Hedge ineffectiveness accounting impact

- Fixed rate long-term debt is typically swapped to a floating rate as part of balancing our deposit oriented liability structure to better align with the interest rate sensitivity characteristics of our asset mix. Additionally, a portion of our non-US dollar long-term debt is issued to diversify our funding sources rather than funding non-US assets, and as a result is swapped back to US dollars.
- Substantially all of our hedge ineffectiveness relates to these hedges on our long-term debt
- Hedge ineffectiveness results when the change in the fair value of our swaps do not fully offset the change in value of our long-term debt due to changes in interest and foreign currency rates
  - A significant portion of this measurement difference results from the accounting requirement to include our credit spread in the contractual cash flows and discount rates for our long-term debt; however, interest rate swap cash flows and discount rates do not include a similar credit spread
- In 2016 we experienced significant volatility in hedge ineffectiveness due to key interest rate and foreign currency fluctuations; however, the full year impact, net of related economic hedges, was close to neutral

($ in millions)		1Q16	2Q16	3Q16	4Q16	2016
Net hedge ineffectiveness	$	379	56	142	(592)	(15)

- In general, we experience hedge ineffectiveness losses when interest rates shift higher and/or the U.S. dollar appreciates
- Over the life of the hedges, as long as hedge accounting is maintained and the hedges are held to maturity, the ineffectiveness is expected to be zero
- If issued in its current form, FASB's proposed new hedge accounting rules, which are expected to be finalized in 2017, would significantly reduce the interest rate-related ineffectiveness associated with our long-term debt hedges

Balance Sheet and credit overview (linked quarter)

Loans	▪ Loans up $6.3 billion on growth in commercial loans - Consumer loans were reduced by the $3.8 billion deconsolidation of certain previously sold reverse mortgage loans after the sale of the related servicing. Although these loans had previously been sold, they had remained consolidated as a result of their sale being treated as a secured borrowing with an offset in long-term debt.
Short-term investments/ Fed funds sold	▪ Down $32.3 billion reflecting deployment into loans and investment securities as well as a smaller balance sheet
Trading assets	▪ Down $6.7 billion
Investment securities	▪ Up $17.1 billion as ~$44 billion of gross purchases, predominantly agency MBS, were partially offset by run-off
Deposits	▪ Up $30.2 billion due to increases in commercial, and consumer and small business banking balances
Long-term debt	▪ Up $242 million as ~$22 billion of issuances were offset by maturities, fair value market changes and the deconsolidation of reverse mortgage-related debt - Issuances included $8.3 billion of parent TLAC-eligible issuance, and $8.5 billion of Federal Home Loan Bank (FHLB) borrowings
Short-term borrowings	▪ Down $27.9 billion reflecting lower repurchase balances
Common stock outstanding	▪ Common shares outstanding down 7.8 million on net share repurchases of $1.1 billion
Credit	▪ Net charge-offs of $905 million, up $100 million ▪ Nonperforming assets of $11.4 billion, down $644 million ▪ $100 million reserve release [(1)] driven by continued improvement in residential real estate and stabilization in oil and gas portfolio performance

Period-end balances. All comparisons are 4Q16 compared with 3Q16.

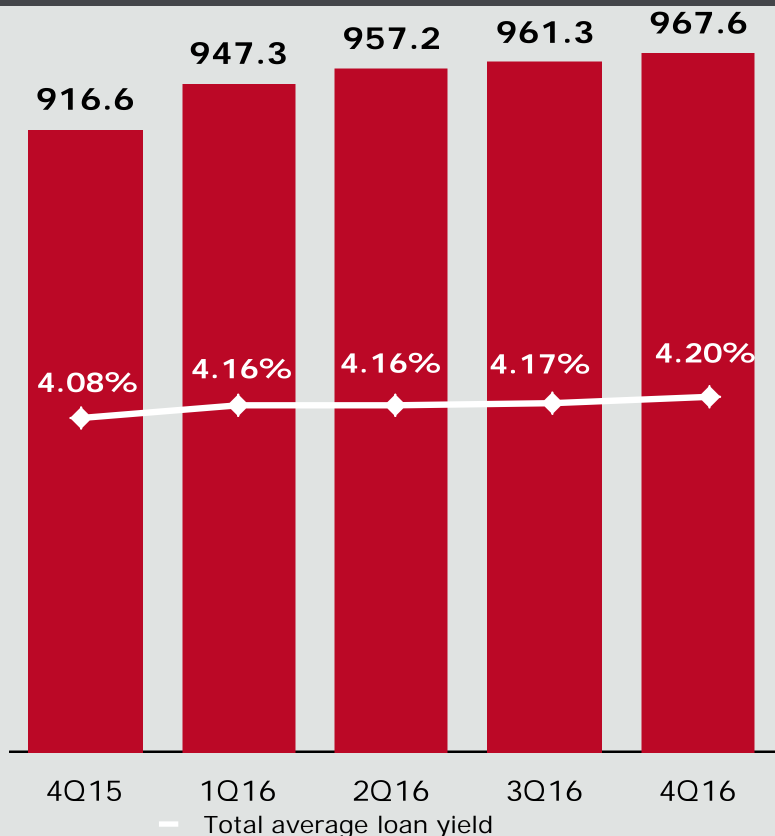
(1) Reserve build represents the amount by which the provision for credit losses exceeds net charge-offs, while reserve release represents the amount by which net charge-offs exceed the provision for credit losses.

Income Statement overview (linked quarter)

Total revenue	▪ Revenue of $21.6 billion, down $746 million
Net interest income	▪ NII up $450 million, and NIM up 5 bps to 2.87%, primarily due to growth in loans and investment securities, higher interest income on trading assets, higher variable income, and a modest benefit from higher interest rates
Noninterest income	▪ Noninterest income down $1.2 billion - Trust and investment fees up $85 million on stronger investment banking - Mortgage banking down $250 million on lower mortgage servicing and mortgage origination revenue - Market sensitive revenue [(1)] down $319 million as lower trading was partially offset by higher gains on equity investments and debt securities - Other income down $697 million and included $592 million of net hedge ineffectiveness losses resulting from certain key interest rate and foreign currency fluctuations
Noninterest expense	▪ Noninterest expense down $53 million - Personnel expenses were down $195 million driven by lower deferred compensation expense and lower revenue-related incentive compensation - Equipment expense up $151 million on higher software maintenance including annual software license renewals - Outside professional services up $182 million reflecting higher project spending and legal expense - Operating losses were down $334 million on lower litigation accruals - All other expenses were down $116 million from 3Q16 which included a $107 million donation to the Wells Fargo Foundation

All comparisons are 4Q16 compared with 3Q16.
(1) Consists of net gains from trading activities, debt securities and equity investments.

Loans



Period-end

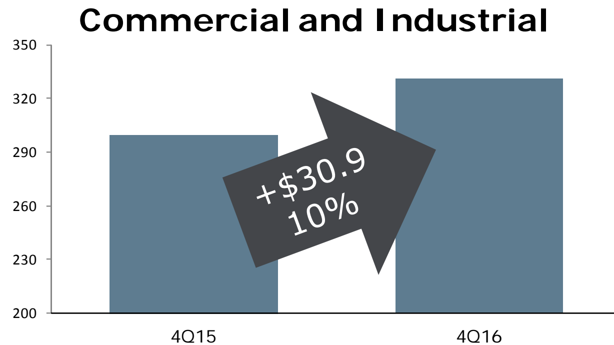
- Total loans increased $51.0 billion, or 6%, YoY and $6.3 billion LQ
  - Commercial loans up $10.1 billion LQ on higher commercial real estate and broad-based C&I loan growth
  - Consumer loans down $3.8 billion LQ as declines in consumer real estate, auto and student lending were partially offset by growth in credit card and securities-based lending
    - Consumer real estate 1-4 family first mortgage loans were reduced by the $3.8 billion deconsolidation of certain reverse mortgage loans

Average

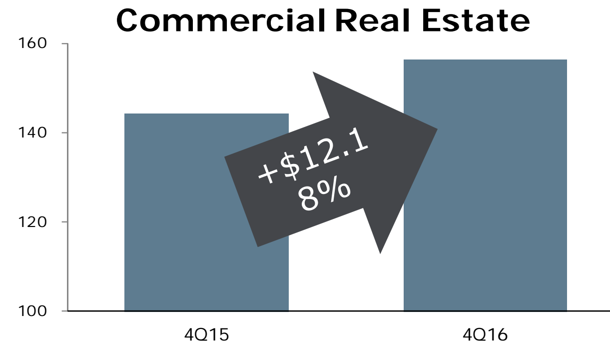
- Total average loans of $964.1 billion up $51.9 billion, or 6%, YoY and $6.7 billion, or 1%, LQ
- Total average loan yield of 4.20%, up 3 bps LQ

Year-over-year loan growth

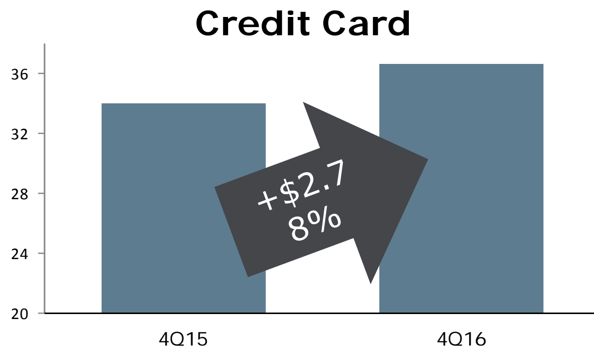
($ in billions)



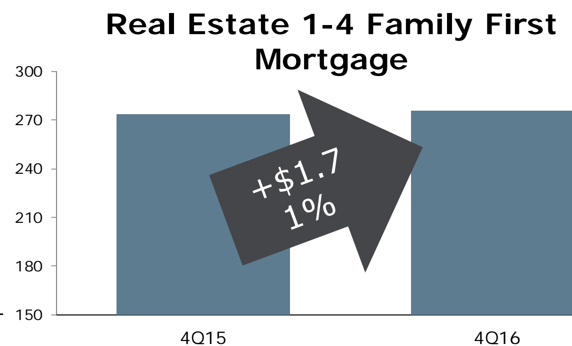
- GE Capital portfolio acquisitions and organic growth



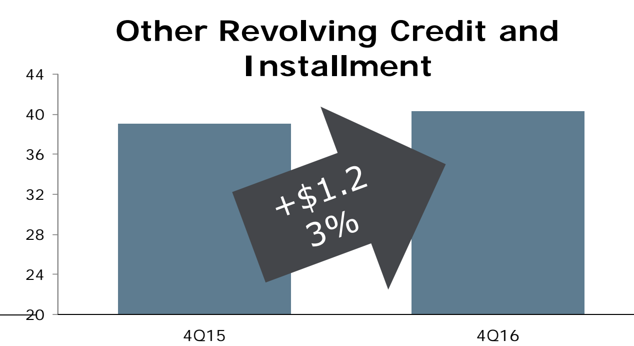
- Primarily CRE mortgage growth



- Growth in active accounts, up 6% YoY



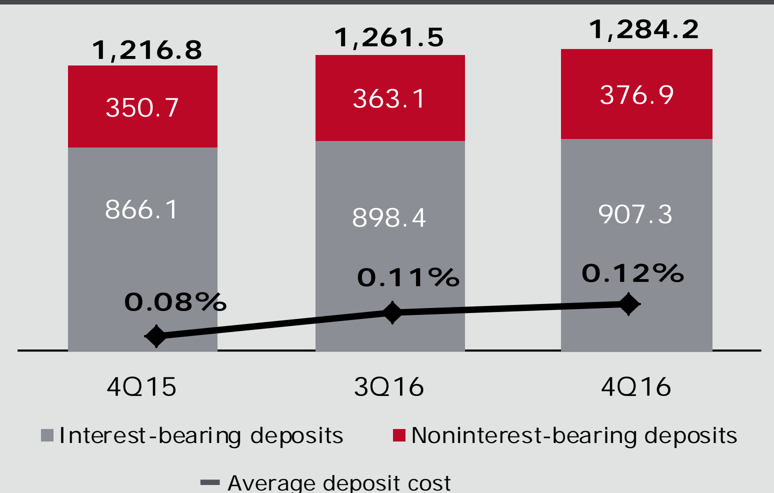
- Nonconforming mortgage growth
- Included $3.8 billion reduction from the deconsolidation of certain reverse mortgage loans

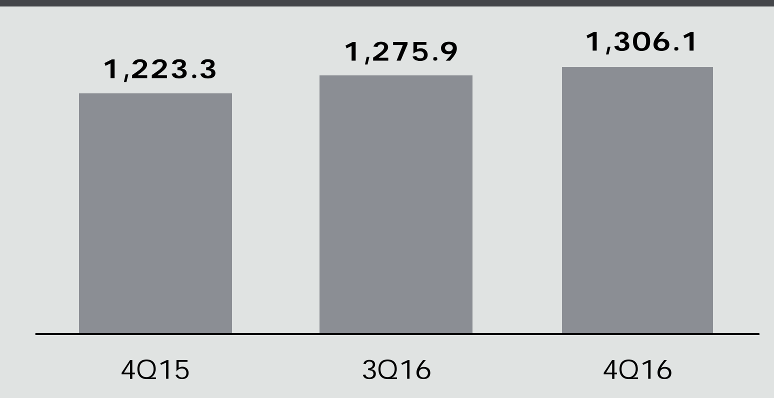


- Growth in securities-based lending and student lending

Period-end balances.

Deposits





Average

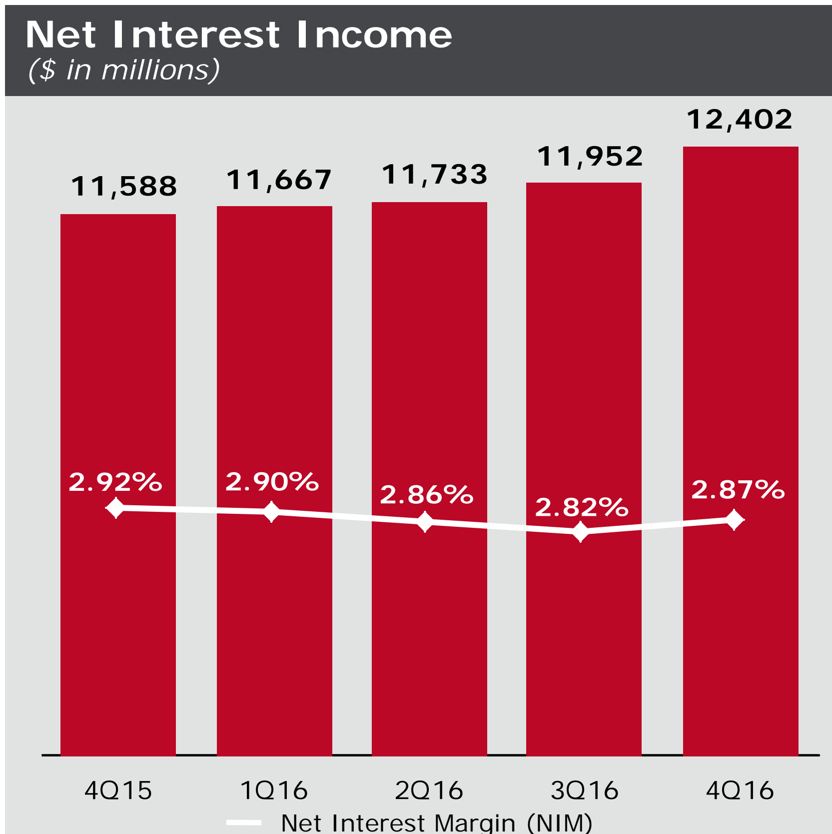
- Deposits up $67.4 billion, or 6%, YoY and $22.7 billion, or 2%, LQ
  - Noninterest-bearing deposits up $26.2 billion, or 7%, YoY and $13.8 billion, or 4%, LQ
  - Interest-bearing deposits up $41.2 billion, or 5%, YoY and $8.9 billion, or 1%, LQ
- Average deposit cost of 12 bps, up 1 bp LQ and up 4 bps YoY driven by commercial deposit pricing
- Consumer and small business banking deposits (1) of $749.9 billion, up 8% YoY and 1% LQ

Period-end

- Total period-end deposits up $82.8 billion, or 7%, YoY on strong commercial deposit growth as well as a $49.6 billion increase in consumer and small business banking balances (1)
- Primary consumer checking customers (2) in December up 3.0% YoY

(1) Total deposits excluding mortgage escrow and wholesale deposits. Period-end and average consumer and small business banking deposits for 4Q16 included $1.2 billion and $2.1 billion, respectively, of deposits related to our new Payments, Virtual Solutions, and Innovation Group that involved realignment in fourth quarter 2016 of some personnel and business activities from Wholesale Banking to the Community Banking operating segment.
(2) Customers who actively use their checking account with transactions such as debit card purchases, online bill payments, and direct deposits.

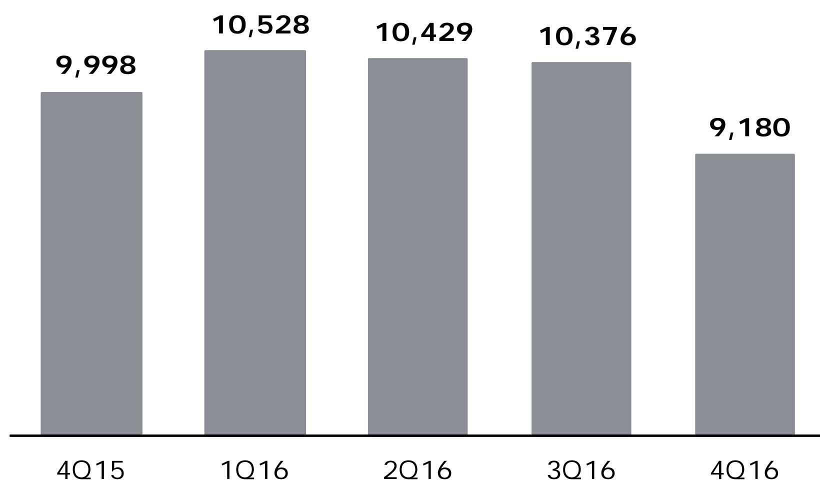
Net interest income



- Net interest income up $814 million, or 7%, YoY and $450 million, or 4%, LQ primarily due to growth in loans and investment securities, higher interest income on trading assets, higher variable income, and a modest benefit from higher interest rates
- Average earning assets up $35.9 billion, or 2%, LQ
  - Investment securities up $37.9 billion
  - Trading assets up $14.0 billion
  - Loans up $6.7 billion
  - Mortgages held for sale up $3.4 billion
  - Short-term investments/fed funds sold down $26.3 billion
- NIM of 2.87% up 5 bps from 3Q16 primarily driven by growth in loans, investment securities and trading income, and the net benefit from higher interest rates
  - Income from variable sources, including periodic dividends and fees, contributed ~2 bps

Noninterest income

($ in millions)		4Q16	vs 3Q16		vs 4Q15
Noninterest income					
Service charges on deposit accounts	$	1,357	(1)	%	2
Trust and investment fees:					
Brokerage advisory, commissions and other fees		2,342	-		2
Trust and investment management		837	(1)		-
Investment banking		519	24		35
Card fees		1,001	-		4
Other fees		962	4		(8)
Mortgage banking		1,417	(15)		(15)
Insurance		262	(11)		(39)
Net losses from trading activities		(109)	n.m.		n.m.
Net gains on debt securities		145	37		(58)
Net gains from equity investments		306	n.m.		(28)
Lease income		523	(2)		n.m.
Other		(382)	n.m.		n.m.
Total noninterest income	**$**	**9,180**	**(12)**	**%**	**(8)**



- Trust and investment fees up $85 million LQ on higher investment banking and asset-based fees
  - Brokerage advisory, commissions and other fees flat as lower transaction revenues were offset by higher asset-based fees
  - Investment banking fees up $99 million, or 24%, on higher advisory and loan syndications
- Other fees up $36 million on higher commercial real estate brokerage commissions
- Mortgage banking down $250 million reflecting lower servicing income and mortgage origination revenue
  - Servicing income down $163 million primarily due to higher unreimbursed servicing costs
  - Residential mortgage origination revenue down $87 million on a lower held-for-sale production margin
- Trading gains down $524 million
  - Please see page 16 for additional information
- Gains from equity investments up $166 million from a number of venture capital, private equity and other investments
- Other income down $697 million and included $592 million in net hedge ineffectiveness losses due to certain key interest rate and foreign currency fluctuations

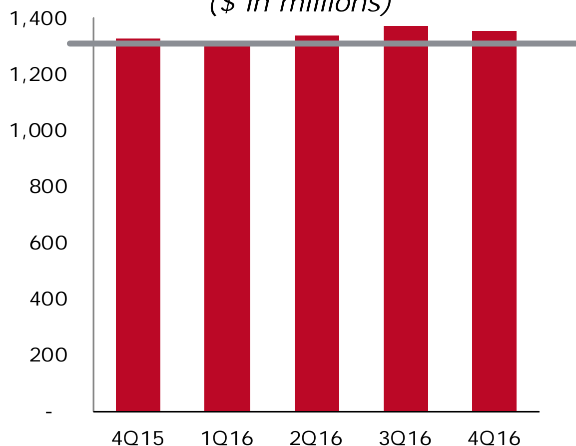
Total trading-related net interest income and noninterest income

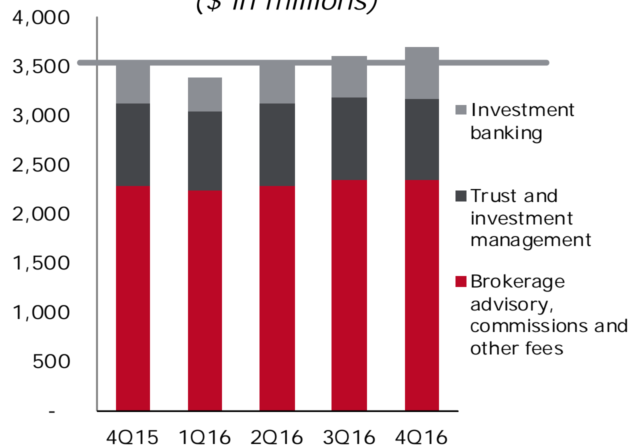
($ in millions)		4Q16	3Q16	4Q15	Linked Quarter Change			Year-over-year Change		
Total trading-related revenue										
Net interest income	$	651	505	470	$	146	29 %	$	181	39 %
Net gains/(losses) on trading activities		(109)	415	99		(524)	n.m.		(208)	n.m.
Total trading-related revenue	**$**	**542**	**920**	**569**	**$**	**(378)**	**(41) %**	**$**	**(27)**	**(5) %**

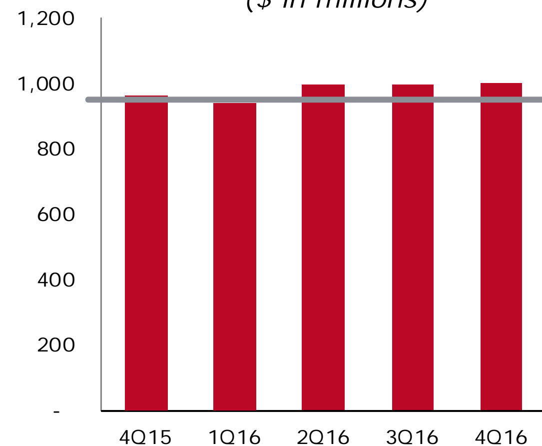
- Total trading-related revenue was down $378 million from 3Q16:
  - Net interest income increased $146 million on:
    - Higher average trading asset balances, up 16%
    - $98 million in net interest income associated with the periodic dividends and carry income on hedged positions in our equity and RMBS books, with offsetting losses in net gains on trading activities from the resulting valuation change on the associated hedged assets (neutral to total trading-related revenue)
  - Net gains/(losses) on trading activities declined $524 million on:
    - $223 million in lower secondary trading driven by reduced client volumes compared with a strong 3Q16, as well as seasonality, fewer trading days in the quarter and lower client demand as clients adapted to the rising rate environment
    - $106 million decline in deferred compensation trading results (largely offset in employee benefits expense)
    - $98 million loss resulting from valuation adjustments related to hedging activity for RMBS and equity assets which was offset by dividends and carry income from the associated assets that was recognized in net interest income (neutral to total trading-related revenue)
    - $(61) million change in credit valuation adjustments (CVA) due to market-driven changes in credit spreads and higher swap rates during 4Q16
- Total trading-related revenue was down $27 million from 4Q15 as a $60 million decline in deferred compensation results and $55 million lower CVA were partially offset by higher client volumes and interest income on trading assets

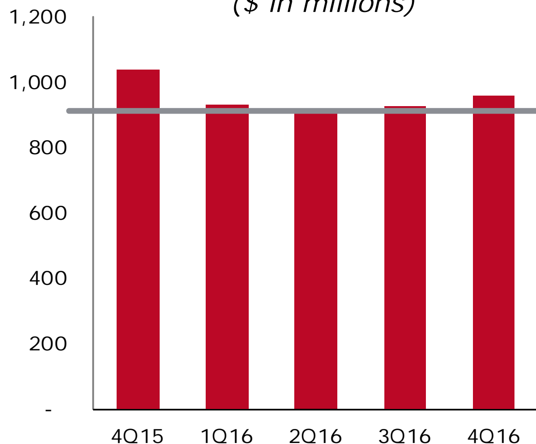
Noninterest income trends

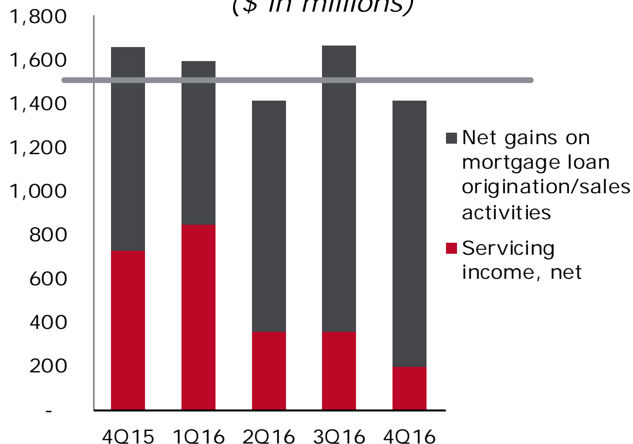
(— 5 quarter average)

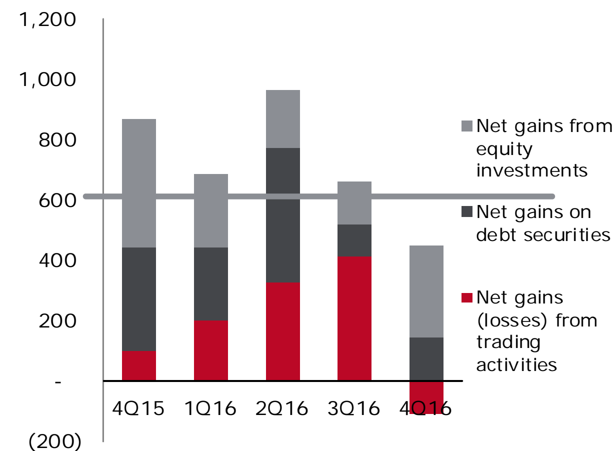






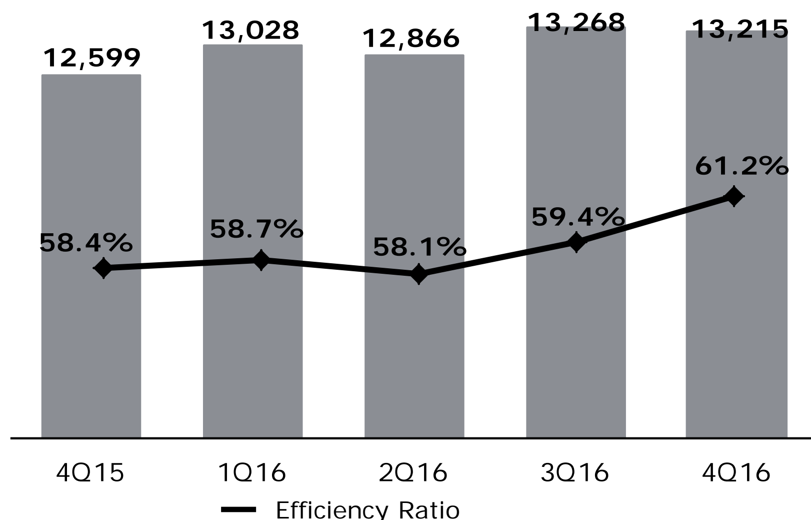






Noninterest expense and efficiency ratio (1)

($ in millions)		4Q16	vs 3Q16		vs 4Q15
Noninterest expense					
Salaries	$	4,193	(1)	%	3
Commission and incentive compensation		2,478	(2)		1
Employee benefits		1,101	(10)		6
Equipment		642	31		-
Net occupancy		710	(1)		(2)
Core deposit and other intangibles		301	1		(3)
FDIC and other deposit assessments		353	14		37
Outside professional services (2)		984	23		19
Other (2)		2,453	(9)		8
Total noninterest expense	**$**	**13,215**	**-**	**%**	**5**



- Noninterest expense down $53 million LQ
  - Personnel expense down $195 million
    - Salaries down $31 million on one less day in the quarter
    - Commission and incentive compensation down $42 million on lower revenue-based incentive compensation
    - Employee benefits expense down $122 million including a $92 million reduction in deferred compensation expense
  - Equipment expense up $151 million on higher software maintenance including annual software license renewals
  - Outside professional services (2) up $182 million reflecting higher project spending and legal expense
  - Other expense (2) down $228 million
    - Operating losses down $334 million on lower litigation accruals
    - Foreclosed assets expense up $92 million from a 3Q16 with elevated commercial foreclosed asset gains on sale
    - Advertising expense up $61 million on new media campaigns
    - All other down $116 million from 3Q16 which included a $107 million donation to the Wells Fargo Foundation
- 4Q16 efficiency ratio of 61.2% and full year 2016 efficiency ratio of 59.3%
- Efficiency ratio expected to remain at an elevated level

(1) Efficiency ratio defined as noninterest expense divided by total revenue (net interest income plus noninterest income). 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.

(2) The sum of Outside professional services expense and Other expense equals Other noninterest expense in the Consolidated Statement of Income, pages 18 and 19 of the press release.

Continued expense and efficiency focus

We expect our efficiency initiatives will reduce expenses by ~$2 billion annually by year-end 2018 and that those savings will be reinvested in the business, all while continuing to have a strong efficiency ratio

Category	Efficiency Opportunities	Stage of Completion
Centralization and Optimization	▪ Marketing, Communications, Finance, Data and Analytics, Contact Centers, Operations, Technology centralization and optimization ▪ Project Management process optimization	
Discretionary Spending	▪ Continuous facilities optimization ▪ Branch rationalization ▪ Non-customer travel reduction ▪ Consulting optimization ▪ Supply Chain – 3rd party spend	
Business Rationalization	▪ Selective divestitures of non-core sub-scale businesses - Sold Crop Insurance business (1Q16) and Health Benefits Services business (2Q16) ▪ Realignment of businesses around customer needs for greater synergies and economics - Created the Payments, Virtual Solutions, and Innovation (PVSI) Group (4Q16)	

Savings allow for continued investment in top priorities such as customer and team member experience, innovation, risk management, and cybersecurity

Branch rationalization strategy

- Five external forces shape our physical distribution strategy
  - Customer behavior / digital adoption
  - Digital capabilities
  - Geographical differences, i.e., our strategy varies based on the nature and competitive dynamics of each individual market
  - Economic trends
  - Competitor distribution actions
- Factors considered before closing a branch
  - Customer experience / retention / CRA impact
  - Profitability
  - Network benefit, i.e., how valuable is the branch to our customers
- Near-term branch outlook
  - Based on observed trends and customer behavior, the pace of branch closures is expected to increase
    - 200 branches expected in 2017 and 200+ in 2018, up from 84 in 2016
    - Continued opportunity for de novos in attractive markets

Community Banking

($ in millions)		4Q16	vs 3Q16		vs 4Q15
Net interest income	$	7,556	2	%	2
Noninterest income		4,105	(17)		(17)
Provision for credit losses		631	(3)		(10)
Noninterest expense		6,985	-		1
Income tax expense		1,272	(18)		(16)
Segment net income	**$**	**2,733**	**(15)**	**%**	**(14)**
($ in billions)					
Avg loans, net	$	488.1	-		1
Avg deposits		709.8	-		7

($ in billions)		4Q16		3Q16	4Q15
Retail Banking and Consumer Payments:					
Primary consumer checking customers [1][2]		3.5	%	4.7	5.6
Debit card purchase volume (POS) [3]	$	78.4		76.0	73.0
Debit card POS transactions *(millions)* [3]		2,039		2,030	1,910
Credit card purchase volume (POS)	$	20.2		19.6	18.9
Credit card penetration [1][4]		45.5	%	45.4	45.4

($ in billions)		4Q16		vs 3Q16		vs 4Q15
Consumer Lending:						
Auto Originations	$	6.4		(21)	%	(15)
Home Lending						
Applications	$	75		(25)	%	17
Application pipeline		30		(40)		3
Originations		72		3		53
Residential HFS production margin [5]		1.68	%	(13)	bps	(15)

- Net income of $2.7 billion, down 14% YoY and 15% LQ; included $592 million of net hedge ineffectiveness losses

Retail Banking and Consumer Payments

- Primary consumer checking customers [1][2] up 3.5% YoY
- Primary consumer checking customers [2] in December up 3.0% YoY
- Debit card POS transactions [3] of 2.0 billion, flat LQ and up 7% YoY
- Credit card purchase dollar volume of $20.2 billion, up 3% LQ on seasonality and up 7% YoY

Consumer Lending

- Consumer auto originations of $6.4 billion, down 21% LQ on seasonality and a continued focus on risk discipline, and down 15% YoY
- Mortgage originations of $72 billion, up 3% LQ and up 53% YoY on strong refinance volume
  - 50% of originations were for purchases, compared with 58% in 3Q16
  - 1.68% residential held for sale production margin [5]

(1) Metrics reported on a one-month lag from reported quarter-end; for example 4Q16 data as of November 2016 compared with November 2015. (2) Customers who actively use their checking account with transactions such as debit card purchases, online bill payments, and direct deposit. (3) Combined consumer and business debit card activity. (4) Household penetration as of November 2016 and defined as the percentage of Retail Banking households that have a credit card with Wells Fargo. Effective 2Q16, Retail Banking households reflect only those households that maintain a retail checking account, which we believe provides the foundation for long-term retail banking relationships. Prior period metrics have been revised to conform with the updated methodology. Credit card household penetration rates have not been adjusted to reflect the impact of the ~565,000 potentially unauthorized accounts identified by PwC because the maximum impact in any one quarter was not greater than 86 bps, or ~2%. (5) Production margin represents net gains on residential mortgage loan origination/sales activities divided by total residential held-for-sale mortgage originations.

Wholesale Banking

($ in millions)		4Q16	vs 3Q16		vs 4Q15
Net interest income	$	4,323	6	%	16
Noninterest income		2,830	(8)		(1)
Provision for credit losses		168	7		33
Noninterest expense		4,002	(3)		15
Income tax expense		795	(4)		(5)
Segment net income	**$**	**2,194**	**7**	**%**	**4**
($ in billions)					
Avg loans, net	$	461.5	2		11
Avg deposits		459.2	4		2

($ in billions)		4Q16		vs 3Q16		vs 4Q15
Key Metrics:						
Commercial card spend volume [1]	$	6.9		2	%	9
U.S. investment banking market share [2]		4.5	%			

- Net income of $2.2 billion, up 4% YoY and 7% LQ
- Net interest income up 6% LQ
  - Average loans up 2% LQ
  - Average deposits up 4% LQ
- Noninterest income down 8% LQ as lower trading and commercial mortgage banking fees were partially offset by higher investment banking and equity investment gains
- Provision for credit losses up 7% LQ reflecting lower recoveries
- Noninterest expense down 3% LQ driven by lower revenue-based incentive compensation and operating losses

Treasury Management

- Treasury management revenue up 4% YoY reflecting new product sales and repricing
- Commercial card spend volume [1] of $6.9 billion, up 9% YoY and 2% LQ

Investment Banking

- U.S. investment banking market share of 4.5% [2] vs. 4.3% in FY 2015

(1) *Includes commercial card volume for the entire company.*
(2) *Full year 2016 share. Source: Dealogic U.S. investment banking fee market share.*

Wealth and Investment Management

($ in millions)		4Q16	vs 3Q16		vs 4Q15
Net interest income	$	1,061	9	%	14
Noninterest income		3,013	(3)		-
Provision for credit losses		3	n.m.		n.m.
Noninterest expense		3,042	1		1
Income tax expense		380	(8)		4
Segment net income	**$**	**653**	**(4)**	**%**	**10**
($ in billions)					
Avg loans, net	$	70.0	2		11
Avg deposits		194.9	3		10

($ in billions, except where noted)		4Q16	vs 3Q16		vs 4Q15
Key Metrics:					
WIM Client assets [(1)] *($ in trillions)*	$	1.7	-	%	7
Retail Brokerage					
Financial advisors		14,882	(1)		(1)
Advisory assets	$	464	1		10
Client assets *($ in trillions)*		1.5	-		7
Wealth Management					
Client assets		231	1		3
Wells Fargo Asset Management					
Total AUM [(2)]		482	(3)		(2)
Wells Fargo Funds AUM		202	(11)		(14)
Retirement					
IRA assets		379	-		7
Institutional Retirement Plan assets		351	1		5

(1) WIM Client Assets reflect Brokerage & Wealth assets, including Wells Fargo Funds holdings and deposits.
(2) Wells Fargo Asset Management Total AUM not held in Brokerage & Wealth client assets excluded from WIM Client Assets.

- Net income of $653 million, up 10% YoY and down 4% LQ
- Net interest income up 9% LQ, and up 14% YoY on strong loan and deposit growth
- Noninterest income down 3% LQ driven by lower deferred compensation plan investment results (offset in employee benefits expense), lower transaction revenue and other fee income, partially offset by higher asset-based fees
- Noninterest expense up 1% LQ largely driven by higher operating losses and other non-personnel expense, partially offset by lower deferred compensation plan expense (offset in trading-related revenue)

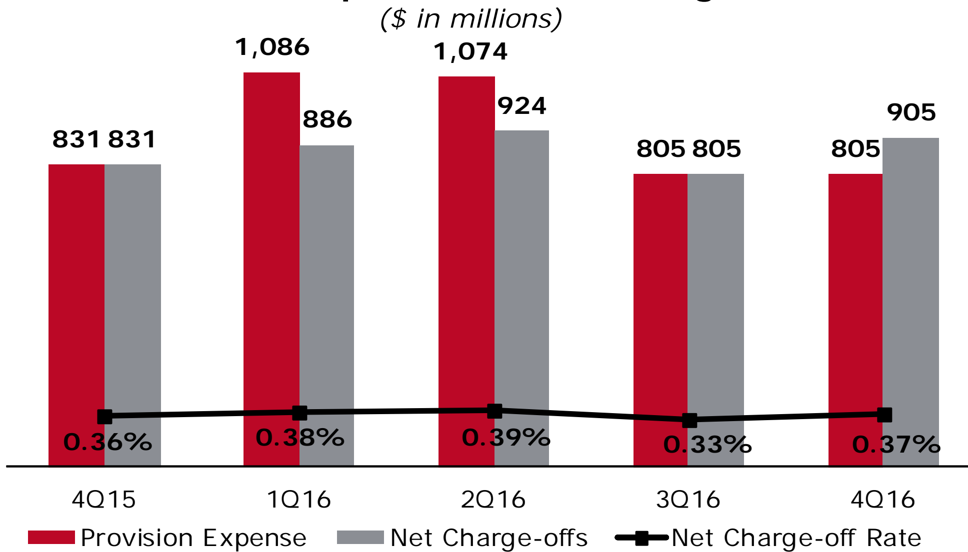
Retail Brokerage
- Advisory assets of $464 billion, up 1% LQ; up 10% YoY primarily driven by higher market valuations and positive net flows

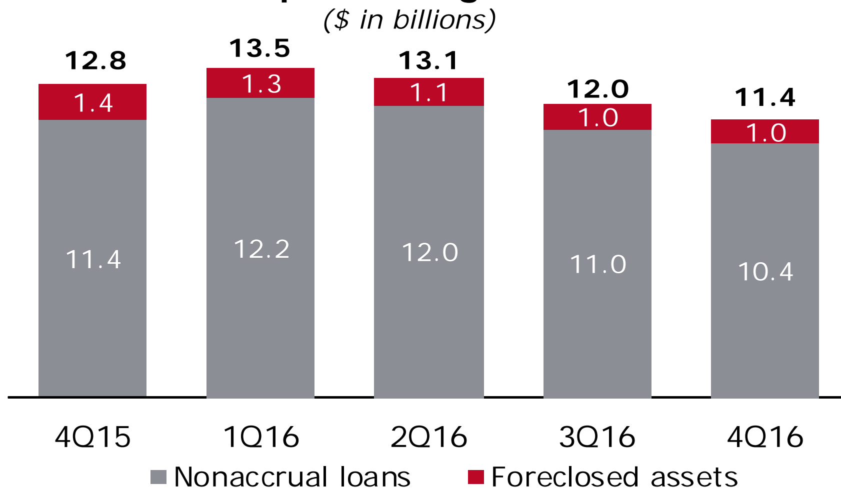
Wealth Management
- Wealth Management client assets up 1% LQ and 3% YoY

Wells Fargo Asset Management
- Total AUM [(2)] down 3% LQ; down 2% YoY primarily due to equity and money market net outflows, partially offset by higher market valuations, fixed income inflows and assets acquired during the quarter

Retirement
- Institutional Retirement plan assets up 1% LQ and 5% YoY

Credit quality



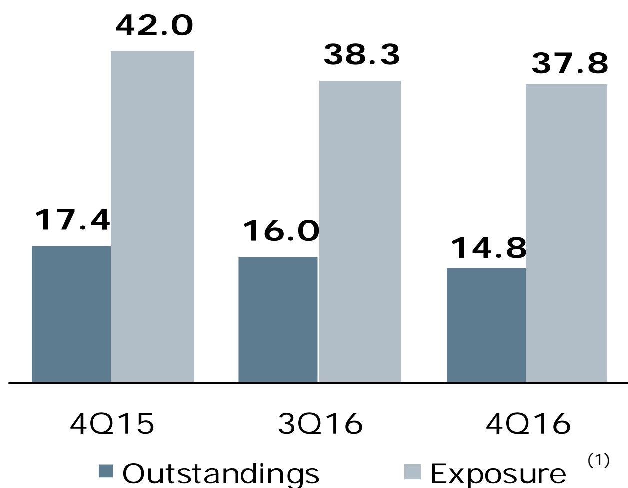


- Net charge-offs of $905 million, up $100 million, or 12%, LQ
- $100 million reserve release driven by continued improvement in residential real estate, as well as stabilization in oil and gas portfolio performance
- 0.37% net charge-off rate
  - Commercial losses of 20 bps, up 3 bps LQ on lower recoveries
  - Consumer losses of 56 bps, up 5 bps LQ on higher credit card, auto and other revolving credit and installment
- NPAs decreased $644 million LQ
  - Nonaccrual loans decreased $602 million on a $399 million decline in consumer nonaccruals and a $203 million decline in commercial nonaccruals
  - Foreclosed assets declined $42 million
- Allowance for credit losses = $12.5 billion
  - Allowance covered 3.5x annualized 4Q16 net charge-offs

Oil and gas loan portfolio

- Oil and gas outstandings down 8% LQ and 15% YoY, and exposure (1) down 1% LQ and 10% YoY reflecting pay-offs, exits and net charge-offs, as well as borrowing base reductions

Loans Outstanding and Exposure (1)
($ in billions)



Credit performance overview

- $177 million of net charge-offs in 4Q16, up $9 million LQ
  - All losses were from the exploration & production (E&P) and services sectors
- Nonaccrual loans of $2.4 billion, down $84 million LQ
  - ~90% of nonaccruals current on interest and principal
  - 96% of nonaccruals from the E&P and services sectors
  - Substantially all nonaccruals are senior secured
- Criticized loans of $6.6 billion, down $776 million, or 11%, LQ, reflecting payoffs and reductions as well as facility upgrades and net charge-offs

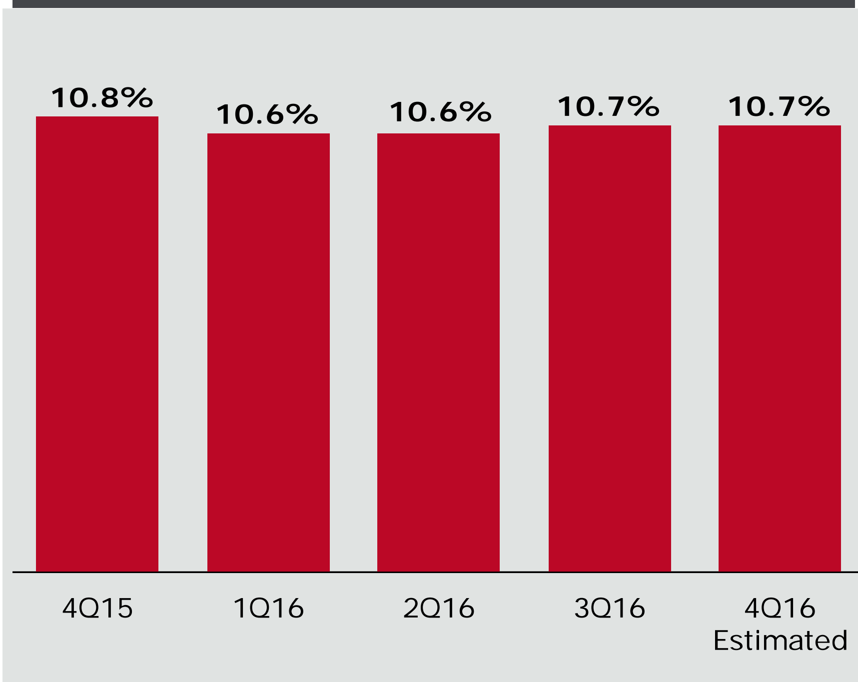
Allowance overview

- $1.3 billion of allowance for credit losses allocated for oil and gas portfolio
  - 8.5% of total oil and gas loans outstanding
  - LQ decline reflects an improvement in portfolio metrics

(1) Exposure = Loans outstanding + unfunded commitments.

Capital

Common Equity Tier 1 Ratio (Fully Phased-In) [1]



Capital Position

- Common Equity Tier 1 ratio well above the regulatory minimum, including regulatory buffers, as well as our internal buffer
  - Common Equity Tier 1 ratio (fully phased-in) of 10.7% at 12/31/16 [1]

Capital Return

- Period-end common shares outstanding down 7.8 million LQ
  - Repurchased 24.9 million common shares
  - Issued 17.1 million common shares
- Entered into a $750 million forward repurchase transaction which settled on January 12, 2017 for 14.7 million shares
- Our strong capital levels allowed us to continue to return capital to shareholders
  - Returned $3.0 billion to shareholders in 4Q16
  - Net payout ratio [2] of 62% in 4Q16

Total Loss Absorbing Capacity (TLAC) Update

- As of 12/31/2016, we estimate that our eligible external TLAC as a percentage of total risk-weighted assets was 20.7% compared with an expected 1/1/2019 required minimum of 22.0%
  - Equates to a shortfall of approximately $18.1 billion
  - We expect to meet the required minimum by 1/1/19 through measured issuance

(1) 4Q16 capital ratio is a preliminary estimate. Fully phased-in capital ratios are calculated assuming the full phase-in of the Basel III capital rules. See page 33 for additional information regarding capital ratios.

(2) 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.

Summary

2016

- Net income of $21.9 billion, diluted EPS of $3.99
- Revenue of $88.3 billion, up 3% from 2015
- ROA = 1.16%, ROE = 11.49%
- Returned $12.5 billion to shareholders through common stock dividends and net share repurchases

4Q16

- Strong earnings of $5.3 billion
  - Diluted EPS of $0.96 included net hedge ineffectiveness accounting impact of $(0.07)
- Solid returns
  - ROA = 1.08%
  - ROE = 10.94%
    - ROTCE [(1)] = 13.16%
- Strong loan and deposit growth
  - Average loans up $51.9 billion, or 6%, YoY
  - Average deposits up $67.3 billion, or 6%, YoY
- Diversified and high quality loan portfolio
  - Solid credit quality with net charge-offs of 0.37% of average loans (annualized)
  - Maintained our risk and pricing discipline
- Strong capital levels while returning $3.0 billion to shareholders through common stock dividends and net share repurchases

(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 investments 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.* *See page 34 for additional information.*

Appendix

Real estate 1-4 family mortgage portfolio

($ in millions)		4Q16		3Q16
Real estate 1-4 family first mortgage loans:	$	275,579		278,689
Nonaccrual loans		4,962		5,310
as % of loans		1.80	%	1.91
Net charge-offs	$	(3)		20
as % of average loans		-	%	0.03
Real estate 1-4 family junior lien mortgage loans:	$	46,237		48,105
Nonaccrual loans		1,206		1,259
as % of loans		2.61	%	2.62
Net charge-offs	$	44		49
as % of average loans		0.38	%	0.40

- First lien mortgage loans down $3.1 billion LQ as an increase in nonconforming mortgage loans was more than offset by the $3.8 billion deconsolidation of certain previously sold reverse mortgage loans following the sale of the related servicing
  - Nonconforming mortgage loans increased $5.8 billion to $165.7 billion [1]
  - First lien home equity lines of $15.2 billion, down $249 million
- First lien credit performance
  - Nonaccrual loans down $348 million, or 11 bps, LQ
  - Net charge-offs down $23 million LQ to a $3 million recovery for the quarter
- Pick-a-Pay non-PCI portfolio
  - Loans of $16.4 billion down 5% LQ primarily reflecting loans paid-in-full
  - Nonaccrual loans decreased $159 million, or 9%, LQ
  - Net recovery of $8 million, up $2 million LQ
  - Current average LTV of 53% [2]
- Junior lien mortgage loans down $1.9 billion, or 4%, LQ as paydowns more than offset new originations
- Junior lien nonaccrual loans down $53 million, or 4%, LQ
- Junior lien net charge-offs down $5 million, or 2 bps, LQ

(1) Nonconforming mortgages originated post February 2009.
(2) The current loan-to-value (LTV) ratio is calculated as the net carrying value divided by the collateral value.

Consumer credit card portfolio

($ in millions)		4Q16		3Q16
Credit card outstandings	$	36,700		34,992
Net charge-offs		275		245
as % of avg loans		3.09	%	2.82
Key Metrics:				
Purchase volume	$	20,177		19,638
POS transactions *(millions)*		302		296
New accounts [1] *(thousands)*		319		667
POS active accounts *(thousands)* [2]		8,814		8,818
Penetration [3][4]		45.5	%	45.4

- Credit card outstandings up 5% LQ from seasonal holiday spend and up 8% YoY reflecting active account growth
  - Credit card household penetration [3] [4] of 45.5%, up 15 bps LQ and up 10 bps YoY
  - Purchase dollar volume up 3% LQ driven by holiday spend volume and up 7% YoY
  - New accounts [1] down 52% LQ and 47% YoY reflecting reduced marketing activities and customer reaction to the sales practices settlement
- Net charge-offs up $30 million, or 27 bps, LQ on seasonality and loan growth, and up $32 million YoY on loan growth
- POS active accounts [2] flat LQ and up 6% YoY

(1) *Includes consumer credit card as well as certain co-brand and private label relationship new account openings.*
(2) *Accounts having at least one POS transaction, including POS reversal, during the month.*
(3) *Household penetration as of November 2016 and defined as the percentage of Retail Banking households that have a credit card with Wells Fargo. Effective 2Q16, Retail Banking households reflect only those households that maintain a retail checking account, which we believe provides the foundation for long-term retail banking relationships. Prior period metrics have been revised to conform with the updated methodology.*
(4) *Credit card household penetration rates have not been adjusted to reflect the impact of the ~565,000 potentially unauthorized accounts identified by PwC because the maximum impact in any one quarter was not greater than 86 bps, or ~2%.*

Auto portfolios

($ in millions)		4Q16		3Q16
Indirect Consumer:				
Auto outstandings	$	59,856		60,206
Nonaccrual loans		103		106
as % of loans		0.17	%	0.18
Net charge-offs	$	161		133
as % of avg loans		1.07	%	0.89
30+ days past due	$	1,659		1,332
as % of loans		2.77	%	2.21
Direct Consumer:				
Auto outstandings	$	2,430		2,667
Nonaccrual loans		3		2
as % of loans		0.12	%	0.07
Net charge-offs	$	5		4
as % of avg loans		0.76	%	0.60
30+ days past due	$	17		14
as % of loans		0.70	%	0.52
Commercial:				
Auto outstandings	$	11,279		10,580
Nonaccrual loans		-		16
as % of loans		-	%	0.15
Net charge-offs	$	4		-
as % of avg loans		0.16	%	n.m.

Consumer Portfolio

- Auto outstandings of $62.3 billion down 1% LQ and up 4% YoY
  - 4Q16 originations of $6.4 billion down 21% LQ on seasonality and a continued focus on risk discipline, and down 15% YoY
- Nonaccrual loans declined $2 million LQ and $15 million YoY
- Net charge-offs up $29 million LQ and up $31 million YoY predominantly reflecting loan growth and higher severity
- 30+ days past due increased $330 million LQ driven by typically low 3Q levels and increased $244 million YoY on loan growth and mix

Commercial Portfolio

- Loans of $11.3 billion up 7% LQ and up 10% YoY on higher dealer floor plan utilization

Student lending portfolio

($ in millions)		4Q16		3Q16
Private outstandings	$	12,398		12,517
Net charge-offs		45		31
as % of avg loans		1.44	%	1.01
30+ days past due	$	229		219
as % of loans		1.84	%	1.75

- $12.4 billion private loan outstandings down 1% LQ and up 1% YoY
  - Average FICO of 758 and 81% of the total outstandings have been co-signed
  - Originations down 6% YoY driven by lower retail bank channel originations
- Net charge-offs increased $14 million LQ due to seasonality of repayments and increased $1 million YoY
- 30+ days past due increased $10 million LQ and decreased $11 million YoY

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)		Estimated Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015
Total equity		$ **200.5**	204.0	202.7	198.5	193.9
Adjustments:						
Preferred stock		**(24.6)**	(24.6)	(24.8)	(24.1)	(22.2)
Additional paid-in capital on ESOP preferred stock		**(0.1)**	(0.1)	(0.2)	(0.2)	(0.1)
Unearned ESOP shares		**1.6**	1.6	1.9	2.3	1.3
Noncontrolling interests		**(0.9)**	(1.0)	(1.0)	(1.0)	(0.9)
Total common stockholders' equity		**176.5**	179.9	178.6	175.5	172.0
Adjustments:						
Goodwill		**(26.7)**	(26.7)	(27.0)	(27.0)	(25.5)
Certain identifiable intangible assets (other than MSRs)		**(2.7)**	(3.0)	(3.4)	(3.8)	(3.2)
Other assets (2)		**(2.1)**	(2.2)	(2.0)	(2.1)	(2.1)
Applicable deferred taxes (3)		**1.8**	1.8	1.9	2.0	2.1
Investment in certain subsidiaries and other		**(0.4)**	(2.0)	(2.5)	(1.9)	(0.9)
Common Equity Tier 1 (Fully Phased-In) under Basel III	(A)	**146.4**	147.8	145.6	142.7	142.4
Total risk-weighted assets (RWAs) anticipated under Basel III (4)(5)	(B)	$ **1,369.8**	1,380.0	1,372.9	1,345.1	1,321.7
Common Equity Tier 1 to total RWAs anticipated under Basel III (Fully Phased-In) (5)	(A)/(B)	**10.7%**	10.7	10.6	10.6	10.8

(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. These rules established a new comprehensive capital framework for U.S. banking organizations that implements the Basel III capital framework and certain provisions of the Dodd-Frank Act. 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. Fully phased-in regulatory capital amounts, ratios and RWAs 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 investments, 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. Because the final determination of our CET1 ratio and which approach will produce the lower CET1 ratio as of December 31, 2016, is subject to detailed analysis of considerable data, our CET1 ratio at that date has been estimated using the Basel III definition of capital under the Basel III Standardized Approach RWAs. The capital ratio for September 30, June 30 and March 31, 2016, and December 31, 2015, was calculated under the Basel III Standardized Approach RWAs.

(5) The Company's December 31, 2016, RWAs and capital ratio are preliminary estimates.

Return on average tangible common equity (ROTCE)

Wells Fargo & Company and Subsidiaries

TANGIBLE COMMON EQUITY (1)

(in millions, except ratios)		**Quarter ended Dec 31, 2016**
Return on average tangible common equity (1):		
Net income applicable to common stock	(A)	**$ 4,872**
Average total equity		**201,247**
Adjustments:		
Preferred stock		**(24,579)**
Additional paid-in capital on ESOP preferred stock		**(128)**
Unearned ESOP shares		**1,596**
Noncontrolling interests		**(928)**
Average common stockholders' equity	(B)	**177,208**
Adjustments:		
Goodwill		**(26,713)**
Certain identifiable intangible assets (other than MSRs)		**(2,871)**
Other assets (2)		**(2,175)**
Applicable deferred taxes (3)		**1,785**
Average tangible common equity	(C)	**$ 147,234**
Return on average common stockholders' equity (ROE)	(A)/(B)	**10.94%**
Return on average tangible common equity (ROTCE)	(A)/(C)	**13.16**

(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 investments 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 investments, 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 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 and return on 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 fourth quarter 2016 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, 2015 and in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2016.

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 31 of the press release announcing our 4Q16 results for additional information regarding the purchased credit-impaired loans.