 2015)		
($ in billions)	Balance	Yield (%)	% of Total	Balance	Yield (%)	% of Total	Balance	Yield (%)	% of Total
Short-term investments	267	0.28	17%	277	1.05	16%	10	0.77	-1%
Investments	326	3.04	21%	406	2.90	23%	80	(0.14)	2%
Trading assets	67	3.01	4%	102	2.93	6%	35	(0.08)	1%
Loans held for sale	22	3.62	1%	21	3.82	1%	(1)	0.20	0%
Commercial loans	434	3.23	28%	503	3.66	28%	69	0.43	1%
Consumer loans	451	5.02	29%	453	5.11	26%	2	0.09	-3%
Loans	**885**	**4.14**	**56%**	**956**	**4.35**	**54%**	**71**	**0.20**	**-2%**
Other interest-bearing assets	5	5.11	0%	11	2.06	1%	6	(3.05)	0%
Total earning assets	1,572	3.20	100%	1,773	3.40	100%	201	0.20	0%
Interest-bearing deposits	855	0.11	54%	939	0.32	53%	84	0.21	-1%
Noninterest-bearing deposits	339	-	22%	365	-	21%	26	-	-1%
Total Deposits	**1,194**	**0.08**	**76%**	**1,305**	**0.23**	**74%**	**111**	**0.15**	**-2%**
Short-term market funding	87	0.07	6%	99	0.77	6%	11	0.70	0%
Long-term debt	185	1.40	12%	246	2.09	14%	61	0.69	2%
Other liabilities	17	2.15	1%	22	1.94	1%	5	(0.21)	0%
Total Market Funding	**289**	**1.04**	**18%**	**367**	**1.73**	**21%**	**78**	**0.68**	**2%**
Other non-interest bearing funding sources supporting earning assets	89		6%	102		6%	13		0%
Total Funding	1,572	0.25	100%	1,773	0.53	100%	201	0.28	0%
NIM		**2.95**			**2.87**			**(0.08)**	

Loan mix changes have reduced loan yields and pressured margins



- Auto loan decline reflects tighter credit underwriting standards initiated in 2016
  - 1Q18 average FICO at origination of 723 vs. 704 in 3Q16
- Pick-a-Pay loans have been in run-off since 2009; pace of run-off increased the last two years due to loan sales and higher paydowns
- Junior lien mortgage loan reduction reflects lower demand, as well as paydowns driven by continued improvement in house price valuations

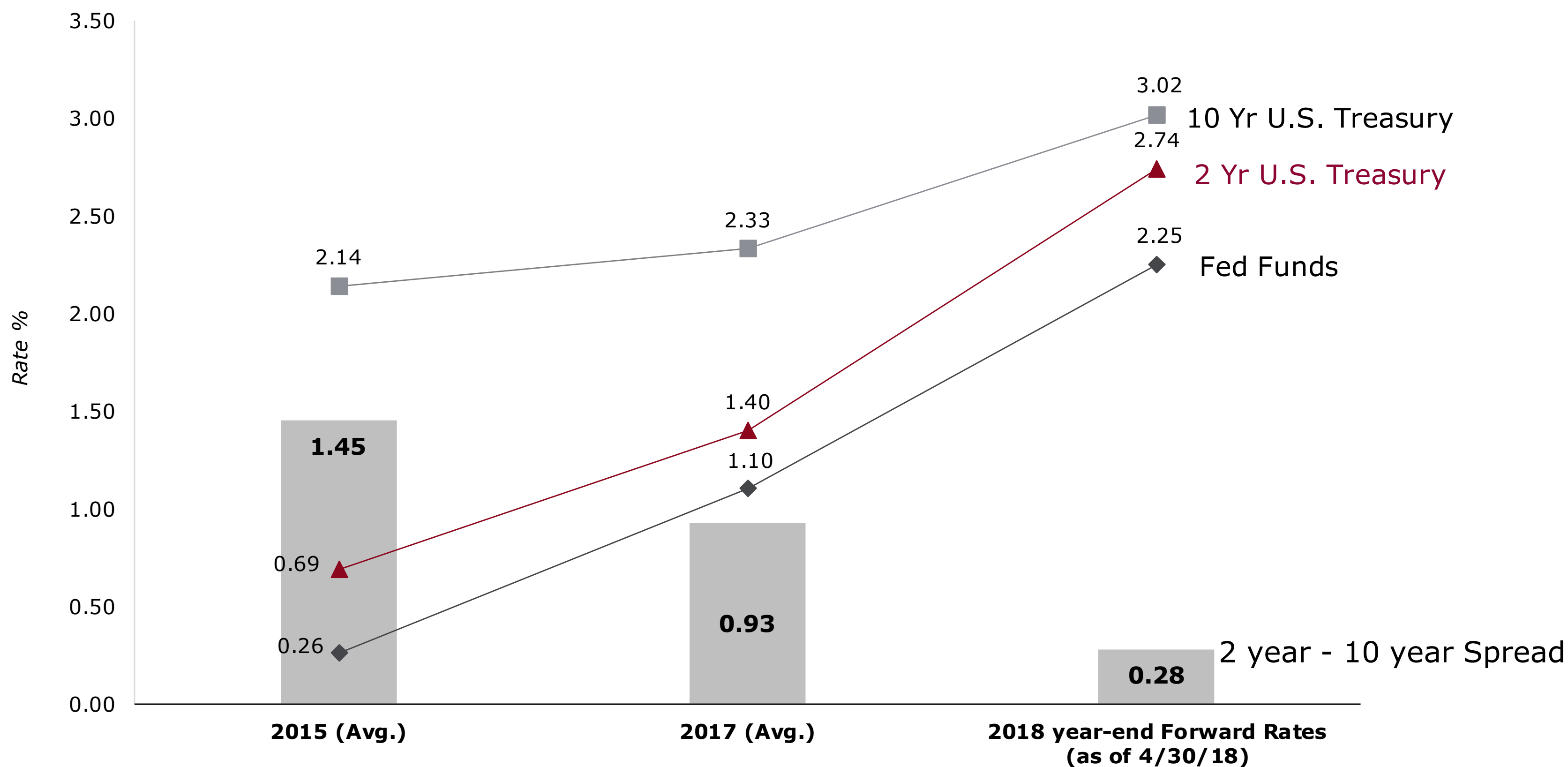
($ in billions)	Balance decline from 3Q15 - 3Q16 Peak	1Q18 Loan yield	Change in Yield since 3Q15
Auto	$ (13.3)	5.16 %	(0.64) %
Pick-a-Pay	(17.2)	7.07	1.84
Junior Lien Mortgage	(16.7)	5.13	0.91
Total	**$ (47.2)**	**5.55 %**	**0.46 %**

- 1Q18 weighted average loan yield of 5.55% for these categories exceeded Wells Fargo's total average loan yield of 4.50% and average total earning asset yield of 3.55%

All loan balances are period-end.

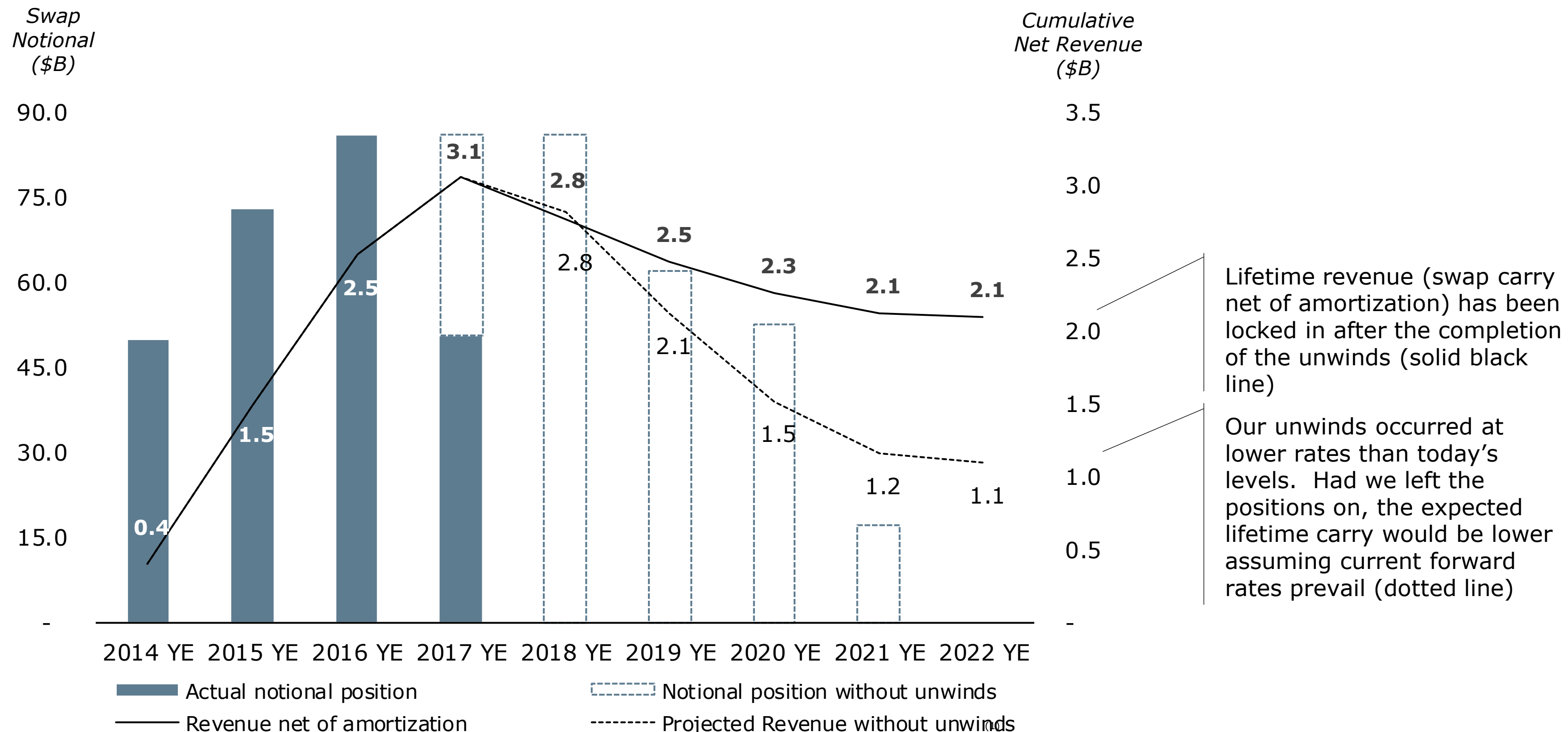
Yield curve flattening

- Asset sensitivity position
  - Increase in rates and a steeper yield curve: most beneficial to results
  - Increase in short-term rates without an increase in long-term rates: modestly positive to results
- Over the past two years the yield curve has flattened significantly
- Market expectations are for continued flattening as monetary policy normalization continues



Lower for longer hedge program and unwind

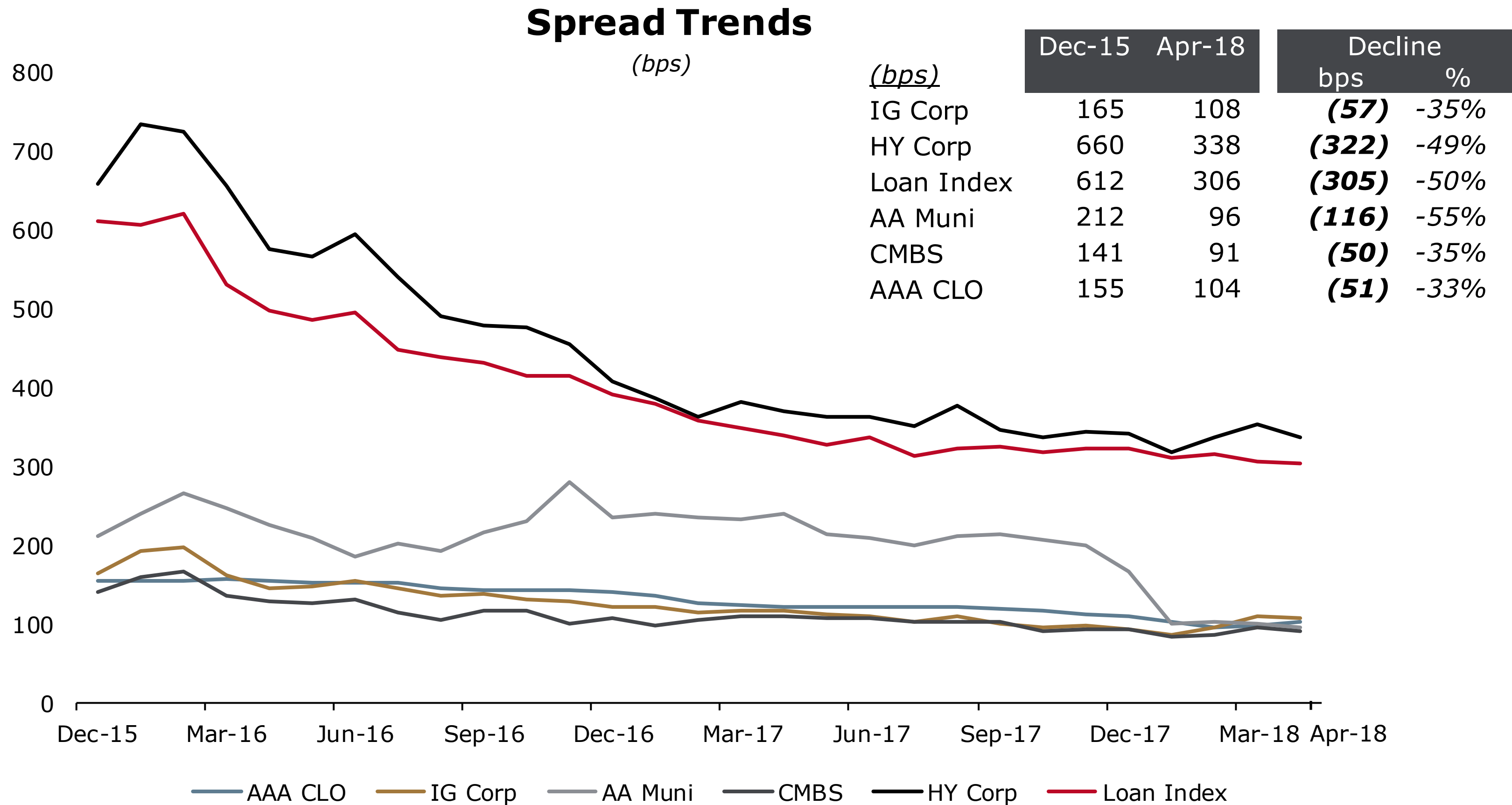
- In December 2013 we started a commercial loan hedge program to protect interest income from a potential prolonged period of lower interest rates. The program converted floating rate commercial loans to fixed rate by executing receive-fixed interest rate swaps. At its peak the program had $86 billion in swap notional
- The program generated $3.1 billion of net interest income (carry income) over the life through 2017
- Unwinding swaps does not result in immediate recognition of gains/losses. The unwind cost, ~$1.0 billion, is amortized over the remaining life of the original derivatives (~ 3 years on average) and is recorded in commercial & industrial loan net interest income (NII) and yield
- The total unwind improved our net interest margin sensitivity profile to rising rates



(1) Projected revenue is based on 4/30/18 implied rates.

Credit spreads compressing

- Tighter credit spreads have made investing in credit securities less attractive and put pressure on commercial loan pricing
  - As a result, loan yields have risen more slowly than rates

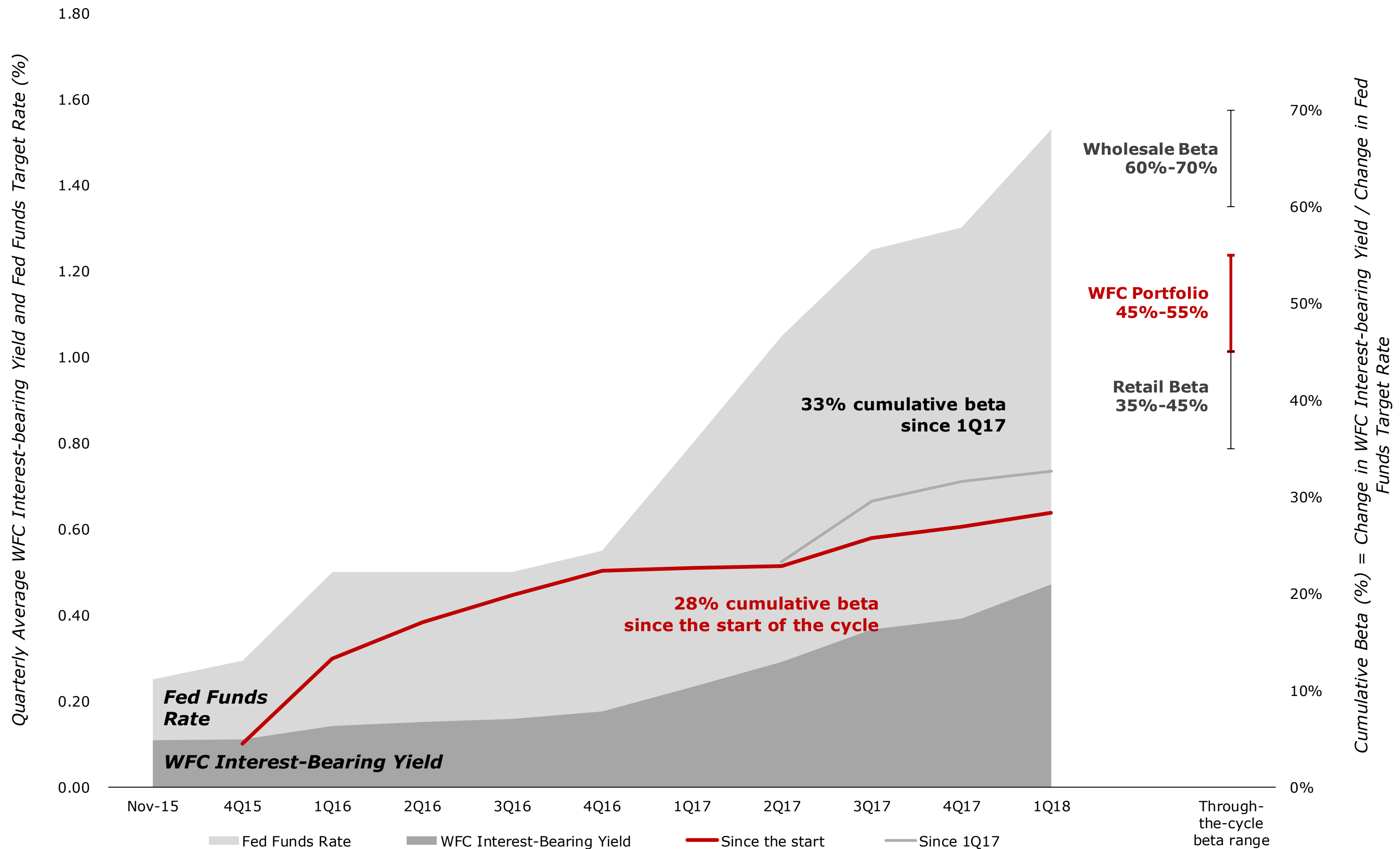


(bps)	Dec-15	Apr-18	Decline bps	Decline %
IG Corp	165	108	***(57)***	*-35%*
HY Corp	660	338	***(322)***	*-49%*
Loan Index	612	306	***(305)***	*-50%*
AA Muni	212	96	***(116)***	*-55%*
CMBS	141	91	***(50)***	*-35%*
AAA CLO	155	104	***(51)***	*-33%*

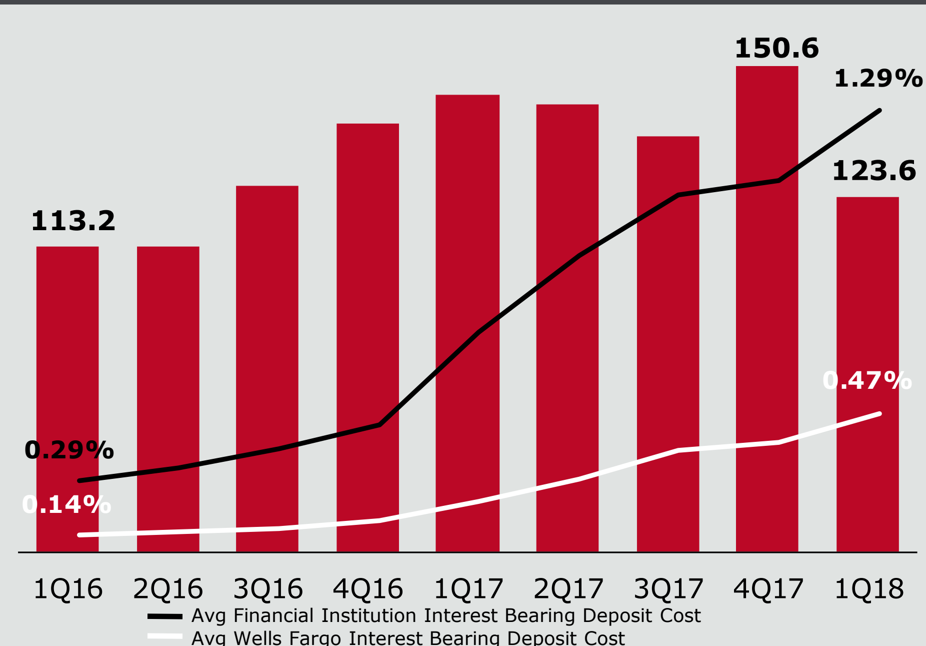
Sources: Corporate Bond Spreads – Bloomberg Barclays IG/HY Index. Loan Index - S&P LSTA Leveraged Loan 100 Index Spread to Maturity (top 100 syndicated deals by size). CMBS spreads - Bloomberg Barclays CMBS Index.

Deposit beta experience and expectations

- Initial lags in deposit repricing are expected to slowly catch up to historical experience
- Cumulative beta over the last year was above the experience for the first 100 bps move



Financial institution deposits contribute to commercial deposit betas



- Financial institution deposit portfolio is accretive to NII, though dilutive to NIM; the competitive landscape provided the opportunity to grow this portfolio as we were not leverage ratio constrained
- Since 1Q16, financial institution commercial deposits increased over $37 billion to year-end 2017 peak level
- As of 3/31/18, deposit balances from financial institutions declined $27 billion from year-end 2017 partially due to actions taken to comply with the Consent Order asset cap
- Financial institution commercial deposits characteristics:
  - Higher cost; 1Q18 average deposit cost of 107 bps vs. Wells Fargo average deposit cost of 34 bps
    - Average interest-bearing deposit cost of 129 bps in 1Q18 vs. total Wells Fargo average interest-bearing deposit cost of 47 bps
  - Highest beta among all major deposit categories
  - Lower liquidity value including some categories with zero liquidity value [(1)]

(1) Manageable liquidity coverage ratio (LCR) impact due to lower liquidity value.

Asset sensitivity illustration

- Our balance sheet remains positioned to benefit from rising rates, and asset sensitivity has increased modestly from 2017 Investor Day driven by the unwind of our loan swap position
- The table below provides a static illustration of our balance sheet sensitivity, as of 3/31/18, to an instantaneous 100 bps parallel shift in the yield curve
  - We take actions to adjust our balance sheet sensitivity over time so future sensitivity could differ from the estimated ranges below
  - Actions we may take that impact sensitivity include, but are not limited to, adjusting our business mix, adjusting our funding mix, engaging in hedge programs, and deploying short-term investments into high quality liquid assets (HQLA)

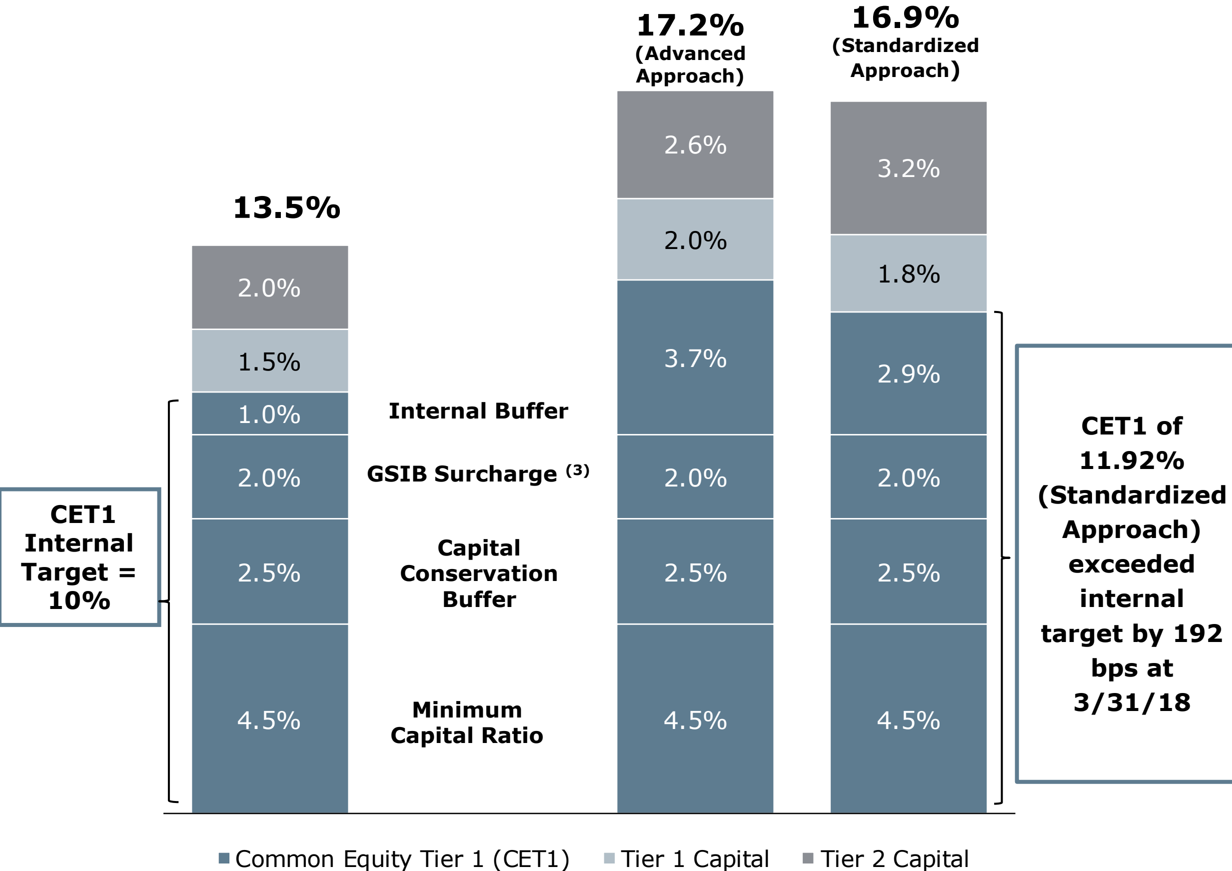
($ in billions)	1Q18 Balance	1Q18 Yield	Estimated Repricing % (Beta)[1]	Considerations
Short-term Investments	$ 266	1.52 %	> 95%	
Investments	414	2.81	20% - 30%	
Loans Held for Sale & Trading Assets	129	3.09	> 90%	
Commercial Loans	502	3.91	75% - 85%	*Complete unwind of loan swap position has resulted in increased sensitivity*
Consumer Loans	449	5.15	20% - 30%	
Total Earning Assets	**1,761**	**3.55**	**55% - 65%**	
Interest-bearing Deposits	938	0.47	45% - 55%	*Deposit sensitivity continues to outperform expectations with increases to date driven by Wholesale and Wealth & Investment Management customer repricing*
Market Funding	356	2.29	85% - 95%	
Noninterest-bearing Liabilities supporting Earning Assets	467			
Total Funding Sources	**$ 1,761**	**0.71**	**45% - 55%**	
Net Interest Margin Benefit		**2.84 %**	**5% - 15%**	*Slightly above mid-point of range at 1Q18*

- Implied Net Interest Margin benefit from a 100 bps shock = 5-15 bps in the first 12 months
- Implied Net Interest Income benefit from a 100 bps shock = 3-5% in the first 12 months

(1) Repricing percentage (bps) is the estimated change in yield over 12 months as a result of an instantaneous 100 bps parallel shift in the yield curve. For example, a 100 bps shift in market rates is expected to increase the yield of our Commercial loans by 75-85 bps.

Capital positioning

Strong capital position



Return of accumulated excess capital above our internal target is expected to occur over the next 2 – 3 years and will consider the following key factors:

- Pending feedback on 2018 CCAR submission
- Current and projected risk profile
- Operating environment
- Regulatory environment including changes to regulatory capital requirements and/or stress testing (i.e. Stress Capital Buffer)
- OCI risk in a rising rate environment
- Current expected credit loss (CECL) reserve accounting effective 1/1/2020

Our targets are established through an Internal Capital Adequacy Process (ICAAP).

(1) Capital ratios are calculated assuming the full phase-in of the Basel III capital rules. Under the Basel III capital rules, we are subject to the lower of each of our capital ratios calculated under the Standardized Approach and under the Advanced Approach in the assessment of our capital adequacy. See page 49 for additional information regarding our capital ratios. See the Capital Management section in our First Quarter 2018 Form 10-Q for additional information on our capital requirements. (2) Estimated long-term targets; subject to change. (3) Reflects Method 2 GSIB surcharge.

Expense and Reinvestment

Noninterest expense analysis

For analytical purposes, we have grouped our noninterest expense into six categories:

Compensation & Benefits: Salaries, benefits and non-revenue-related incentive compensation

Revenue-related: Incentive compensation directly tied to generating revenue; businesses with expenses directly tied to revenue (operating leases, insurance)

Third Party Services: Expenses related to the use of outside parties, such as legal and consultant costs

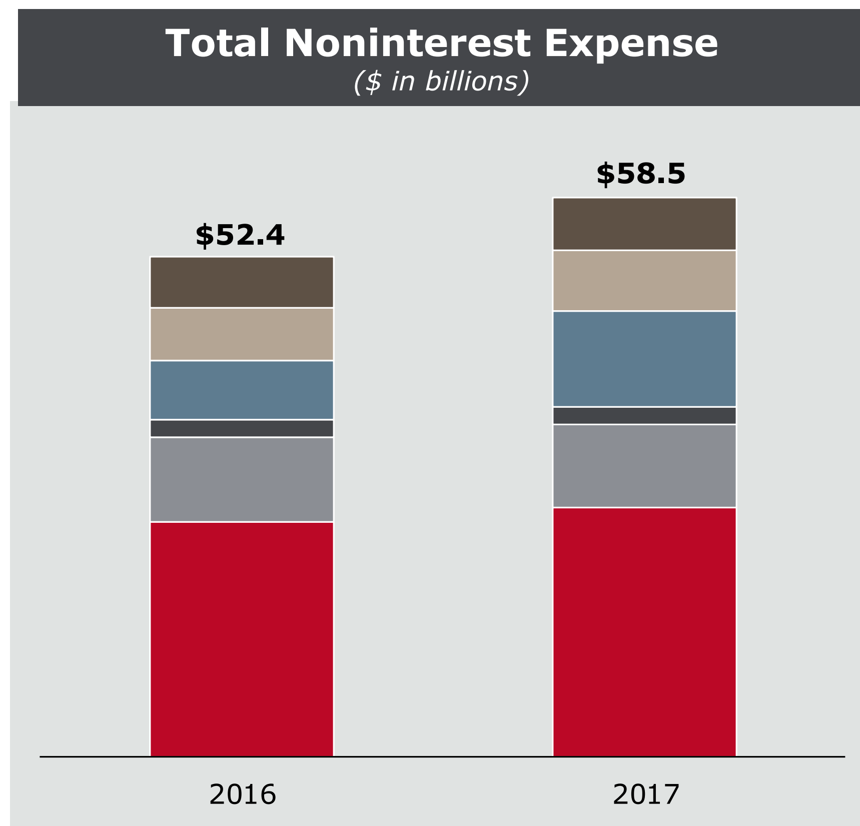
"Running the Business" – Non Discretionary: Expenses that are costs of doing business, including operating losses, foreclosed asset expense and FDIC assessments

"Running the Business" – Discretionary: Travel, advertising, postage, etc.

Infrastructure: Equipment, occupancy, etc.

Noninterest expense trends by type of expenditure

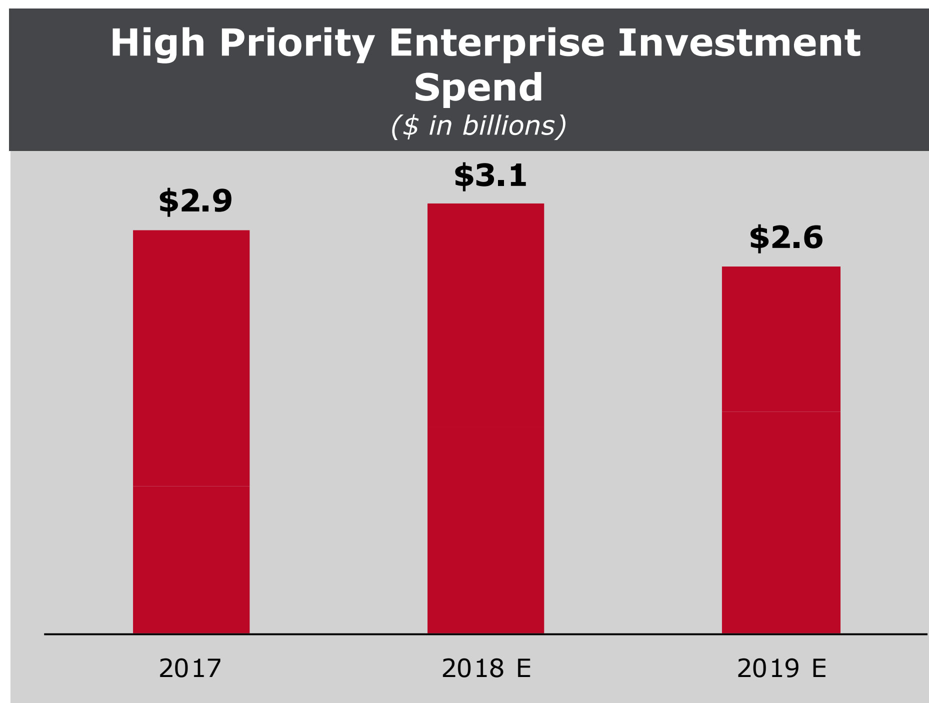
- Compensation & Benefits
- Revenue-related
- Running the Business – Discretionary
- Running the Business – Non Discretionary
- Third Party Services
- Infrastructure



- Noninterest expense in 2017 increased 12% from 2016 driven by:
  - Higher operating losses due to litigation accruals,
  - Higher compensation and benefits expense on higher salaries expense, and
  - Higher third party spend,
  - Partially offset by lower equipment expense (infrastructure) and lower discretionary spend

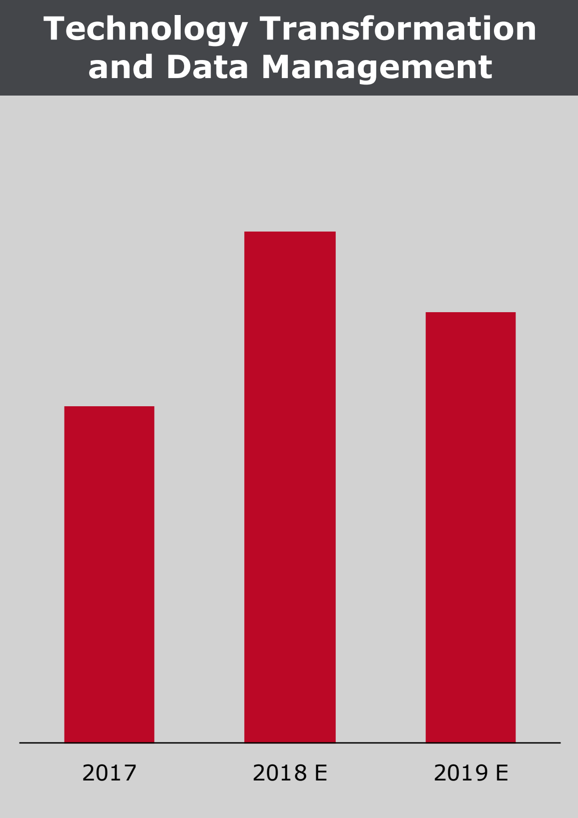
Investment in the business

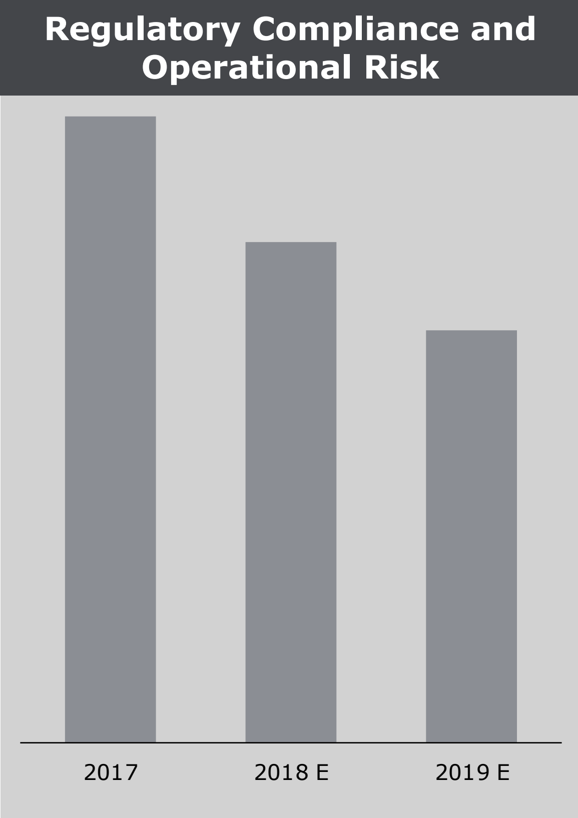
- We continue to invest across the company in ongoing business capabilities
- We are also investing to build new, or enhance existing capabilities within the company to meet new and emerging high priority needs = High priority enterprise investment spend [1]
  - High priority enterprise investment spend accelerated in 2017, partially funded by expense savings, and reflected investments primarily related to technology and information security, regulatory and compliance, and sales practices
  - High priority enterprise investment spend is expected to increase in 2018, but to decline starting in 2019

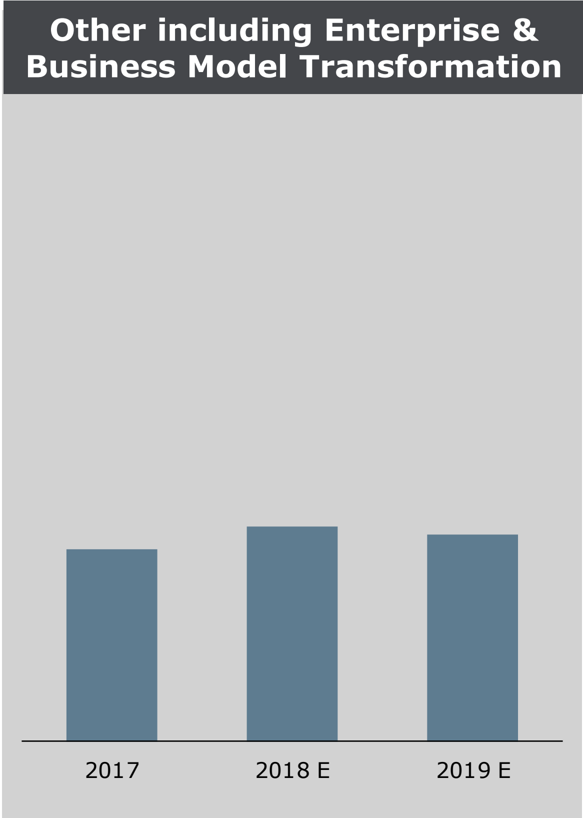


(1) Management defines these as current high priority projects. What management defines as high priority projects may change in future periods.

High priority enterprise investment spend by major category

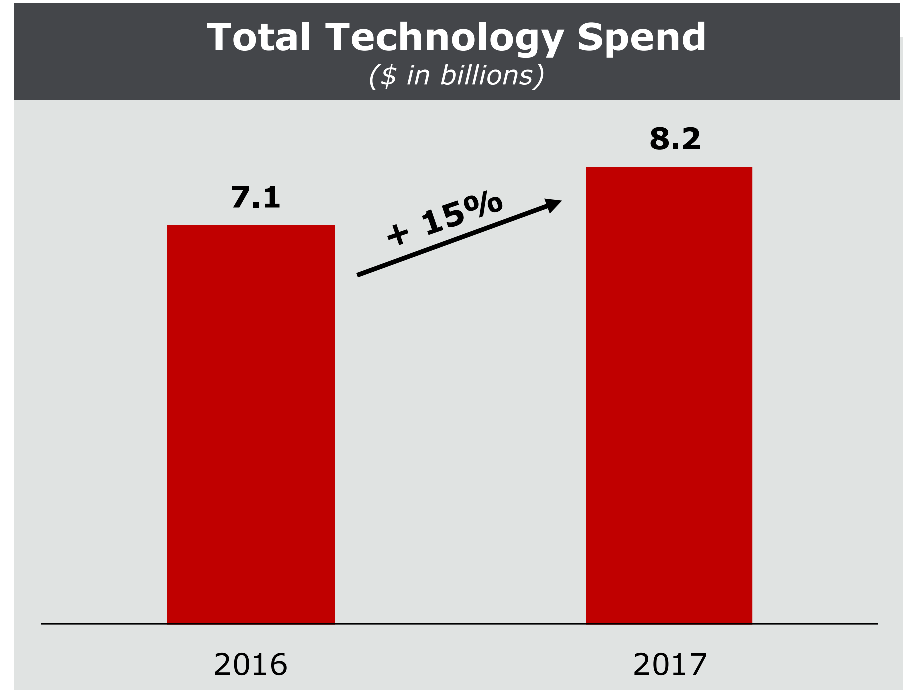






Total technology spend

- 2017 total technology spending of $8.2 billion was up $1.1 billion, or 15%, year-over-year (YoY) as efficiencies in equipment and telecom expense were more than offset by:
  - 9% increase in personnel expense reflecting higher FTEs
  - Higher cyber and regulatory project spending
  - Recurring technology spending demands in the businesses to support innovation and growth opportunities

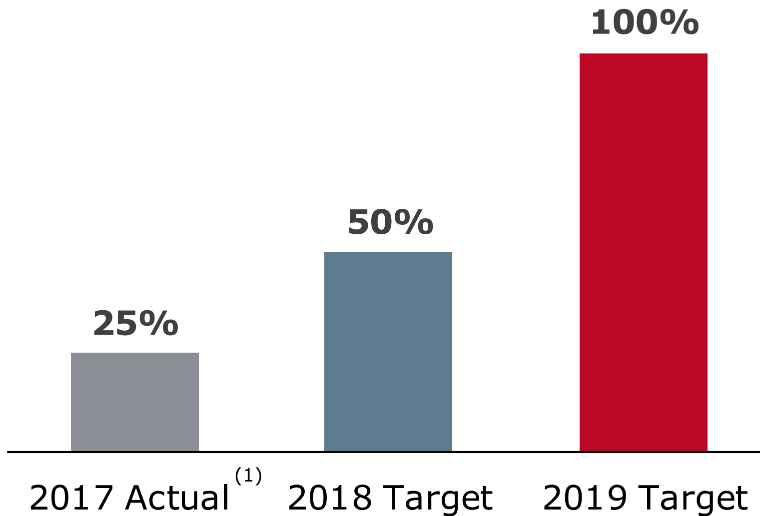


Approach to efficiency and effectiveness program

- Driving transformational, long-term change

Centralization & Optimization	Running the Business	Governance / Controls
Create a simpler, more collaborative Wells Fargo by aligning 'like work' into Centers of Excellence, standardizing processes and capabilities, and eliminating redundancies	Realign businesses to more efficiently serve customers, leverage digital automation, workforce location strategies and buying power to drive continuous improvement	Develop guidelines in key areas of opportunity; enhance governance and enforcement of controls and policies to drive down cost
▪ HR, Finance, Marketing, Communications, Data ▪ Risk ▪ Technology ▪ Operations ▪ Contact centers ▪ Project & program management	▪ Business simplification ▪ Branch rationalization ▪ Corporate properties ▪ Supply chain / 3rd party spend ▪ Workforce location ▪ Outsourcing to vendors ▪ Automation	▪ Travel & entertainment ▪ Consulting ▪ Location strategies ▪ Spans & layers ▪ Investment optimization

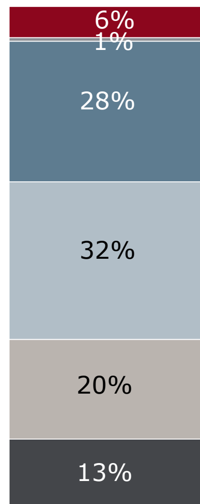
On track for $4 billion in expense reductions

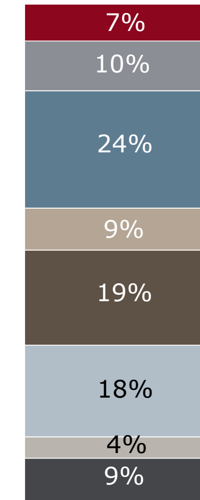


- We expect efficiency initiatives will reduce expenses by $2 billion annually by year-end 2018 and that those savings support our investment in the business
- We expect an additional $2 billion in annual expense reductions by the end of 2019
- Expected target savings exclude:
  - Run-off of core deposit intangible amortization expense (2018 estimated expense of $769 million, $0 in 2019)
  - Expected completion of FDIC special assessment by year end 2018
  - Expense saves due to divestitures

(1) Includes actions taken through 2016 and 2017.

Actual and expected savings by group





- More than 50% of the savings through year-end 2017 reflected the consolidation and optimization of functional groups and aligning of “like work” of support groups into Centers of Excellence including in:
  - Finance
  - Human Resources
  - Marketing
  - Technology
  - Operations
  - Data and Analytics

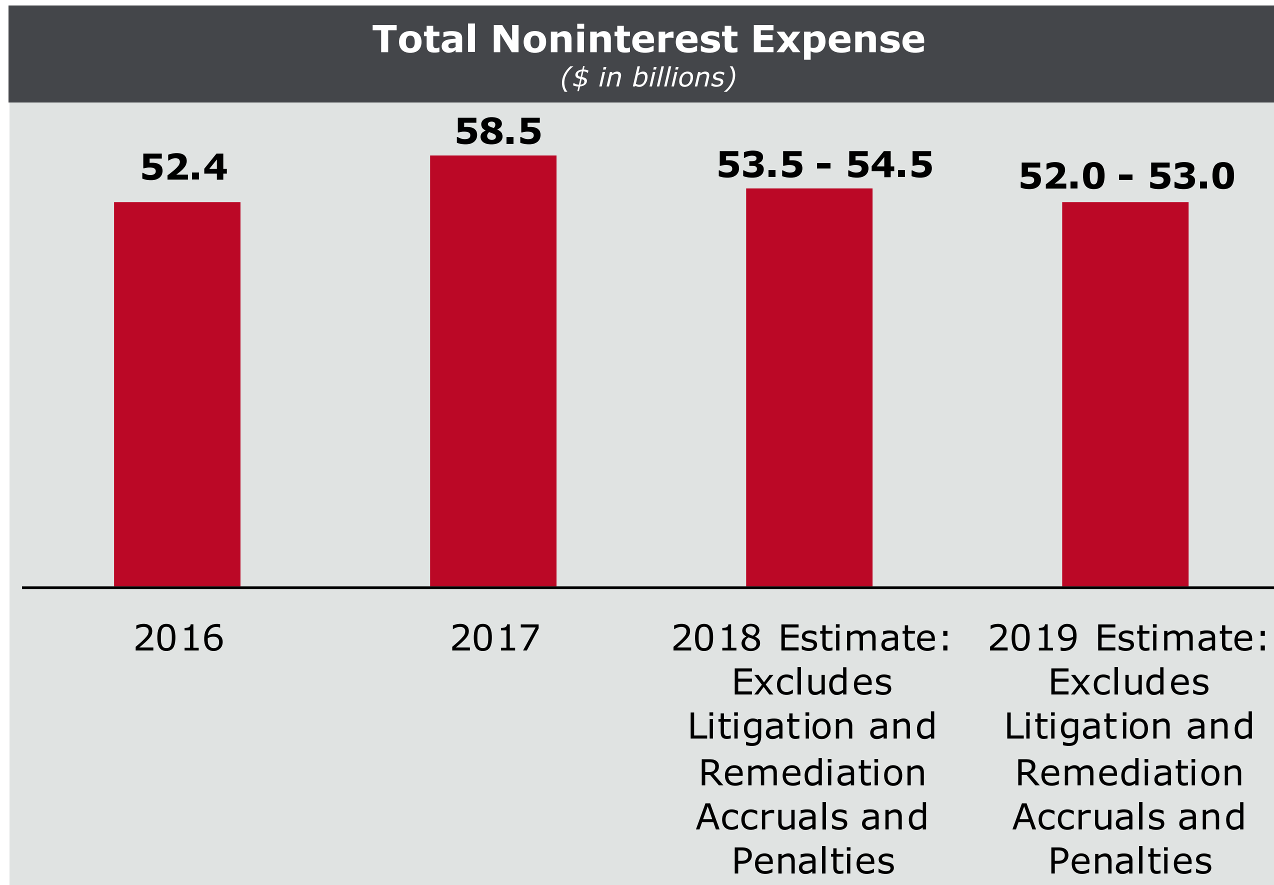
- ~70% of 2018 and 2019 expected savings to be realized by the lines of business
- See page 38 for additional information on drivers of expected savings

Key initiatives driving forecasted savings

Line of Business	*Key initiatives driving cumulative expected savings through 2020*
Community Banking and Consumer Lending; Payments, Virtual Solutions and Innovation	Distribution realignment with an emphasis on digital and self service Branch service staffing Operations re-engineering Contact centers transformation
Wealth & Investment Management	Client segmentation Reshaping delivery and cost to serve
Wholesale Banking	Lending transformation Corporate and Investment Banking alignment

- Details on line of business initiatives are included in their presentations

Noninterest expense expectations in 2018 and 2019



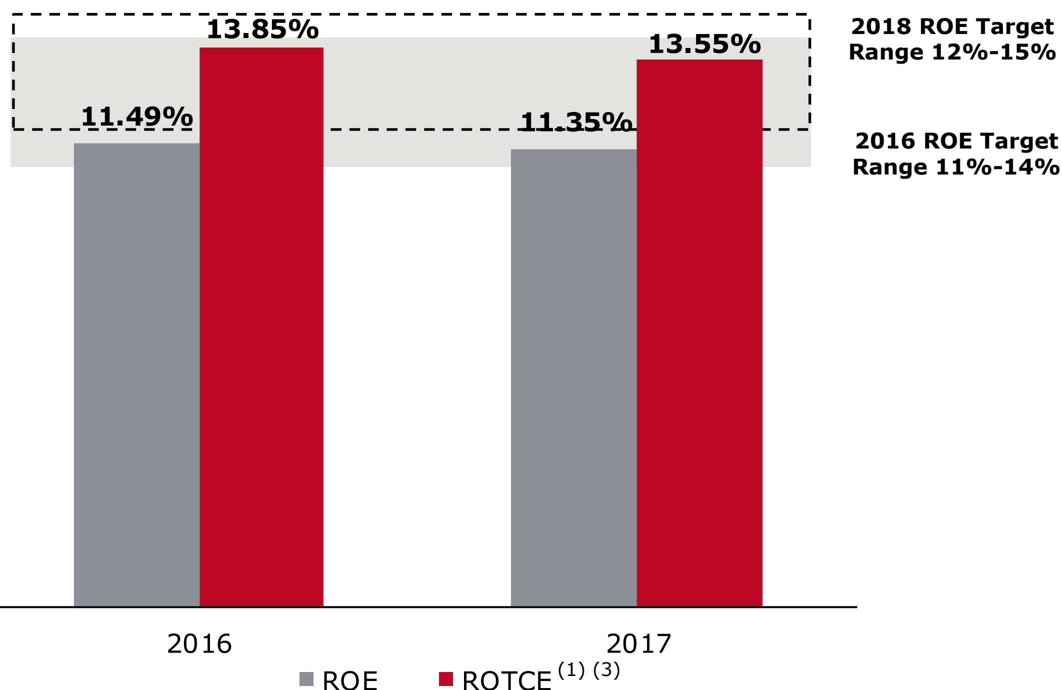
- We currently expect full year 2018 total expenses to be in the range of $53.5 - $54.5 billion
  - Includes ~$0.6 billion of typical operating losses, and excludes litigation and remediation accruals and penalties
- We currently expect full year 2019 total expenses to be in the range of $52.0 – $53.0 billion
  - Includes ~$0.6 billion of typical operating losses, and excludes litigation and remediation accruals and penalties

Targets

Target update and new target: ROE and ROTCE [1]

2018 Investor Day 2-year Annual ROE target: 12% - 15%

New 2-year Annual ROTCE [1] [2] target: 14 – 17%

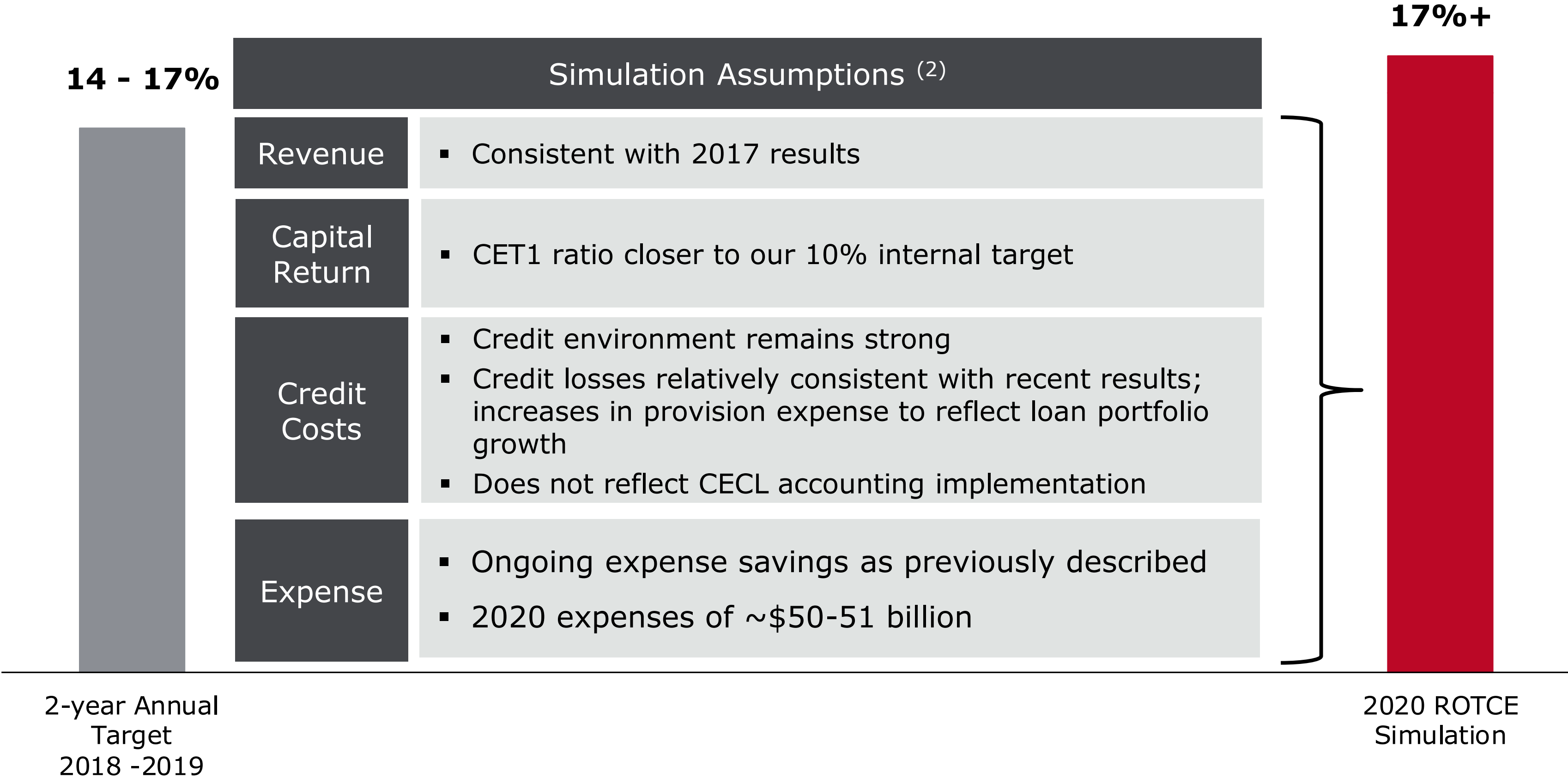


ROE and ROTCE Considerations

- Tax reform added ~200 bps to prior annual target range
- Near-term ROE is being impacted by capital levels that are higher than internal target (10% CET1)
  - ~200 bps impact on annual target ROE range
- Assumes a non-objection to 2018 CCAR submission
- Excludes litigation and remediation accruals and penalties
- ROTCE is expected to be ~200 bps higher than ROE over the next two years

(1) Tangible common equity is a non-GAAP financial measure and represents total equity less preferred equity, noncontrolling interests, and goodwill and certain identifiable intangible assets (including goodwill and intangible assets associated with certain of our nonmarketable equity securities but excluding mortgage servicing rights), net of applicable deferred taxes. The methodology of determining tangible common equity may differ among companies. Management believes that return on average tangible common equity (ROTCE), which utilizes tangible common equity, is a useful financial measure because it enables investors and others to assess the Company's use of equity. (2) We are unable to provide a reconciliation of the forward-looking non-GAAP financial measure to its most directly comparable GAAP financial measure because we are unable to provide, without unreasonable effort, a meaningful or accurate calculation or estimation of amounts that would be necessary for the reconciliation due to the complexity and inherent difficulty in forecasting and quantifying future amounts or when they may occur. Such unavailable information could be significant to future results. (3) For additional information, including a corresponding reconciliation to GAAP financial measures, see page 50.

ROTCE (1) improvement beyond 2019 is achievable



- Potential improvement driven by efficiency program savings, as well as the return of excess capital over the next 2 – 3 years drives:
  - 2-year Annual ROTCE Target range of 14 – 17%
  - 2020 ROTCE opportunity of > 17%

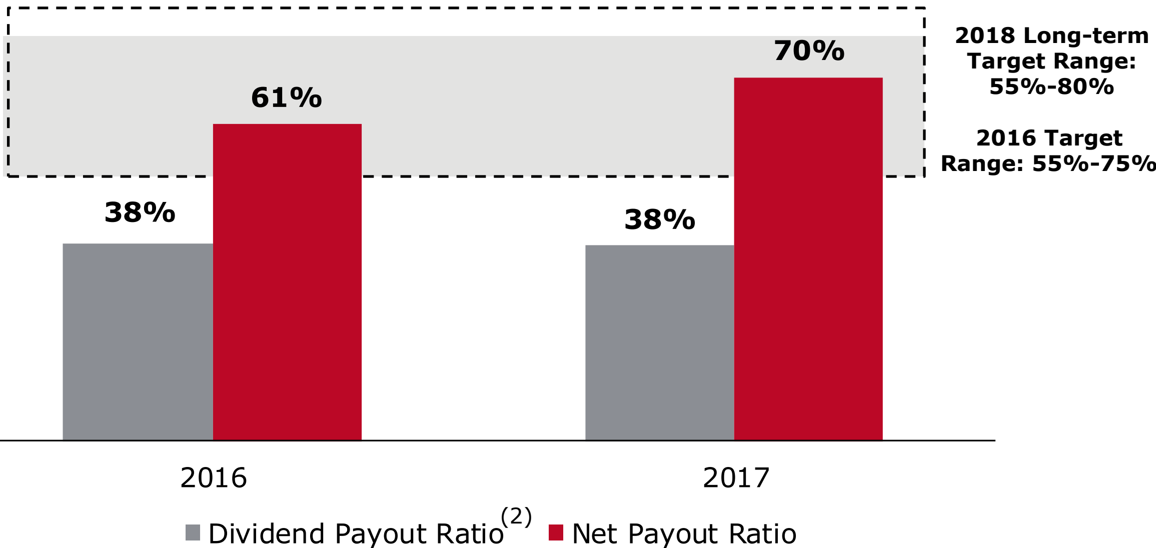
(1) Tangible common equity is a non-GAAP financial measure and represents total equity less preferred equity, noncontrolling interests, and goodwill and certain identifiable intangible assets (including goodwill and intangible assets associated with certain of our nonmarketable equity securities but excluding mortgage servicing rights), net of applicable deferred taxes. The methodology of determining tangible common equity may differ among companies. Management believes that return on average tangible common equity (ROTCE), which utilizes tangible common equity, is a useful financial measure because it enables investors and others to assess the Company's use of equity. We are unable to provide a reconciliation of the forward-looking non-GAAP financial measure to its most directly comparable GAAP financial measure because we are unable to provide, without unreasonable effort, a meaningful or accurate calculation or estimation of amounts that would be necessary for the reconciliation due to the complexity and inherent difficulty in forecasting and quantifying future amounts or when they may occur. Such unavailable information could be significant to future results. (2) Assumptions are for purposes of simulation model only and do not constitute projections, forecasts or expectations.

Net payout ratio [1] target range

2018 Investor Day Long-term Annual Net Payout Ratio Target: 55% - 80%

Net payout ratio over the next 2-3 years is expected to exceed our long-term annual net payout ratio target as we return the accumulated excess capital above our internal CET1 target level of 10%

Net Payout Ratio [1] relative to 2018 Long-term Target Range



2018 Long-term Target Range: 55%-80%

2016 Target Range: 55%-75%

Net Payout Ratio Considerations

- Strong organic capital generation and ROE support capital return
- Returning capital to shareholders remains a priority
- Pending feedback on 2018 CCAR proposed capital actions
- Our current capital position including our excess capital buffer, and our expectation that regulators will be more focused on capital levels than payout ratios prospectively is expected to result in a higher net payout ratio over the next 2-3 years

Represents net payout ratio target range set at 2016 Investor Day.

- - - Represents net payout ratio target range set at 2018 Investor Day.

(1) Net payout ratio means the ratio of (i) common stock dividends and share repurchases less issuances and stock compensation-related items, divided by (ii) net income applicable to common stock. Dividends and share repurchases are subject to Wells Fargo board and regulatory approvals, and other considerations. Share issuances may vary based on business and market conditions, as well as other factors.

(2) Dividend payout ratio means the ratio of (i) common stock dividends, divided by (ii) net income applicable to common stock.

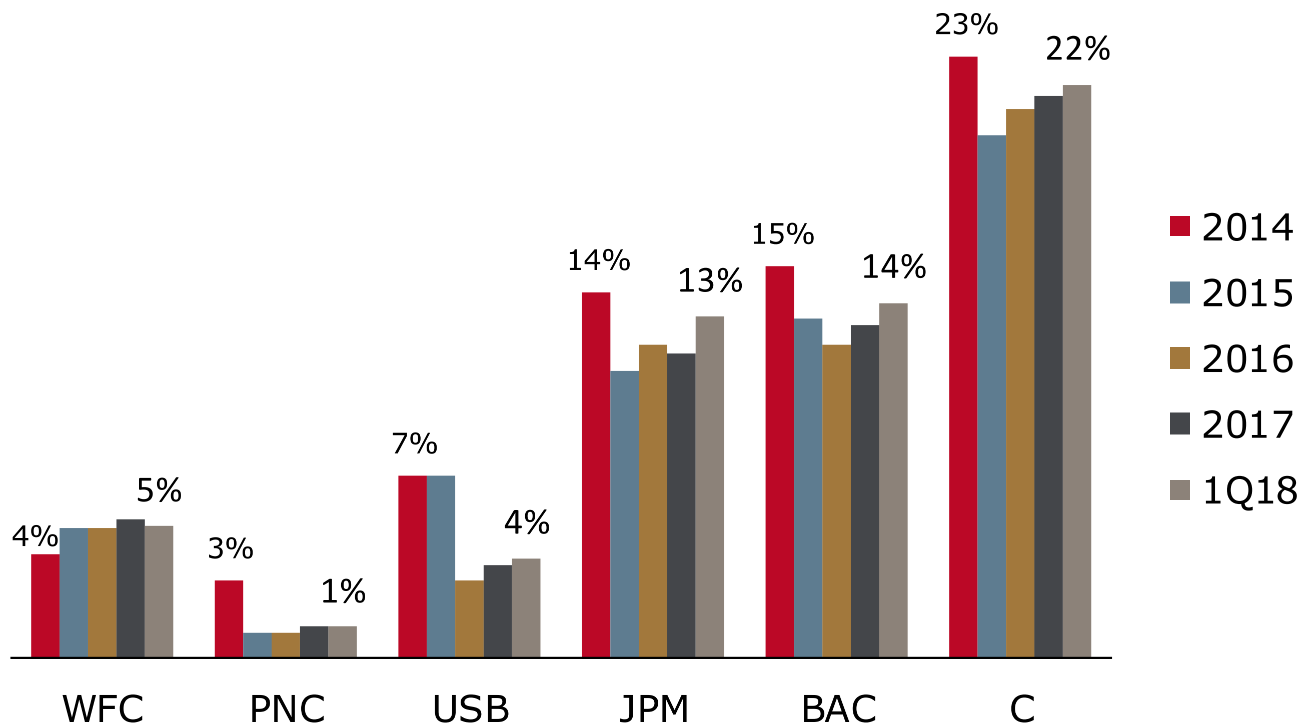
Summary

- Diversified business model positions us to perform consistently over the cycle
- Balance sheet is asset sensitive, but shape of the yield curve matters as well
  - Net interest income is expected to be relatively stable in 2018
- Key expense takeaways:
  - On track for target annual expense savings
    - $2.0 billion of target annual expense savings by year-end 2018, and those savings will help offset investment spending that is already in our run-rate
    - Additional $2.0 billion of target annual expense savings by year-end 2019
  - We currently expect full year 2018 expenses to be in the range of $53.5 - $54.5 billion (1), and full year 2019 expenses to be in the range of $52.0 – 53.0 billion (1)
- Performance target takeaways:
  - 2-year annual target ranges: ROE of 12 – 15% and ROTCE (2) of 14 – 17%
  - Long-term net payout ratio target range (3) of 55 - 80%
  - Net payout ratio over the next 2-3 years is expected to exceed our long-term annual net payout ratio target as we return the accumulated excess capital above our internal CET1 target level of 10%, pending feedback on 2018 CCAR proposed capital actions
  - Higher returns in 2020 are achievable

(1) Includes ~$0.6 billion of typical operating losses, and excludes litigation and remediation accruals and penalties. (2) Tangible common equity is a non-GAAP financial measure and represents total equity less preferred equity, noncontrolling interests, and goodwill and certain identifiable intangible assets (including goodwill and intangible assets associated with certain of our nonmarketable equity securities but excluding mortgage servicing rights), net of applicable deferred taxes. The methodology of determining tangible common equity may differ among companies. Management believes that return on average tangible common equity (ROTCE), which utilizes tangible common equity, is a useful financial measure because it enables investors and others to assess the Company's use of equity. We are unable to provide a reconciliation of the forward-looking non-GAAP financial measure to its most directly comparable GAAP financial measure because we are unable to provide, without unreasonable effort, a meaningful or accurate calculation or estimation of amounts that would be necessary for the reconciliation due to the complexity and inherent difficulty in forecasting and quantifying future amounts or when they may occur. Such unavailable information could be significant to future results. (3) Net payout ratio means the ratio of (i) common stock dividends and share repurchases less issuances and stock compensation-related items, divided by (ii) net income applicable to common stock. Dividends and share repurchases are subject to Wells Fargo board and regulatory approvals, and other considerations. Share issuances may vary based on business and market conditions, as well as other factors.

Appendix

Less reliance on market based funding sources than peers



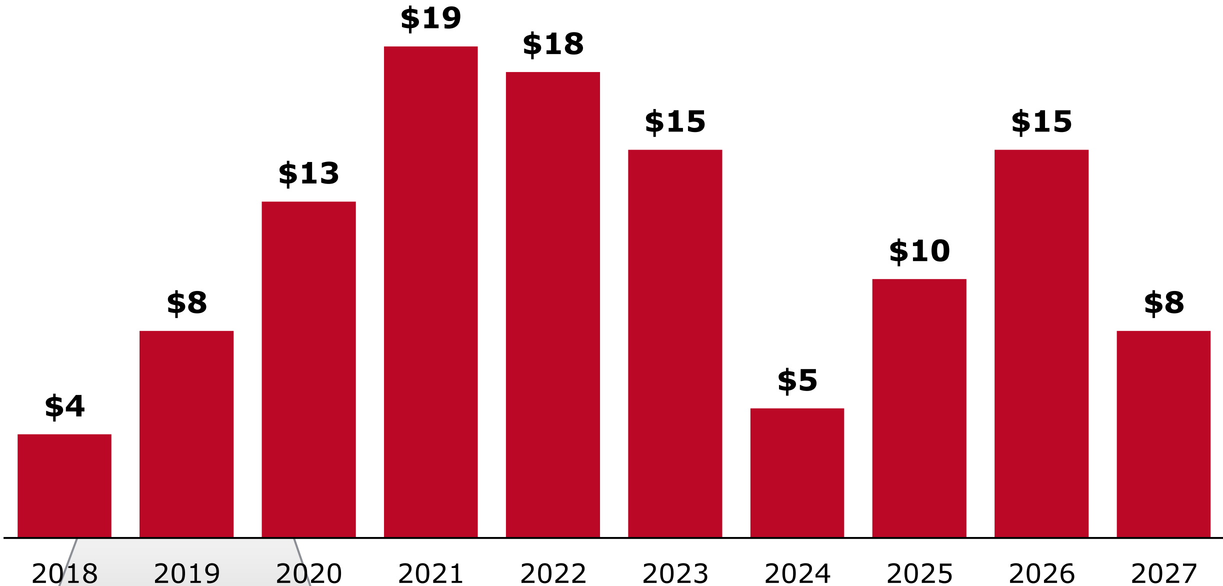
As of 3/31/18 ($ in billions)	WFC	PNC	USB	JPM	BAC	C
Short-term borrowings	97	5	18	341	317	421
Total assets	1,915	379	460	2,610	2,328	1,922

Period-end balances.
Source: Bloomberg.

Future non-bank debt maturities are well distributed

Non-Bank Debt Maturities

Notional as of March 31, 2018
($ in billions)



3Q18	$	1.0	***3Q19***	$	2.4
4Q18	$	1.5	***4Q19***	$	0.1
1Q19	$	2.0	***1Q20***	$	3.6
2Q19	$	3.5	***2Q20***	$	2.1

Common Equity Tier 1 (Fully Phased-In)

Wells Fargo & Company and Subsidiaries

COMMON EQUITY TIER 1 UNDER BASEL III (FULLY PHASED-IN) (1)

(in billions, except ratio)			**Mar 31, 2018**	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017
Total equity		**$**	**205.9**	208.1	206.6	205.9	202.3
Adjustments:							
Preferred stock			**(26.2)**	(25.4)	(25.6)	(25.8)	(25.5)
Additional paid-in capital on ESOP preferred stock			**(0.1)**	(0.1)	(0.1)	(0.1)	(0.2)
Unearned ESOP shares			**2.6**	1.7	1.9	2.1	2.5
Noncontrolling interests			**(1.0)**	(1.1)	(0.9)	(0.9)	(1.0)
Total common stockholders' equity			**181.2**	183.2	181.9	181.2	178.1
Adjustments:							
Goodwill			**(26.4)**	(26.6)	(26.6)	(26.6)	(26.7)
Certain identifiable intangible assets (other than MSRs)			**(1.4)**	(1.6)	(1.9)	(2.1)	(2.4)
Other assets (2)			**(2.4)**	(2.2)	(2.3)	(2.2)	(2.1)
Applicable deferred taxes (3)			**0.9**	1.0	1.6	1.6	1.7
Investment in certain subsidiaries and other			**0.4**	0.2	(0.1)	(0.2)	(0.1)
Common Equity Tier 1 (Fully Phased-In) under Basel III	(A)		**152.3**	154.0	152.6	151.7	148.5
Total risk-weighted assets (RWAs) under Basel III (4)	(B)	**$**	**1,278.1**	1,285.6	1,292.8	1,310.5	1,324.5
Common Equity Tier 1 to total RWAs under Basel III (Fully Phased-In)	(A)/(B)		**11.9%**	12.0	11.8	11.6	11.2

(1) Basel III capital rules, adopted by the Federal Reserve Board on July 2, 2013, revised the definition of capital, increased minimum capital ratios, and introduced a minimum Common Equity Tier 1 (CET1) ratio. The rules are being phased in through the end of 2021. Fully phased-in capital amounts, ratios and RWAs are calculated assuming the full phase-in of the Basel III capital rules. Beginning January 1, 2018, the requirements for calculating CET1 and tier 1 capital, along with RWAs, were fully phased-in.

(2) Represents goodwill and other intangibles on nonmarketable equity securities, which are included in other assets.

(3) Applicable deferred taxes relate to goodwill and other intangible assets. They were determined by applying the combined federal statutory rate and composite state income tax rates to the difference between book and tax basis of the respective goodwill and intangible assets at period end.

(4) The final Basel III capital rules provide for two capital frameworks: the Standardized Approach, which replaced Basel I, and the Advanced Approach applicable to certain institutions. Under the final rules, we are subject to the lower of our CET1 ratio calculated under the Standardized Approach and under the Advanced Approach in the assessment of our capital adequacy. The capital ratio for March 31, 2018 and December 31, September 30, June 30 and March 31, 2017, was calculated under the Basel III Standardized Approach RWAs.

Basel III capital components and ratios (Fully phased-in)

Wells Fargo & Company and Subsidiaries

RISK-BASED CAPITAL CALCULATION, COMPONENTS AND RATIOS (FULLY PHASED-IN) (1)

			March 31, 2018	
(in millions, except ratios)			Advanced Approach	Standardized Approach
Total equity		$	205,910	205,910
Adjustments:				
Preferred stock			(26,227)	(26,227)
Additional paid-in capital on ESOP preferred stock			(146)	(146)
Unearned ESOP shares			2,571	2,571
Noncontrolling interests			(958)	(958)
Total common stockholders' equity		$	181,150	181,150
Adjustments:				
Goodwill			(26,445)	(26,445)
Certain identifiable intangible assets (other than MSRs)			(1,357)	(1,357)
Other assets (2)			(2,388)	(2,388)
Applicable deferred taxes (3)			918	918
Investment in certain subsidiaries and other			426	426
Common Equity Tier 1 (Fully Phased-In)	(A)	$	152,304	152,304
Adjustments:				
Preferred stock			26,227	26,227
Additional paid-in capital on ESOP preferred stock			146	146
Unearned ESOP shares			(2,571)	(2,571)
Other			(296)	(296)
Total Tier 1 capital (Fully Phased-In)	(B)	$	175,810	175,810
Adjustments:				
Long-term debt and other instruments qualifying as Tier 2			28,621	28,621
Qualifying allowance for credit losses (4)			2,607	11,313
Other			(205)	(205)
Total Tier 2 capital (Fully Phased-In)	(C)		31,023	39,729
Total qualifying capital (Fully Phased-In)	(B)+(C)	$	206,833	215,539
Risk-Weighted Assets (RWAs) (5)(6):				
Total RWAs (Fully Phased-In)	(D)	$	1,203,464	1,278,113
Common Equity Tier 1 Capital Ratio	(A)/(D)		12.66%	11.92
Tier 1 Capital Ratio	(B)/(D)		14.61	13.76
Total Capital Ratio	(B)+(C)/(D)		17.19	16.86

(1) Beginning January 1, 2018, the requirements for calculating CET1 and tier 1 capital, along with RWAs, were fully phased-in. However, fully phased-in total capital amounts and ratios are considered non-GAAP financial measures that are used by management, bank regulatory agencies, investors and analysts to assess and monitor the Company's capital position.

(2) Represents goodwill and other intangibles on nonmarketable equity securities, which are included in other assets.

(3) Applicable deferred taxes relate to goodwill and other intangible assets. They were determined by applying the combined federal statutory rate and composite state income tax rates to the difference between book and tax basis of the respective goodwill and intangible assets at period end.

(4) Under the Advanced Approach the allowance for credit losses that exceeds expected credit losses is eligible for inclusion in Tier 2 Capital, to the extent the excess allowance does not exceed 0.6% of Advanced credit RWAs, and under the Standardized Approach, the allowance for credit losses is includable in Tier 2 Capital up to 1.25% of Standardized credit RWAs, with any excess allowance for credit losses being deducted from total RWAs.

(5) RWAs calculated under the Advanced Approach utilize a risk-sensitive methodology, which relies upon the use of internal credit models based upon our experience with internal rating grades. Advanced Approach also includes an operational risk component, which reflects the risk of operating loss resulting from inadequate or failed internal processes or systems.

(6) 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 resulting weighted values from each of the risk categories are aggregated for determining total RWAs.

Return on average tangible common equity (ROTCE)

Wells Fargo & Company and Subsidiaries

TANGIBLE COMMON EQUITY (1)

(in millions, except ratios)		Year ended Dec 31, 2017	Dec 31, 2016
Return on average tangible common equity (1):			
Net income applicable to common stock	(A)	20,554	20,373
Average total equity		205,654	200,690
Adjustments:			
Preferred stock		(25,592)	(24,363)
Additional paid-in capital on ESOP preferred stock		(139)	(161)
Unearned ESOP shares		2,143	2,011
Noncontrolling interests		(948)	(936)
Average common stockholders' equity	(B)	181,118	177,241
Adjustments:			
Goodwill		(26,629)	(26,700)
Certain identifiable intangible assets (other than MSRs)		(2,176)	(3,254)
Other assets (2)		(2,184)	(2,117)
Applicable deferred taxes (3)		1,570	1,897
Average tangible common equity	(C)	151,699	147,067
Return on average common stockholders' equity (ROE) (annualized)	(A)/(B)	11.35	11.49
Return on average tangible common equity (ROTCE) (annualized)	(A)/(C)	13.55	13.85

(1) Tangible common equity is a non-GAAP financial measure and represents total equity less preferred equity, noncontrolling interests, and goodwill and certain identifiable intangible assets (including goodwill and intangible assets associated with certain of our nonmarketable equity securities but excluding mortgage servicing rights), net of applicable deferred taxes. The methodology of determining tangible common equity may differ among companies. Management believes that return on average tangible common equity, which utilizes tangible common equity, is a useful financial measure because it enables investors and others to assess the Company's use of equity.

(2) Represents goodwill and other intangibles on nonmarketable equity securities, which are included in other assets.

(3) Applicable deferred taxes relate to goodwill and other intangible assets. They were determined by applying the combined federal statutory rate and composite state income tax rates to the difference between book and tax basis of the respective goodwill and intangible assets at period end.

Forward-looking statements and additional information

Forward-looking statements:

This document contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, we may make forward-looking statements in our other documents filed or furnished with the SEC, and our management may make forward-looking statements orally to analysts, investors, representatives of the media and others. Forward-looking statements can be identified by words such as "anticipates," "intends," "plans," "seeks," "believes," "estimates," "expects," "target," "projects," "outlook," "forecast," "will," "may," "could," "should," "can" and similar references to future periods. In particular, forward-looking statements include, but are not limited to, statements we make about: (i) the future operating or financial performance of the Company, including our outlook for future growth; (ii) our noninterest expense and efficiency ratio; (iii) future credit quality and performance, including our expectations regarding future loan losses and allowance levels; (iv) the appropriateness of the allowance for credit losses; (v) our expectations regarding net interest income and net interest margin; (vi) loan growth or the reduction or mitigation of risk in our loan portfolios; (vii) future capital or liquidity levels or targets and our estimated Common Equity Tier 1 ratio under Basel III capital standards; (viii) the performance of our mortgage business and any related exposures; (ix) the expected outcome and impact of legal, regulatory and legislative developments, as well as our expectations regarding compliance therewith; (x) future common stock dividends, common share repurchases and other uses of capital; (xi) our targeted range for return on assets, return on equity, and return on tangible common equity; (xii) the outcome of contingencies, such as legal proceedings; and (xiii) the Company's plans, objectives and strategies. Forward-looking statements are not based on historical facts but instead represent our current expectations and assumptions regarding our business, the economy and other future conditions. 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 the "Forward-Looking Statements" discussion in Wells Fargo's press release announcing our first quarter 2018 results and in our most recent Quarterly Report on Form 10-Q, as well as to Wells Fargo's other 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, 2017.

Purchased credit-impaired loan portfolios:

Loans acquired that were considered credit impaired at acquisition were written down at that 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 Wells Fargo 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 document have been adjusted to exclude the purchased credit-impaired loans. References in this document to impaired loans mean the purchased credit-impaired loans. Please see page 34 of the press release announcing our 1Q18 results for additional information regarding the purchased credit-impaired loans.

Biographies

John Shrewsberry

Senior EVP, Chief Financial Officer

- Senior Executive Vice President John Shrewsberry is the chief financial officer responsible for Wells Fargo's financial management functions including accounting and control, financial planning and analysis, line of business finance functions, asset-liability management, treasury, tax management, investor relations, and the company's investment portfolios. John is also responsible for Wells Fargo's corporate development, information technology, corporate properties and security, and corporate strategy functions. John serves on the Wells Fargo Operating and Market Risk Committees and is based in San Francisco.
- A 23-year veteran of banking and investing, John served as head of Wells Fargo Securities from 2006 through May 2014, where he was responsible for investment banking and capital markets activity. From 2001 through 2005, he was the group head of Wells Fargo Commercial Capital, the successor to a commercial finance company he co-founded that became part of Wells Fargo in 2001. Previously, John worked at Goldman Sachs and Credit Suisse First Boston in the principal finance areas. He started his career as a Certified Public Accountant at Coopers & Lybrand.
- John earned his B.A. in economics from Claremont McKenna College and an M.B.A. from the Yale School of Management.
- John currently serves on the board for the Committee on Capital Markets Regulation, the Financial Economics Institute, the Yale School of Management, the Yale Corporation Investment Committee and he is active with the Juvenile Diabetes Research Foundation.

Neal Blinde

Executive Vice President, Treasurer

- Neal Blinde serves as Corporate Treasurer responsible for Wells Fargo's funding, liquidity management, and capital management, including its annual Comprehensive Capital Analysis and Review (CCAR).
- Prior to joining Corporate Treasury, Neal was a Managing Director in the Financial Institutions Investment Banking division at Wells Fargo Securities and was responsible for leading the firm's bank sector coverage globally. Neal joined Wells Fargo in 2002 and has executed capital raising, financial advisory, and structured finance transactions for clients in the bank, specialty finance, and asset management sectors.
- Prior to joining Wells Fargo, Neal worked in the asset management division of American Express, now Ameriprise Financial.
- Neal earned a B.S.B. in accounting from the University of Minnesota and an M.B.A. from Georgetown University. He is a chartered financial analyst and certified public accountant.