

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of  
The Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): July 15, 2016

**WELLS FARGO & COMPANY**  
(Exact Name of Registrant as Specified in Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-02979**  
(Commission File  
Number)

**No. 41-0449260**  
(IRS Employer  
Identification No.)

**420 Montgomery Street, San Francisco, California 94163**  
(Address of Principal Executive Offices) (Zip Code)

**1-866-249-3302**  
(Registrant's telephone number, including area code)

**Not applicable**  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## **Item 2.02 Results of Operations and Financial Condition.**

On July 15, 2016, Wells Fargo & Company (the “Company”) issued a press release regarding its results of operations and financial condition for the quarter ended June 30, 2016, and posted on its website its 2Q16 Quarterly Supplement, which contains certain additional historical and forward-looking information relating to the Company. The press release is included as Exhibit 99.1 to this report and is incorporated by reference into this Item 2.02. The information included in Exhibit 99.1 is considered to be “filed” for purposes of Section 18 under the Securities Exchange Act of 1934. The Quarterly Supplement is included as Exhibit 99.2 to this report and is incorporated by reference into this Item 2.02. Exhibit 99.2 shall not be considered “filed” for purposes of Section 18 under the Securities Exchange Act of 1934 and shall not be deemed to be incorporated by reference into the filings of the Company under the Securities Act of 1933.

On July 15, 2016, the Company intends to host a live conference call that will also be available by webcast to discuss the press release, the Quarterly Supplement, and other matters relating to the Company.

## **Item 9.01 Financial Statements and Exhibits.**

### **(d) Exhibits**

- 99.1 Press Release dated July 15, 2016, deemed “filed” under the Securities Exchange Act of 1934
- 99.2 Quarterly Supplement, deemed “furnished” under the Securities Exchange Act of 1934

## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: July 15, 2016

WELLS FARGO & COMPANY

By: /s/ RICHARD D. LEVY

Richard D. Levy  
Executive Vice President and  
Controller  
(Principal Accounting Officer)



# News Release

Corporate Communications

**Media**

Ancel Martinez  
415-222-3858

**Investors**

Jim Rowe  
415-396-8216

Friday, July 15, 2016

## **WELLS FARGO REPORTS \$5.6 BILLION IN QUARTERLY NET INCOME; Diluted EPS of \$1.01; Revenue Up 4 Percent from Prior Year**

- Continued strong financial results:
  - Net income of \$5.6 billion, compared with \$5.7 billion in second quarter 2015
  - Diluted earnings per share (EPS) of \$1.01, compared with \$1.03
  - Revenue of \$22.2 billion, up 4 percent
  - Pre-tax pre-provision profit<sup>1</sup> of \$9.3 billion, up 5 percent
  - Return on assets of 1.20 percent and return on equity of 11.70 percent
- Strong growth in loans and deposits:
  - Total average loans of \$950.8 billion, up \$80.3 billion, or 9 percent, from second quarter 2015
  - Total average deposits of \$1.2 trillion, up \$51.4 billion, or 4 percent
- Solid overall credit quality:
  - Net charge-offs of \$924 million, up \$274 million from second quarter 2015 on higher losses in the oil and gas portfolio
    - Net charge-offs were 0.39 percent of average loans (annualized), up from 0.30 percent
  - Nonaccrual loans down \$480 million, or 4 percent
  - Reserve build<sup>2</sup> of \$150 million, primarily driven by loan growth, compared with a \$350 million reserve release<sup>2</sup> in second quarter 2015
- Maintained strong capital levels while continuing to return capital to shareholders:
  - Common Equity Tier 1 ratio (fully phased-in) of 10.6 percent<sup>3</sup>
  - Total stockholders' equity exceeded \$200 billion for the first time
  - Period-end common shares outstanding down 27.4 million from first quarter 2016
  - Increased quarterly common stock dividend to \$0.38 per share under the Company's 2015 Comprehensive Capital Analysis and Review (CCAR) submission
- Received a non-objection to the Company's 2016 CCAR submission from the Federal Reserve

<sup>1</sup> Pre-tax pre-provision profit (PTPP) is total revenue less noninterest expense. Management believes that PTPP is a useful financial measure because it enables investors and others to assess the Company's ability to generate capital to cover credit losses through a credit cycle.

<sup>2</sup> 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.

<sup>3</sup> See table on page 36 for more information on Common Equity Tier 1. Common Equity Tier 1 (fully phased-in) is a preliminary estimate and is calculated assuming the full phase-in of the Basel III capital rules.

## Selected Financial Information

	Quarter ended		
	Jun 30, 2016	Mar 31, 2016	Jun 30, 2015
<b>Earnings</b>			
Diluted earnings per common share	\$ 1.01	0.99	1.03
Wells Fargo net income (in billions)	5.56	5.46	5.72
Return on assets (ROA)	1.20%	1.21	1.33
Return on equity (ROE)	11.70	11.75	12.71
Return on average tangible common equity (ROTCE)(a)	14.15	14.15	15.32
<b>Asset Quality</b>			
Net charge-offs (annualized) as a % of average total loans	0.39%	0.38	0.30
Allowance for credit losses as a % of total loans	1.33	1.34	1.42
Allowance for credit losses as a % of annualized net charge-offs	343	355	484
<b>Other</b>			
Revenue (in billions)	\$ 22.2	22.2	21.3
Efficiency ratio	58.1%	58.7	58.5
Average loans (in billions)	\$ 950.8	927.2	870.4
Average deposits (in billions)	1,236.7	1,219.4	1,185.3
Net interest margin	2.86%	2.90	2.97

(a) 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. For additional information, including a corresponding reconciliation to GAAP financial measures, see the "Tangible Common Equity" tables on page 35.

SAN FRANCISCO – Wells Fargo & Company (NYSE:WFC) reported net income of \$5.6 billion, or \$1.01 per diluted common share, for second quarter 2016, compared with \$5.7 billion, or \$1.03 per share, for second quarter 2015, and \$5.5 billion, or \$0.99 per share, for first quarter 2016.

Chairman and CEO John Stumpf said, "Wells Fargo's second quarter results demonstrated our ability to generate consistent performance during periods of economic, capital markets and interest rate uncertainty. Compared with a year ago, we had solid growth in loans, deposits and customers, which are our fundamental drivers of long-term value. We also improved our efficiency ratio while continuing to reinvest in the franchise. We returned more capital to our shareholders in the quarter and were pleased to have received a non-objection to our 2016 Capital Plan from the Federal Reserve. We remain well positioned to continue to meet the financial needs of our customers."

Chief Financial Officer John Shrewsbury added, "Second quarter results benefited from our diversified business model, as demonstrated by higher linked-quarter net interest income, growth in many of our fee-based businesses and positive operating leverage. Earning assets increased in the second quarter, driven by growth in both loans and investment securities. Investment securities were up \$18.5 billion in the second quarter, reflecting gross purchases of approximately \$38 billion compared with \$5 billion in first quarter. Second quarter purchases were made at interest rate levels above those available late in the quarter, after the 'Brexit' vote. We continue to have capacity for additional deployment of liquidity, but will remain disciplined in our investment approach. Capital remained strong with a net payout ratio<sup>4</sup> of 62 percent in the quarter, as we returned \$3.2 billion to shareholders through common stock dividends and net share repurchases."

<sup>4</sup> 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.

## **Net Interest Income**

Net interest income in second quarter 2016 increased \$66 million from first quarter 2016 to \$11.7 billion, primarily driven by loan growth, including the full quarter benefit of the assets acquired from GE Capital that closed late in the first quarter. The benefit to net interest income from loan growth was partially offset by reduced income in the investment securities portfolio reflecting accelerated prepayments, primarily on our mortgage-backed securities (MBS), increased interest expense from higher debt balances, and lower interest income from trading assets.

Net interest margin was 2.86 percent, down 4 basis points from first quarter 2016. The decline was primarily driven by the impact of growth in long-term debt, growth in deposits and reduced income on investment securities. The impact of all other balance sheet growth, mix changes and repricing was beneficial to the net interest margin.

## **Noninterest Income**

Noninterest income in the second quarter was \$10.4 billion, down from \$10.5 billion in first quarter 2016. Second quarter noninterest income reflected higher net gains on debt securities, trust and investment fees, net gains from trading activities, lease income, card fees and service charges on deposit accounts. These increases were partially offset by a linked-quarter reduction in other income, driven by a decline in hedge ineffectiveness income from \$379 million in first quarter 2016 to \$56 million in second quarter. Other income also included a \$290 million gain on the sale of our health benefit services business in second quarter 2016, while first quarter results included a \$381 million gain from the sale of our crop insurance business. Insurance revenue declined \$141 million linked quarter, due to the sale of our crop insurance business.

Trust and investment fees were \$3.5 billion, up \$162 million from the prior quarter, primarily due to higher investment banking fees, as well as higher retail brokerage asset-based fees and transaction activity, and trust and investment management fees.

Mortgage banking noninterest income was \$1.4 billion, down \$184 million from first quarter 2016, as a \$306 million increase in origination gains was more than offset by a decline in servicing revenue due in part to lower mortgage servicing rights (MSR) hedging results. Residential mortgage loan originations were \$63 billion in the second quarter, up \$19 billion linked quarter. The production margin on residential held-for-sale mortgage loan originations<sup>5</sup> was 1.66 percent, compared with 1.68 percent in first quarter.

## **Noninterest Expense**

Noninterest expense declined \$162 million from the prior quarter, primarily due to lower employee benefits, which were seasonally elevated in first quarter 2016, as well as lower operating losses. Insurance expense also declined as a result of the first quarter 2016 sale of our crop insurance business. The decline in noninterest expense was partially offset by higher outside professional services, primarily for project-related expenses, and higher operating lease depreciation expense as a result of the GE Capital transactions. The efficiency ratio was 58.1 percent in second quarter 2016, compared with 58.7 percent in the prior quarter. The Company continues to expect to operate at the higher end of its targeted efficiency ratio range of 55 to 59 percent for full year 2016.

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<sup>5</sup> Production margin represents net gains on residential mortgage loan origination/sales activities divided by total residential held-for-sale mortgage originations. See the Selected Five Quarter Residential Mortgage Production Data table on page 41 for more information.

## Loans

Total loans were \$957.2 billion at June 30, 2016, up \$9.9 billion, or 1 percent, from March 31, 2016, driven by growth in commercial loans, including commercial and industrial and real estate mortgage loans, as well as growth in consumer loans, including real estate 1-4 family first mortgage loans, credit card and automobile. Total average loans were \$950.8 billion in the second quarter, up \$23.5 billion from the prior quarter, and included the full quarter impact of the March 1, 2016 acquisition of GE Capital's Commercial Distribution Finance and Vendor Finance businesses, as well as a portion of its Corporate Finance business.

### Period-End Loan Balances

(in millions)	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
Commercial	\$ 494,538	488,205	456,583	447,338	438,022
Consumer	462,619	459,053	459,976	455,895	450,437
Total loans	\$ 957,157	947,258	916,559	903,233	888,459
Change from prior quarter	\$ 9,899	30,699	13,326	14,774	27,228

## Investment Securities

Investment securities were \$353.4 billion at June 30, 2016, up \$18.5 billion from first quarter, as approximately \$38 billion of purchases, predominantly federal agency MBS for our held-to-maturity portfolio, were partially offset by run-off, including accelerated prepayments of investment securities, and sales.

Net unrealized available-for-sale securities gains of \$4.5 billion at June 30, 2016, increased from \$3.5 billion at March 31, 2016, primarily due to a decline in interest rates, which was partially offset by widening credit spreads.

## Deposits

Total average deposits for second quarter 2016 were \$1.2 trillion, up 1 percent from the prior quarter, driven by a \$13.4 billion increase in consumer and small business. The average deposit cost for second quarter 2016 was 11 basis points, up 3 basis points from a year ago and up 1 basis point from the prior quarter.

## Capital

Capital levels remained strong in the second quarter, with Common Equity Tier 1 (fully phased-in) (CET1) of 10.6 percent<sup>3</sup>, compared with 10.6 percent in the prior quarter. In second quarter 2016, the Company repurchased 44.8 million shares of its common stock, reducing period-end common shares outstanding by 27.4 million shares. The Company paid a quarterly common stock dividend of \$0.38 per share, up from \$0.375 per share a year ago. The Company received a non-objection to its 2016 Capital Plan from the Federal Reserve.

## Credit Quality

“Overall credit results were solid in the second quarter as our quarterly loss rate remained low, at 0.39 percent (annualized),” said Chief Risk Officer Mike Loughlin. “The loan portfolio continued to perform well, led by further improvement in consumer real estate. Oil and gas portfolio performance during the quarter was generally consistent with our expectations. Results in the oil and gas portfolio remained under pressure with higher credit losses and nonaccrual loans, while our allowance coverage ratio for the portfolio remained stable at 9.2 percent at quarter-end. The allowance for credit losses in the second quarter reflected a reserve build<sup>2</sup> of \$150 million, primarily attributable to loan growth in the commercial, automobile and credit card portfolios. Future allowance levels will be based on a variety of factors, including loan growth, portfolio performance and general economic conditions.”

## Net Loan Charge-offs

The quarterly loss rate of 0.39 percent (annualized) reflected commercial losses of 0.29 percent and consumer losses of 0.49 percent. Credit losses were \$924 million in second quarter 2016, compared with \$886 million in first quarter 2016, on \$59 million higher oil and gas portfolio losses. Consumer losses decreased \$82 million, driven by a \$46 million decline in consumer real estate losses and a \$37 million decline in automobile losses reflecting seasonality.

### Net Loan Charge-Offs

	Quarter ended					
	June 30, 2016		March 31, 2016		December 31, 2015	
(\$ in millions)	Net loan charge-offs	As a % of average loans (a)	Net loan charge-offs	As a % of average loans (a)	Net loan charge-offs	As a % of average loans (a)
<b>Commercial:</b>						
Commercial and industrial	\$ 368	0.46 %	\$ 273	0.36 %	\$ 215	0.29 %
Real estate mortgage	(20)	(0.06)	(29)	(0.10)	(19)	(0.06)
Real estate construction	(3)	(0.06)	(8)	(0.13)	(10)	(0.18)
Lease financing	12	0.27	1	0.01	1	0.01
<b>Total commercial</b>	<b>357</b>	<b>0.29</b>	<b>237</b>	<b>0.20</b>	<b>187</b>	<b>0.16</b>
<b>Consumer:</b>						
Real estate 1-4 family first mortgage	14	0.02	48	0.07	50	0.07
Real estate 1-4 family junior lien mortgage	62	0.49	74	0.57	70	0.52
Credit card	270	3.25	262	3.16	243	2.93
Automobile	90	0.59	127	0.85	135	0.90
Other revolving credit and installment	131	1.32	138	1.42	146	1.49
<b>Total consumer</b>	<b>567</b>	<b>0.49</b>	<b>649</b>	<b>0.57</b>	<b>644</b>	<b>0.56</b>
<b>Total</b>	<b>\$ 924</b>	<b>0.39%</b>	<b>\$ 886</b>	<b>0.38%</b>	<b>\$ 831</b>	<b>0.36%</b>

(a) Quarterly net charge-offs as a percentage of average loans are annualized. See explanation on page 31 of the accounting for purchased credit-impaired (PCI) loans and the impact on selected financial ratios.



## Nonperforming Assets

Nonperforming assets decreased \$433 million from first quarter 2016 to \$13.1 billion. Nonaccrual loans decreased \$271 million from first quarter to \$12.0 billion as an \$809 million decrease in consumer nonaccruals was partially offset by a \$651 million increase in oil and gas nonaccruals. Foreclosed assets of \$1.1 billion were down \$162 million from first quarter 2016.

### Nonperforming Assets (Nonaccrual Loans and Foreclosed Assets)

	June 30, 2016		March 31, 2016		December 31, 2015	
(\$ in millions)	Total balances	As a % of total loans	Total balances	As a % of total loans	Total balances	As a % of total loans
<b>Commercial:</b>						
Commercial and industrial	\$ 3,464	1.07 %	\$ 2,911	0.91 %	\$ 1,363	0.45 %
Real estate mortgage	872	0.68	896	0.72	969	0.79
Real estate construction	59	0.25	63	0.27	66	0.30
Lease financing	112	0.59	99	0.52	26	0.21
<b>Total commercial</b>	<b>4,507</b>	<b>0.91</b>	<b>3,969</b>	<b>0.81</b>	<b>2,424</b>	<b>0.53</b>
<b>Consumer:</b>						
Real estate 1-4 family first mortgage	5,970	2.15	6,683	2.43	7,293	2.66
Real estate 1-4 family junior lien mortgage	1,330	2.67	1,421	2.77	1,495	2.82
Automobile	111	0.18	114	0.19	121	0.20
Other revolving credit and installment	45	0.11	47	0.12	49	0.13
<b>Total consumer</b>	<b>7,456</b>	<b>1.61</b>	<b>8,265</b>	<b>1.80</b>	<b>8,958</b>	<b>1.95</b>
<b>Total nonaccrual loans</b>	<b>11,963</b>	<b>1.25</b>	<b>12,234</b>	<b>1.29</b>	<b>11,382</b>	<b>1.24</b>
<b>Foreclosed assets:</b>						
Government insured/guaranteed	321		386		446	
Non-government insured/guaranteed	796		893		979	
<b>Total foreclosed assets</b>	<b>1,117</b>		<b>1,279</b>		<b>1,425</b>	
<b>Total nonperforming assets</b>	<b>\$ 13,080</b>	<b>1.37%</b>	<b>\$ 13,513</b>	<b>1.43%</b>	<b>\$ 12,807</b>	<b>1.40%</b>
Change from prior quarter:						
Total nonaccrual loans	\$ (271)		\$ 852		\$ (155)	
Total nonperforming assets	(433)		706		(497)	

## Loans 90 Days or More Past Due and Still Accruing

Loans 90 days or more past due and still accruing (excluding government insured/guaranteed) totaled \$788 million at June 30, 2016, down from \$803 million at March 31, 2016. Loans 90 days or more past due and still accruing with repayments insured by the Federal Housing Administration (FHA) or predominantly guaranteed by the Department of Veterans Affairs (VA) for mortgage loans and the U.S. Department of Education for student loans under the Federal Family Education Loan Program were \$11.6 billion at June 30, 2016, down from \$12.3 billion at March 31, 2016.

### Allowance for Credit Losses

The allowance for credit losses, including the allowance for unfunded commitments, totaled \$12.7 billion at June 30, 2016, compared with \$12.7 billion at March 31, 2016. The allowance coverage for total loans was 1.33 percent, compared with 1.34 percent in first quarter 2016. The allowance covered 3.4 times annualized second quarter net charge-offs, compared with 3.6 times in the prior quarter. The allowance coverage for nonaccrual loans was 107 percent at June 30, 2016, compared with 104 percent at March 31, 2016. “We believe the allowance was appropriate for losses inherent in the loan portfolio at June 30, 2016,” said Loughlin.

### Business Segment Performance

Wells Fargo defines its operating segments by product type and customer segment. Segment net income for each of the three business segments was:

(in millions)	Quarter ended		
	Jun 30, 2016	Mar 31, 2016	Jun 30, 2015
Community Banking	\$ 3,179	3,296	3,215
Wholesale Banking	2,073	1,921	2,191
Wealth and Investment Management	584	512	586

**Community Banking** offers a complete line of diversified financial products and services for consumers and small businesses including checking and savings accounts, credit and debit cards, and auto, student, and small business lending. Community Banking also offers investment, insurance and trust services in 39 states and D.C., and mortgage and home equity loans in all 50 states and D.C. through its Regional Banking and Wells Fargo Home Lending business units.

### Selected Financial Information

(in millions)	Quarter ended		
	Jun 30, 2016	Mar 31, 2016	Jun 30, 2015
Total revenue	\$ 12,204	12,614	11,967
Provision for credit losses	689	720	397
Noninterest expense	6,648	6,836	6,719
Segment net income	3,179	3,296	3,215
(in billions)			
Average loans	485.7	484.3	472.3
Average assets	967.6	947.4	910.0
Average deposits	703.7	683.0	654.8

Community Banking reported net income of \$3.2 billion, down \$117 million, or 4 percent, from first quarter 2016. Revenue of \$12.2 billion decreased \$410 million, or 3 percent, from first quarter 2016 due to lower other income (hedge ineffectiveness), mortgage banking revenue, and net interest income, partially offset by higher gains from sale of debt securities. Noninterest expense decreased \$188 million, or 3 percent, compared with first quarter 2016, due to lower operating losses and other expense, partially offset by higher project-related expense. The provision for credit losses decreased \$31 million from the prior quarter.

Net income was down \$36 million, or 1 percent, from second quarter 2015. Revenue increased \$237 million, or 2 percent, compared with a year ago due to higher gains on sale of debt securities, other income (hedge ineffectiveness), net interest income and card fees, partially offset by lower mortgage banking revenue, gains on

equity investments, and trust and investment fees. Noninterest expense decreased \$71 million, or 1 percent, from a year ago driven by lower operating losses and foreclosed assets expense, partially offset by higher personnel costs. The provision for credit losses increased \$292 million from a year ago primarily due to a reserve build compared with a reserve release in second quarter 2015.

### ***Regional Banking***

- Retail Banking
  - Primary consumer checking customers<sup>6</sup> up 4.7 percent year-over-year<sup>7</sup>
  - Debit card purchase volume<sup>8</sup> of \$76.4 billion in second quarter, up 8 percent year-over-year
  - Retail Banking household cross-sell ratio of 6.27 products per household, compared with 6.32 year-over-year<sup>7,9</sup>
- Small Business Banking
  - Launched new online *FastFlex*<sup>SM</sup> Small Business Loan offering a fast decision and funding as soon as the next business day
  - Wells Fargo was the nation's #1 SBA 7(a) small business lender in dollars and units for the first three quarters of the 2016 federal fiscal year<sup>10</sup>
- Digital Banking
  - 27.4 million digital (online and mobile) active customers, including 18 million mobile active users<sup>7,11</sup>

### ***Consumer Lending Group***

- Home Lending
  - Originations of \$63 billion, up from \$44 billion in prior quarter
  - Applications of \$95 billion, up from \$77 billion in prior quarter
  - Application pipeline of \$47 billion at quarter end, up from \$39 billion at March 31, 2016
  - Launched *yourFirst Mortgage*<sup>SM</sup> to help more first-time homebuyers and low- to moderate-income families achieve sustainable homeownership
- Consumer Credit
  - Credit card purchase volume of \$19.4 billion in second quarter, up 10 percent year-over-year
  - Credit card penetration in retail banking households rose to 45.6 percent, up from 44.6 percent in prior year<sup>7,12</sup>
  - Auto originations of \$8.3 billion in second quarter, up 8 percent from prior quarter and up 2 percent from prior year

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<sup>6</sup> Customers who actively use their checking account with transactions such as debit card purchases, online bill payments, and direct deposit.

<sup>7</sup> Data as of May 2016, comparisons with May 2015.

<sup>8</sup> Combined consumer and business debit card purchase volume dollars.

<sup>9</sup> Effective second quarter 2016, 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. Additionally, we updated the products included to capture business products in addition to retail products that have the potential for revenue generation and long-term viability. Products and services that generally do not meet these criteria - such as ATM cards, online banking, bill pay and direct deposit - are not included. Prior period metrics have been revised to conform with the updated methodology.

<sup>10</sup> U.S. SBA data, partial fiscal year as of June 2016 (federal fiscal full-year 2016 is October 2015-September 2016).

<sup>11</sup> Primarily includes retail banking, consumer lending, small business and business banking customers.

<sup>12</sup> Effective second quarter 2016, 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.

**Wholesale Banking** provides financial solutions to businesses across the United States and globally with annual sales generally in excess of \$5 million. Products and businesses include Business Banking, Middle Market Commercial Banking, Government and Institutional Banking, Corporate Banking, Commercial Real Estate, Treasury Management, Wells Fargo Capital Finance, Insurance, International, Real Estate Capital Markets, Commercial Mortgage Servicing, Corporate Trust, Equipment Finance, Wells Fargo Securities, Principal Investments and Asset Backed Finance.

## Selected Financial Information

(in millions)	Quarter ended		
	Jun 30, 2016	Mar 31, 2016	Jun 30, 2015
Total revenue	\$ 7,284	6,958	6,610
Provision (reversal of provision) for credit losses	385	363	(84)
Noninterest expense	4,036	3,968	3,504
Segment net income	2,073	1,921	2,191
(in billions)			
Average loans	451.4	429.8	386.2
Average assets	772.6	748.6	713.7
Average deposits	425.8	428.0	432.4

Wholesale Banking reported net income of \$2.1 billion, up \$152 million, or 8 percent, from first quarter 2016. Revenue of \$7.3 billion increased \$326 million, or 5 percent, from prior quarter due to the full quarter impact of the March 1, 2016 GE Capital acquisition, broad-based loan growth, strong customer accommodation trading results and increased investment banking fees as well as the gain on sale of our health benefit services business, partially offset by lower insurance fees due to the sale of our crop insurance business in the first quarter. Noninterest expense increased \$68 million, or 2 percent, from the prior quarter driven by the full quarter impact of the GE Capital acquisition, as well as higher project-related spending, partially offset by seasonally lower personnel expenses and lower insurance commissions due to the sale of our crop insurance business. The provision for credit losses increased \$22 million from the prior quarter.

Net income was down \$118 million, or 5 percent, from second quarter 2015. Revenue increased \$674 million, or 10 percent, from second quarter 2015, on strong loan growth, including the GE Capital acquisitions, the gain on sale of our health benefit services business, higher customer accommodation trading, increased investment banking fees and higher treasury management fees, partially offset by lower insurance fees due to the sale of our crop insurance business, lower commercial real estate brokerage fees and lower gains on equity investments. Noninterest expense increased \$532 million, or 15 percent, from a year ago primarily due to the GE Capital acquisitions and higher personnel expenses related to growth initiatives, compliance, and regulatory requirements. The provision for credit losses increased \$469 million from a year ago primarily due to higher oil and gas net charge-offs. The second quarter 2015 results included an \$89 million reserve release.

- Average loans increased 17 percent from second quarter 2015, on broad-based growth, including asset-backed finance, commercial real estate, corporate banking, equipment finance and structured real estate as well as the GE Capital acquisitions
- Treasury management revenue up 5 percent from second quarter 2015

- The Commercial Electronic Office® (CEO) mobile channel piloted biometric authentication to customers in second quarter, using eyeprint image capture technology

**Wealth and Investment Management** (WIM) provides a full range of personalized wealth management, investment and retirement products and services to clients across U.S. based businesses including Wells Fargo Advisors, The Private Bank, Abbot Downing, Wells Fargo Institutional Retirement and Trust, and Wells Fargo Asset Management. We deliver financial planning, private banking, credit, investment management and fiduciary services to high-net worth and ultra-high-net worth individuals and families. We also serve customers' brokerage needs, supply retirement and trust services to institutional clients and provide investment management capabilities delivered to global institutional clients through separate accounts and the Wells Fargo Funds.

## Selected Financial Information

(in millions)	Quarter ended		
	Jun 30, 2016	Mar 31, 2016	Jun 30, 2015
Total revenue	\$ 3,919	3,854	3,976
Provision (reversal of provision) for credit losses	2	(14)	(10)
Noninterest expense	2,976	3,042	3,038
Segment net income	584	512	586
(in billions)			
Average loans	66.7	64.1	59.3
Average assets	205.3	208.1	189.1
Average deposits	182.5	184.5	168.2

Wealth and Investment Management reported net income of \$584 million, up \$72 million, or 14 percent, from first quarter 2016. Revenue of \$3.9 billion increased \$65 million, or 2 percent, from the prior quarter, primarily due to higher asset-based fees and brokerage transaction revenue. Noninterest expense decreased \$66 million, or 2 percent, from the prior quarter, primarily driven by lower personnel expenses from seasonally higher first quarter expense, partially offset by higher broker commissions. The provision for credit losses was up \$16 million from first quarter 2016 due to higher net charge-offs.

Net income was relatively flat compared with second quarter 2015. Revenue decreased \$57 million, or 1 percent, from a year ago primarily driven by lower asset-based fees and brokerage transaction revenue, partially offset by higher net interest income as average loans increased \$7.4 billion, or 12 percent, to \$66.7 billion. Noninterest expense decreased \$62 million, or 2 percent, from a year ago, primarily due to lower operating losses. The provision for credit losses increased \$12 million from a year ago primarily due to higher net charge-offs.

### ***Retail Brokerage***

- Client assets of \$1.5 trillion, up 2 percent from prior year
- Advisory assets of \$444 billion, up 2 percent from prior year, primarily driven by positive net flows
- Strong loan growth, with average balances up 20 percent from prior year largely due to continued growth in non-conforming mortgage loans and security-based lending

### ***Wealth Management***

- Client assets of \$224 billion, stable from prior year
- Average loan balances up 9 percent over prior year primarily driven by continued growth in non-conforming mortgage loans, commercial loans and security-based lending

### ***Retirement***

- IRA assets of \$367 billion, up 1 percent from prior year
- Institutional Retirement plan assets of \$337 billion, down 3 percent from prior year

### ***Asset Management***

- Total assets under management of \$484 billion, down 1 percent from prior year primarily due to equity fund outflows, partially offset by favorable fixed income net inflows and higher market valuations

### **Conference Call**

The Company will host a live conference call on Friday, July 15, at 7 a.m. PT (10 a.m. ET). You may participate by dialing 866-872-5161 (U.S. and Canada) or 706-643-1962 (International). The call will also be available online at <https://www.wellsfargo.com/about/investor-relations/quarterly-earnings/> and at [https://engage.vevent.com/rt/wells\\_fargo\\_a0~071516](https://engage.vevent.com/rt/wells_fargo_a0~071516).

A replay of the conference call will be available beginning at 10 a.m. PT (1 p.m. ET) on Friday, July 15 through Friday, July 29. Please dial 855-859-2056 (U.S. and Canada) or 404-537-3406 (International) and enter Conference ID #96514871. The replay will also be available online at <https://www.wellsfargo.com/about/investor-relations/quarterly-earnings/> and at [https://engage.vevent.com/rt/wells\\_fargo\\_a0~071516](https://engage.vevent.com/rt/wells_fargo_a0~071516).

## 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. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. We caution you, therefore, against relying on any of these forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. While there is no assurance that any list of risks and uncertainties or risk factors is complete, important factors that could cause actual results to differ materially from those in the forward-looking statements include the following, without limitation:

- current and future economic and market conditions, including the effects of declines in housing prices, high unemployment rates, U.S. fiscal debt, budget and tax matters, geopolitical matters, and the overall slowdown in global economic growth;
- our capital and liquidity requirements (including under regulatory capital standards, such as the Basel III capital standards) and our ability to generate capital internally or raise capital on favorable terms;
- financial services reform and other current, pending or future legislation or regulation that could have a negative effect on our revenue and businesses, including the Dodd-Frank Act and other legislation and regulation relating to bank products and services;
- the extent of our success in our loan modification efforts, as well as the effects of regulatory requirements or guidance regarding loan modifications;
- the amount of mortgage loan repurchase demands that we receive and our ability to satisfy any such demands without having to repurchase loans related thereto or otherwise indemnify or reimburse third parties, and the credit quality of or losses on such repurchased mortgage loans;
- negative effects relating to our mortgage servicing and foreclosure practices, as well as changes in industry standards or practices, regulatory or judicial requirements, penalties or fines, increased servicing and other costs or obligations, including loan modification requirements, or delays or moratoriums on foreclosures;
- our ability to realize our efficiency ratio target as part of our expense management initiatives, including as a result of business and economic cyclicity, seasonality, changes in our business composition and operating environment, growth in our businesses and/or acquisitions, and unexpected expenses relating to, among other things, litigation and regulatory matters;
- the effect of the current low interest rate environment or changes in interest rates on our net interest income, net interest margin and our mortgage originations, mortgage servicing rights and mortgages held for sale;
- significant turbulence or a disruption in the capital or financial markets, which could result in, among other things, reduced investor demand for mortgage loans, a reduction in the availability of funding or increased

funding costs, and declines in asset values and/or recognition of other-than-temporary impairment on securities held in our investment securities portfolio;

- the effect of a fall in stock market prices on our investment banking business and our fee income from our brokerage, asset and wealth management businesses;
- reputational damage from negative publicity, protests, fines, penalties and other negative consequences from regulatory violations and legal actions;
- a failure in or breach of our operational or security systems or infrastructure, or those of our third party vendors or other service providers, including as a result of cyber attacks;
- the effect of changes in the level of checking or savings account deposits on our funding costs and net interest margin;
- fiscal and monetary policies of the Federal Reserve Board; and
- the other risk factors and uncertainties described under “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015.

In addition to the above factors, we also caution that the amount and timing of any future common stock dividends or repurchases will depend on the earnings, cash requirements and financial condition of the Company, market conditions, capital requirements (including under Basel capital standards), common stock issuance requirements, applicable law and regulations (including federal securities laws and federal banking regulations), and other factors deemed relevant by the Company’s Board of Directors, and may be subject to regulatory approval or conditions.

For more information about factors that could cause actual results to differ materially from our expectations, refer to our 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, as filed with the Securities and Exchange Commission and available on its website at [www.sec.gov](http://www.sec.gov).

Any forward-looking statement made by us speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.



## **About Wells Fargo**

Wells Fargo & Company (NYSE: WFC) is a diversified, community-based financial services company with \$1.9 trillion in assets. Founded in 1852 and headquartered in San Francisco, Wells Fargo provides banking, insurance, investments, mortgage, and consumer and commercial finance through more than 8,600 locations, 13,000 ATMs, the internet ([wellsfargo.com](http://wellsfargo.com)) and mobile banking, and has offices in 36 countries and territories to support customers who conduct business in the global economy. With approximately 268,000 team members, Wells Fargo serves one in three households in the United States. Wells Fargo & Company was ranked No. 27 on Fortune's 2016 rankings of America's largest corporations. Wells Fargo's vision is to satisfy our customers' financial needs and help them succeed financially.

# # #

**Wells Fargo & Company and Subsidiaries**  
**QUARTERLY FINANCIAL DATA**  
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Wells Fargo & Company and Subsidiaries  
SUMMARY FINANCIAL DATA

(\$ in millions, except per share amounts)	Quarter ended			% Change Jun 30, 2016 from		Six months ended		% Change
	Jun 30, 2016	Mar 31, 2016	Jun 30, 2015	Mar 31, 2016	Jun 30, 2015	Jun 30, 2016	Jun 30, 2015	
For the Period								
Wells Fargo net income	\$ 5,558	5,462	5,719	2%	(3)	\$ 11,020	11,523	(4)%
Wells Fargo net income applicable to common stock	5,173	5,085	5,363	2	(4)	10,258	10,824	(5)
Diluted earnings per common share	1.01	0.99	1.03	2	(2)	2.00	2.07	(3)
Profitability ratios (annualized):								
Wells Fargo net income to average assets (ROA)	1.20%	1.21	1.33	(1)	(10)	1.20	1.35	(11)
Wells Fargo net income applicable to common stock to average Wells Fargo common stockholders' equity (ROE)	11.70	11.75	12.71	—	(8)	11.72	12.94	(9)
Return on average tangible common equity (ROTCE)(1)	14.15	14.15	15.32	—	(8)	14.15	15.61	(9)
Efficiency ratio (2)	58.1	58.7	58.5	(1)	(1)	58.4	58.6	—
Total revenue	\$ 22,162	22,195	21,318	—	4	\$ 44,357	42,596	4
Pre-tax pre-provision profit (PTPP) (3)	9,296	9,167	8,849	1	5	18,463	17,620	5
Dividends declared per common share	0.380	0.375	0.375	1	1	0.755	0.725	4
Average common shares outstanding	5,066.9	5,075.7	5,151.9	—	(2)	5,071.3	5,156.1	(2)
Diluted average common shares outstanding	5,118.1	5,139.4	5,220.5	—	(2)	5,129.8	5,233.2	(2)
Average loans	\$ 950,751	927,220	870,446	3	9	\$ 938,986	866,873	8
Average assets	1,862,084	1,819,875	1,729,278	2	8	1,840,980	1,718,597	7
Average total deposits	1,236,658	1,219,430	1,185,304	1	4	1,228,044	1,180,077	4
Average consumer and small business banking deposits (4)	726,359	714,837	674,889	2	8	720,598	670,418	7
Net interest margin	2.86%	2.90	2.97	(1)	(4)	2.88	2.96	(3)
At Period End								
Investment securities	\$ 353,426	334,899	340,769	6	4	\$ 353,426	340,769	4
Loans	957,157	947,258	888,459	1	8	957,157	888,459	8
Allowance for loan losses	11,664	11,621	11,754	—	(1)	11,664	11,754	(1)
Goodwill	26,963	27,003	25,705	—	5	26,963	25,705	5
Assets	1,889,235	1,849,182	1,720,617	2	10	1,889,235	1,720,617	10
Deposits	1,245,473	1,241,490	1,185,828	—	5	1,245,473	1,185,828	5
Common stockholders' equity	178,633	175,534	169,596	2	5	178,633	169,596	5
Wells Fargo stockholders' equity	201,745	197,496	189,558	2	6	201,745	189,558	6
Total equity	202,661	198,504	190,676	2	6	202,661	190,676	6
Tangible common equity (1)	148,110	144,679	140,520	2	5	148,110	140,520	5
Common shares outstanding	5,048.5	5,075.9	5,145.2	(1)	(2)	5,048.5	5,145.2	(2)
Book value per common share (5)	\$ 35.38	34.58	32.96	2	7	\$ 35.38	32.96	7
Tangible book value per common share (1)(5)	29.34	28.50	27.31	3	7	29.34	27.31	7
Common stock price:								
High	51.41	53.27	58.26	(3)	(12)	53.27	58.26	(9)
Low	44.50	44.50	53.56	—	(17)	44.50	50.42	(12)
Period end	47.33	48.36	56.24	(2)	(16)	47.33	56.24	(16)
Team members (active, full-time equivalent)	267,900	268,600	265,800	—	1	267,900	265,800	1

- (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 and tangible book value per common share, which utilize tangible common equity, are useful financial measures because they enable investors and others to assess the Company's use of equity. For additional information, including a corresponding reconciliation to GAAP financial measures, see the "Tangible Common Equity" tables on page 35.
- (2) The efficiency ratio is noninterest expense divided by total revenue (net interest income and noninterest income).
- (3) Pre-tax pre-provision profit (PTPP) is total revenue less noninterest expense. Management believes that PTPP is a useful financial measure because it enables investors and others to assess the Company's ability to generate capital to cover credit losses through a credit cycle.
- (4) Consumer and small business banking deposits are total deposits excluding mortgage escrow and wholesale deposits.
- (5) Book value per common share is common stockholders' equity divided by common shares outstanding. Tangible book value per common share is tangible common equity divided by common shares outstanding.

Wells Fargo & Company and Subsidiaries  
**FIVE QUARTER SUMMARY FINANCIAL DATA**

	Quarter ended				
	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
(\$ in millions, except per share amounts)					
<b>For the Quarter</b>					
Wells Fargo net income	\$ 5,558	5,462	5,575	5,796	5,719
Wells Fargo net income applicable to common stock	5,173	5,085	5,203	5,443	5,363
Diluted earnings per common share	1.01	0.99	1.00	1.05	1.03
Profitability ratios (annualized):					
Wells Fargo net income to average assets (ROA)	1.20%	1.21	1.24	1.32	1.33
Wells Fargo net income applicable to common stock to average Wells Fargo common stockholders' equity (ROE)	11.70	11.75	11.93	12.62	12.71
Return on average tangible common equity (ROTCE)(1)	14.15	14.15	14.30	15.19	15.32
Efficiency ratio (2)	58.1	58.7	58.4	56.7	58.5
Total revenue	\$ 22,162	22,195	21,586	21,875	21,318
Pre-tax pre-provision profit (PTPP) (3)	9,296	9,167	8,987	9,476	8,849
Dividends declared per common share	0.380	0.375	0.375	0.375	0.375
Average common shares outstanding	5,066.9	5,075.7	5,108.5	5,125.8	5,151.9
Diluted average common shares outstanding	5,118.1	5,139.4	5,177.9	5,193.8	5,220.5
Average loans	\$ 950,751	927,220	912,280	895,095	870,446
Average assets	1,862,084	1,819,875	1,787,287	1,746,402	1,729,278
Average total deposits	1,236,658	1,219,430	1,216,809	1,198,874	1,185,304
Average consumer and small business banking deposits (4)	726,359	714,837	696,484	683,245	674,889
Net interest margin	2.86%	2.90	2.92	2.96	2.97
<b>At Quarter End</b>					
Investment securities	\$ 353,426	334,899	347,555	345,074	340,769
Loans	957,157	947,258	916,559	903,233	888,459
Allowance for loan losses	11,664	11,621	11,545	11,659	11,754
Goodwill	26,963	27,003	25,529	25,684	25,705
Assets	1,889,235	1,849,182	1,787,632	1,751,265	1,720,617
Deposits	1,245,473	1,241,490	1,223,312	1,202,179	1,185,828
Common stockholders' equity	178,633	175,534	172,036	172,089	169,596
Wells Fargo stockholders' equity	201,745	197,496	192,998	193,051	189,558
Total equity	202,661	198,504	193,891	194,043	190,676
Tangible common equity (1)	148,110	144,679	143,337	143,352	140,520
Common shares outstanding	5,048.5	5,075.9	5,092.1	5,108.5	5,145.2
Book value per common share (5)	\$ 35.38	34.58	33.78	33.69	32.96
Tangible book value per common share (1)(5)	29.34	28.50	28.15	28.06	27.31
Common stock price:					
High	51.41	53.27	56.34	58.77	58.26
Low	44.50	44.50	49.51	47.75	53.56
Period end	47.33	48.36	54.36	51.35	56.24
Team members (active, full-time equivalent)	267,900	268,600	264,700	265,200	265,800

- (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 and tangible book value per common share, which utilize tangible common equity, are useful financial measures because they enable investors and others to assess the Company's use of equity. For additional information, including a corresponding reconciliation to GAAP financial measures, see the "Tangible Common Equity" tables on page 35.
- (2) The efficiency ratio is noninterest expense divided by total revenue (net interest income and noninterest income).
- (3) Pre-tax pre-provision profit (PTPP) is total revenue less noninterest expense. Management believes that PTPP is a useful financial measure because it enables investors and others to assess the Company's ability to generate capital to cover credit losses through a credit cycle.
- (4) Consumer and small business banking deposits are total deposits excluding mortgage escrow and wholesale deposits.
- (5) Book value per common share is common stockholders' equity divided by common shares outstanding. Tangible book value per common share is tangible common equity divided by common shares outstanding.

Wells Fargo & Company and Subsidiaries  
**CONSOLIDATED STATEMENT OF INCOME**

	Quarter ended June 30,		%	Six months ended June 30,		%
(in millions, except per share amounts)	2016	2015	Change	2016	2015	Change
<b>Interest income</b>						
Trading assets	\$ 572	483	18%	\$ 1,168	928	26%
Investment securities	2,176	2,181	—	4,438	4,325	3
Mortgages held for sale	181	209	(13)	342	386	(11)
Loans held for sale	3	5	(40)	5	10	(50)
Loans	9,822	9,098	8	19,399	18,036	8
Other interest income	392	250	57	766	504	52
Total interest income	13,146	12,226	8	26,118	24,189	8
<b>Interest expense</b>						
Deposits	332	232	43	639	490	30
Short-term borrowings	77	21	267	144	39	269
Long-term debt	921	620	49	1,763	1,224	44
Other interest expense	83	83	—	172	180	(4)
Total interest expense	1,413	956	48	2,718	1,933	41
Net interest income	11,733	11,270	4	23,400	22,256	5
Provision for credit losses	1,074	300	258	2,160	908	138
Net interest income after provision for credit losses	10,659	10,970	(3)	21,240	21,348	(1)
<b>Noninterest income</b>						
Service charges on deposit accounts	1,336	1,289	4	2,645	2,504	6
Trust and investment fees	3,547	3,710	(4)	6,932	7,387	(6)
Card fees	997	930	7	1,938	1,801	8
Other fees	906	1,107	(18)	1,839	2,185	(16)
Mortgage banking	1,414	1,705	(17)	3,012	3,252	(7)
Insurance	286	461	(38)	713	891	(20)
Net gains from trading activities	328	133	147	528	541	(2)
Net gains on debt securities	447	181	147	691	459	51
Net gains from equity investments	189	517	(63)	433	887	(51)
Lease income	497	155	221	870	287	203
Other	482	(140)	NM	1,356	146	829
Total noninterest income	10,429	10,048	4	20,957	20,340	3
<b>Noninterest expense</b>						
Salaries	4,099	3,936	4	8,135	7,787	4
Commission and incentive compensation	2,604	2,606	—	5,249	5,291	(1)
Employee benefits	1,244	1,106	12	2,770	2,583	7
Equipment	493	470	5	1,021	964	6
Net occupancy	716	710	1	1,427	1,433	—
Core deposit and other intangibles	299	312	(4)	592	624	(5)
FDIC and other deposit assessments	255	222	15	505	470	7
Other	3,156	3,107	2	6,195	5,824	6
Total noninterest expense	12,866	12,469	3	25,894	24,976	4
Income before income tax expense	8,222	8,549	(4)	16,303	16,712	(2)
Income tax expense	2,649	2,763	(4)	5,216	5,042	3
Net income before noncontrolling interests	5,573	5,786	(4)	11,087	11,670	(5)
Less: Net income from noncontrolling interests	15	67	(78)	67	147	(54)
Wells Fargo net income	\$ 5,558	5,719	(3)	\$ 11,020	11,523	(4)
Less: Preferred stock dividends and other	385	356	8	762	699	9
Wells Fargo net income applicable to common stock	\$ 5,173	5,363	(4)	\$ 10,258	10,824	(5)
<b>Per share information</b>						
Earnings per common share	\$ 1.02	1.04	(2)	\$ 2.02	2.10	(4)
Diluted earnings per common share	1.01	1.03	(2)	2.00	2.07	(3)
Dividends declared per common share	0.380	0.375	1	0.755	0.725	4
Average common shares outstanding	5,066.9	5,151.9	(2)	5,071.3	5,156.1	(2)
Diluted average common shares outstanding	5,118.1	5,220.5	(2)	5,129.8	5,233.2	(2)

NM – Not meaningful

Wells Fargo & Company and Subsidiaries

**FIVE QUARTER CONSOLIDATED STATEMENT OF INCOME**

	Quarter ended				
	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
(in millions, except per share amounts)					
<b>Interest income</b>					
Trading assets	\$ 572	596	558	485	483
Investment securities	2,176	2,262	2,323	2,289	2,181
Mortgages held for sale	181	161	176	223	209
Loans held for sale	3	2	5	4	5
Loans	9,822	9,577	9,323	9,216	9,098
Other interest income	392	374	258	228	250
Total interest income	13,146	12,972	12,643	12,445	12,226
<b>Interest expense</b>					
Deposits	332	307	241	232	232
Short-term borrowings	77	67	13	12	21
Long-term debt	921	842	713	655	620
Other interest expense	83	89	88	89	83
Total interest expense	1,413	1,305	1,055	988	956
<b>Net interest income</b>	11,733	11,667	11,588	11,457	11,270
Provision for credit losses	1,074	1,086	831	703	300
Net interest income after provision for credit losses	10,659	10,581	10,757	10,754	10,970
<b>Noninterest income</b>					
Service charges on deposit accounts	1,336	1,309	1,329	1,335	1,289
Trust and investment fees	3,547	3,385	3,511	3,570	3,710
Card fees	997	941	966	953	930
Other fees	906	933	1,040	1,099	1,107
Mortgage banking	1,414	1,598	1,660	1,589	1,705
Insurance	286	427	427	376	461
Net gains (losses) from trading activities	328	200	99	(26)	133
Net gains on debt securities	447	244	346	147	181
Net gains from equity investments	189	244	423	920	517
Lease income	497	373	145	189	155
Other	482	874	52	266	(140)
Total noninterest income	10,429	10,528	9,998	10,418	10,048
<b>Noninterest expense</b>					
Salaries	4,099	4,036	4,061	4,035	3,936
Commission and incentive compensation	2,604	2,645	2,457	2,604	2,606
Employee benefits	1,244	1,526	1,042	821	1,106
Equipment	493	528	640	459	470
Net occupancy	716	711	725	728	710
Core deposit and other intangibles	299	293	311	311	312
FDIC and other deposit assessments	255	250	258	245	222
Other	3,156	3,039	3,105	3,196	3,107
Total noninterest expense	12,866	13,028	12,599	12,399	12,469
<b>Income before income tax expense</b>	8,222	8,081	8,156	8,773	8,549
Income tax expense	2,649	2,567	2,533	2,790	2,763
<b>Net income before noncontrolling interests</b>	5,573	5,514	5,623	5,983	5,786
Less: Net income from noncontrolling interests	15	52	48	187	67
<b>Wells Fargo net income</b>	\$ 5,558	5,462	5,575	5,796	5,719
Less: Preferred stock dividends and other	385	377	372	353	356
<b>Wells Fargo net income applicable to common stock</b>	\$ 5,173	5,085	5,203	5,443	5,363
<b>Per share information</b>					
Earnings per common share	\$ 1.02	1.00	1.02	1.06	1.04
Diluted earnings per common share	1.01	0.99	1.00	1.05	1.03
Dividends declared per common share	0.380	0.375	0.375	0.375	0.375
<b>Average common shares outstanding</b>	5,066.9	5,075.7	5,108.5	5,125.8	5,151.9
<b>Diluted average common shares outstanding</b>	5,118.1	5,139.4	5,177.9	5,193.8	5,220.5

Wells Fargo & Company and Subsidiaries

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(in millions)	Quarter ended June 30,		%	Six months ended June 30,		%
	2016	2015		2016	2015	
Wells Fargo net income	\$ 5,558	5,719	(3)%	\$ 11,020	11,523	(4)%
Other comprehensive income (loss), before tax:						
Investment securities:						
Net unrealized gains (losses) arising during the period	1,571	(1,969)	NM	2,366	(1,576)	NM
Reclassification of net gains to net income	(504)	(218)	131	(808)	(518)	56
Derivatives and hedging activities:						
Net unrealized gains (losses) arising during the period	1,057	(488)	NM	3,056	464	559
Reclassification of net gains on cash flow hedges to net income	(265)	(268)	(1)	(521)	(502)	4
Defined benefit plans adjustments:						
Net actuarial losses arising during the period	(19)	—	NM	(27)	(11)	145
Amortization of net actuarial loss, settlements and other to net income	39	30	30	76	73	4
Foreign currency translation adjustments:						
Net unrealized gains (losses) arising during the period	(6)	10	NM	37	(45)	NM
<b>Other comprehensive income (loss), before tax</b>	<b>1,873</b>	<b>(2,903)</b>	<b>NM</b>	<b>4,179</b>	<b>(2,115)</b>	<b>NM</b>
Income tax (expense) benefit related to other comprehensive income	(714)	1,040	NM	(1,571)	812	NM
<b>Other comprehensive income (loss), net of tax</b>	<b>1,159</b>	<b>(1,863)</b>	<b>NM</b>	<b>2,608</b>	<b>(1,303)</b>	<b>NM</b>
Less: Other comprehensive income (loss) from noncontrolling interests	(15)	(154)	(90)	(43)	147	NM
<b>Wells Fargo other comprehensive income (loss), net of tax</b>	<b>1,174</b>	<b>(1,709)</b>	<b>NM</b>	<b>2,651</b>	<b>(1,450)</b>	<b>NM</b>
<b>Wells Fargo comprehensive income</b>	<b>6,732</b>	<b>4,010</b>	<b>68</b>	<b>13,671</b>	<b>10,073</b>	<b>36</b>
Comprehensive income (loss) from noncontrolling interests	—	(87)	(100)	24	294	(92)
<b>Total comprehensive income</b>	<b>\$ 6,732</b>	<b>3,923</b>	<b>72</b>	<b>\$ 13,695</b>	<b>10,367</b>	<b>32</b>

NM – Not meaningful

**FIVE QUARTER CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY**

(in millions)	Quarter ended				
	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
<b>Balance, beginning of period</b>	<b>\$ 198,504</b>	<b>193,891</b>	<b>194,043</b>	<b>190,676</b>	<b>189,964</b>
Cumulative effect from change in consolidation accounting (1)	—	121	—	—	—
Wells Fargo net income	5,558	5,462	5,575	5,796	5,719
Wells Fargo other comprehensive income (loss), net of tax	1,174	1,477	(2,092)	321	(1,709)
Noncontrolling interests	(92)	(5)	(100)	(123)	(51)
Common stock issued	397	1,079	310	505	502
Common stock repurchased (2)	(2,214)	(2,029)	(1,974)	(2,137)	(1,994)
Preferred stock released by ESOP	371	313	210	225	349
Common stock warrants repurchased/exercised	—	—	—	(17)	(24)
Preferred stock issued	1,126	975	—	975	—
Common stock dividends	(1,930)	(1,904)	(1,917)	(1,926)	(1,932)
Preferred stock dividends	(386)	(378)	(371)	(356)	(355)
Tax benefit from stock incentive compensation	23	149	22	22	55
Stock incentive compensation expense	139	369	204	98	166
Net change in deferred compensation and related plans	(9)	(1,016)	(19)	(16)	(14)
<b>Balance, end of period</b>	<b>\$ 202,661</b>	<b>198,504</b>	<b>193,891</b>	<b>194,043</b>	<b>190,676</b>

- (1) Effective January 1, 2016, we adopted changes in consolidation accounting pursuant to Accounting Standards Update 2015-02 (*Amendments to the Consolidation Analysis*). Accordingly, we recorded a \$121 million net increase to beginning noncontrolling interests as a cumulative-effect adjustment.
- (2) For the quarters ended December 31 and June 30, 2015, includes \$500 million and \$750 million related to private forward repurchase transactions that settled in subsequent quarters for 9.2 million and 13.6 million shares of common stock, respectively.

Wells Fargo & Company and Subsidiaries

**AVERAGE BALANCES, YIELDS AND RATES PAID (TAXABLE-EQUIVALENT BASIS) (1)(2)**

(in millions)	2016			2015		
	Average balance	Yields/ rates	Interest income/ expense	Average balance	Yields/ rates	Interest income/ expense
<b>Earning assets</b>						
Federal funds sold, securities purchased under resale agreements and other short-term investments	\$ 293,783	0.49%	\$ 359	267,101	0.28%	\$ 186
Trading assets	81,380	2.86	582	67,615	2.91	492
Investment securities (3):						
Available-for-sale securities:						
Securities of U.S. Treasury and federal agencies	31,525	1.56	123	31,748	1.58	125
Securities of U.S. states and political subdivisions	52,201	4.24	553	47,075	4.13	486
Mortgage-backed securities:						
Federal agencies	92,010	2.53	583	97,958	2.65	650
Residential and commercial	19,571	5.44	266	22,677	5.84	331
Total mortgage-backed securities	111,581	3.04	849	120,635	3.25	981
Other debt and equity securities	53,301	3.48	461	48,816	3.51	427
Total available-for-sale securities	248,608	3.20	1,986	248,274	3.25	2,019
Held-to-maturity securities:						
Securities of U.S. Treasury and federal agencies	44,671	2.19	243	44,492	2.19	243
Securities of U.S. states and political subdivisions	2,155	5.41	29	2,090	5.17	27
Federal agency mortgage-backed securities	35,057	1.90	166	21,044	2.00	105
Other debt securities	4,077	1.92	20	6,270	1.70	26
Total held-to-maturity securities	85,960	2.14	458	73,896	2.18	401
Total investment securities	334,568	2.93	2,444	322,170	3.01	2,420
Mortgages held for sale (4)	20,140	3.60	181	23,456	3.57	209
Loans held for sale (4)	239	4.83	3	666	3.51	5
Loans:						
Commercial:						
Commercial and industrial - U.S.	270,862	3.45	2,328	231,551	3.36	1,939
Commercial and industrial - Non U.S.	51,201	2.35	300	45,123	1.93	217
Real estate mortgage	126,126	3.41	1,069	113,089	3.48	982
Real estate construction	23,115	3.49	200	20,771	4.12	214
Lease financing	18,930	5.12	242	12,364	5.16	160
Total commercial	490,234	3.39	4,139	422,898	3.33	3,512
Consumer:						
Real estate 1-4 family first mortgage	275,854	4.01	2,765	266,023	4.12	2,740
Real estate 1-4 family junior lien mortgage	50,609	4.37	551	57,066	4.23	603
Credit card	33,368	11.52	956	30,373	11.69	885
Automobile	61,149	5.66	860	56,974	5.88	836
Other revolving credit and installment	39,537	5.91	581	37,112	5.88	544
Total consumer	460,517	4.98	5,713	447,548	5.02	5,608
Total loans (4)	950,751	4.16	9,852	870,446	4.20	9,120
Other	6,014	2.30	35	4,859	5.14	64
Total earning assets	\$ 1,686,875	3.20%	\$ 13,456	1,556,313	3.22%	\$ 12,496
<b>Funding sources</b>						
Deposits:						
Interest-bearing checking	\$ 39,772	0.13%	\$ 13	38,551	0.05%	\$ 5
Market rate and other savings	658,944	0.07	110	619,837	0.06	87
Savings certificates	26,246	0.35	23	32,454	0.63	52
Other time deposits	61,170	0.85	129	52,238	0.42	55
Deposits in foreign offices	97,525	0.23	57	104,334	0.13	33
Total interest-bearing deposits	883,657	0.15	332	847,414	0.11	232
Short-term borrowings	111,848	0.28	78	84,499	0.09	21
Long-term debt	236,156	1.56	921	185,093	1.34	620
Other liabilities	16,336	2.06	83	16,405	2.03	83
Total interest-bearing liabilities	1,247,997	0.45	1,414	1,133,411	0.34	956
Portion of noninterest-bearing funding sources	438,878			422,902		
Total funding sources	\$ 1,686,875	0.34	1,414	1,556,313	0.25	956
<b>Net interest margin and net interest income on a taxable-equivalent basis (5)</b>		<b>2.86%</b>	<b>\$ 12,042</b>		<b>2.97%</b>	<b>\$ 11,540</b>
<b>Noninterest-earning assets</b>						
Cash and due from banks	\$ 18,818			17,462		
Goodwill	27,037			25,705		
Other	129,354			129,798		
Total noninterest-earning assets	\$ 175,209			172,965		
<b>Noninterest-bearing funding sources</b>						
Deposits	\$ 353,001			337,890		
Other liabilities	60,083			67,595		
Total equity	201,003			190,382		
Noninterest-bearing funding sources used to fund earning assets	(438,878)			(422,902)		
Net noninterest-bearing funding sources	\$ 175,209			172,965		
<b>Total assets</b>	<b>\$ 1,862,084</b>			<b>1,729,278</b>		

- (1) Our average prime rate was 3.50% and 3.25% for the quarters ended June 30, 2016 and 2015, respectively. The average three-month London Interbank Offered Rate (LIBOR) was 0.64% and 0.28% for the same quarters, respectively.
- (2) Yields/rates and amounts include the effects of hedge and risk management activities associated with the respective asset and liability categories.
- (3) Yields and rates are based on interest income/expense amounts for the period, annualized based on the accrual basis for the respective accounts. The average balance amounts represent amortized cost for the periods presented.
- (4) Nonaccrual loans and related income are included in their respective loan categories.
- (5) Includes taxable-equivalent adjustments of \$309 million and \$270 million for the quarters ended June 30, 2016 and 2015, respectively, predominantly related to tax-exempt income on certain loans and securities. The federal statutory tax rate was 35% for the periods presented.



Wells Fargo & Company and Subsidiaries

**AVERAGE BALANCES, YIELDS AND RATES PAID (TAXABLE-EQUIVALENT BASIS) (1)(2)**

	Six months ended June 30,					
	2016			2015		
(in millions)	Average balance	Yields/ rates	Interest income/ expense	Average balance	Yields/ rates	Interest income/ expense
<b>Earning assets</b>						
Federal funds sold, securities purchased under resale agreements and other short-term investments	\$ 289,240	0.49%	\$ 703	271,392	0.28%	\$ 376
Trading assets	80,922	2.94	1,187	65,309	2.89	945
Investment securities (3):						
Available-for-sale securities:						
Securities of U.S. Treasury and federal agencies	33,000	1.58	259	28,971	1.56	225
Securities of U.S. states and political subdivisions	51,357	4.24	1,088	46,017	4.16	958
Mortgage-backed securities:						
Federal agencies	94,216	2.67	1,258	100,064	2.71	1,356
Residential and commercial	20,199	5.32	537	23,304	5.77	673
Total mortgage-backed securities	114,415	3.14	1,795	123,368	3.29	2,029
Other debt and equity securities	53,430	3.34	890	47,938	3.47	827
Total available-for-sale securities	252,202	3.20	4,032	246,294	3.28	4,039
Held-to-maturity securities:						
Securities of U.S. Treasury and federal agencies	44,667	2.19	487	43,685	2.20	477
Securities of U.S. states and political subdivisions	2,155	5.41	58	2,019	5.16	52
Federal agency mortgage-backed securities	31,586	2.16	341	16,208	1.95	158
Other debt securities	4,338	1.92	42	6,530	1.71	55
Total held-to-maturity securities	82,746	2.25	928	68,442	2.18	742
Total investment securities	334,948	2.97	4,960	314,736	3.04	4,781
Mortgages held for sale (4)	19,005	3.60	342	21,530	3.59	386
Loans held for sale (4)	260	3.97	5	683	3.08	10
Loans:						
Commercial:						
Commercial and industrial - U.S.	264,295	3.42	4,505	229,627	3.32	3,783
Commercial and industrial - Non U.S.	50,354	2.23	558	45,093	1.90	426
Real estate mortgage	124,432	3.41	2,109	112,298	3.52	1,963
Real estate construction	22,859	3.55	403	20,135	3.83	383
Lease financing	16,989	4.95	420	12,341	5.06	312
Total commercial	478,929	3.35	7,995	419,494	3.30	6,867
Consumer:						
Real estate 1-4 family first mortgage	275,288	4.03	5,547	265,923	4.12	5,481
Real estate 1-4 family junior lien mortgage	51,423	4.38	1,122	57,968	4.25	1,224
Credit card	33,367	11.56	1,919	30,376	11.74	1,768
Automobile	60,631	5.66	1,708	56,492	5.91	1,657
Other revolving credit and installment	39,348	5.95	1,165	36,620	5.94	1,079
Total consumer	460,057	5.00	11,461	447,379	5.03	11,209
Total loans (4)	938,986	4.16	19,456	866,873	4.19	18,076
Other	5,910	2.18	65	4,795	5.27	127
Total earning assets	\$1,669,271	3.21%	\$ 26,718	1,545,318	3.21%	\$ 24,701
<b>Funding sources</b>						
Deposits:						
Interest-bearing checking	\$ 39,242	0.12%	\$ 24	38,851	0.05%	\$ 10
Market rate and other savings	655,247	0.07	217	616,643	0.06	184
Savings certificates	27,063	0.40	54	33,525	0.69	116
Other time deposits	59,688	0.80	236	54,381	0.41	111
Deposits in foreign offices	97,604	0.22	108	104,932	0.13	69
Total interest-bearing deposits	878,844	0.15	639	848,332	0.12	490
Short-term borrowings	109,853	0.27	145	78,141	0.10	39
Long-term debt	226,519	1.56	1,763	184,432	1.33	1,224
Other liabilities	16,414	2.10	172	16,648	2.17	180
Total interest-bearing liabilities	1,231,630	0.44	2,719	1,127,553	0.34	1,933
Portion of noninterest-bearing funding sources	437,641	—	—	417,765	—	—
Total funding sources	\$1,669,271	0.33	2,719	1,545,318	0.25	1,933
<b>Net interest margin and net interest income on a taxable-equivalent basis (5)</b>		<b>2.88%</b>	<b>\$ 23,999</b>		<b>2.96%</b>	<b>\$ 22,768</b>
<b>Noninterest-earning assets</b>						
Cash and due from banks	\$ 18,407			17,262		
Goodwill	26,553			25,705		
Other	126,749			130,312		
Total noninterest-earning assets	\$ 171,709			173,279		
<b>Noninterest-bearing funding sources</b>						
Deposits	\$ 349,200			331,745		
Other liabilities	61,355			69,779		
Total equity	198,795			189,520		
Noninterest-bearing funding sources used to fund earning assets	(437,641)			(417,765)		
Net noninterest-bearing funding sources	\$ 171,709			173,279		
<b>Total assets</b>	<b>\$1,840,980</b>			<b>1,718,597</b>		

- (1) Our average prime rate was 3.50% and 3.25% for the first half of 2016 and 2015, respectively. The average three-month London Interbank Offered Rate (LIBOR) was 0.63% and 0.27% for the same periods, respectively.
- (2) Yields/rates and amounts include the effects of hedge and risk management activities associated with the respective asset and liability categories.
- (3) Yields and rates are based on interest income/expense amounts for the period, annualized based on the accrual basis for the respective accounts. The average balance amounts represent amortized cost for the periods presented.
- (4) Nonaccrual loans and related income are included in their respective loan categories.
- (5) Includes taxable-equivalent adjustments of \$599 million and \$512 million for the first half of 2016 and 2015, respectively, predominantly related to tax-exempt income on certain loans and securities. The federal statutory tax rate was 35% for the periods presented.

Wells Fargo & Company and Subsidiaries

**FIVE QUARTER AVERAGE BALANCES, YIELDS AND RATES PAID (TAXABLE-EQUIVALENT BASIS) (1)(2)**

	Quarter ended									
	Jun 30, 2016		Mar 31, 2016		Dec 31, 2015		Sep 30, 2015		Jun 30, 2015	
(\$ in billions)	Average balance	Yields/rates	Average balance	Yields/rates	Average balance	Yields/rates	Average balance	Yields/rates	Average balance	Yields/rates
<b>Earning assets</b>										
Federal funds sold, securities purchased under resale agreements and other short-term investments	\$ 293.8	0.49%	\$ 284.7	0.49%	\$ 274.6	0.28%	\$ 250.1	0.26%	\$ 267.1	0.28%
Trading assets	81.4	2.86	80.5	3.01	68.8	3.33	67.2	2.93	67.6	2.91
Investment securities (3):										
Available-for-sale securities:										
Securities of U.S. Treasury and federal agencies	31.5	1.56	34.4	1.59	34.6	1.58	35.7	1.59	31.7	1.58
Securities of U.S. states and political subdivisions	52.2	4.24	50.5	4.24	49.3	4.37	48.2	4.22	47.1	4.13
Mortgage-backed securities:										
Federal agencies	92.0	2.53	96.5	2.80	102.3	2.79	98.4	2.70	98.0	2.65
Residential and commercial	19.6	5.44	20.8	5.20	21.5	5.51	21.9	5.84	22.7	5.84
Total mortgage-backed securities	111.6	3.04	117.3	3.23	123.8	3.26	120.3	3.27	120.7	3.25
Other debt and equity securities	53.3	3.48	53.6	3.21	52.7	3.35	50.4	3.40	48.8	3.51
Total available-for-sale securities	248.6	3.20	255.8	3.20	260.4	3.27	254.6	3.24	248.3	3.25
Held-to-maturity securities:										
Securities of U.S. Treasury and federal agencies	44.6	2.19	44.7	2.20	44.7	2.18	44.6	2.18	44.5	2.19
Securities of U.S. states and political subdivisions	2.2	5.41	2.1	5.41	2.1	6.07	2.2	5.17	2.1	5.17
Federal agency mortgage-backed securities	35.1	1.90	28.1	2.49	28.2	2.42	27.1	2.38	21.0	2.00
Other debt securities	4.1	1.92	4.6	1.92	4.9	1.77	5.4	1.75	6.3	1.70
Total held-to-maturity securities	86.0	2.14	79.5	2.37	79.9	2.35	79.3	2.30	73.9	2.18
Total investment securities	334.6	2.93	335.3	3.01	340.3	3.05	333.9	3.02	322.2	3.01
Mortgages held for sale	20.1	3.60	17.9	3.59	19.2	3.66	24.2	3.69	23.5	3.57
Loans held for sale	0.2	4.83	0.3	3.23	0.4	4.96	0.6	2.57	0.7	3.51
Loans:										
Commercial:										
Commercial and industrial - U.S.	270.9	3.45	257.7	3.39	250.5	3.25	241.4	3.30	231.5	3.36
Commercial and industrial - Non U.S.	51.2	2.35	49.5	2.10	48.0	1.97	45.9	1.83	45.1	1.93
Real estate mortgage	126.1	3.41	122.7	3.41	121.8	3.30	121.0	3.31	113.1	3.48
Real estate construction	23.1	3.49	22.6	3.61	22.0	3.27	21.6	3.39	20.8	4.12
Lease financing	19.0	5.12	15.1	4.74	12.2	4.48	12.3	4.18	12.4	5.16
Total commercial	490.3	3.39	467.6	3.31	454.5	3.16	442.2	3.18	422.9	3.33
Consumer:										
Real estate 1-4 family first mortgage	275.9	4.01	274.7	4.05	272.9	4.04	269.4	4.10	266.0	4.12
Real estate 1-4 family junior lien mortgage	50.6	4.37	52.2	4.39	53.8	4.28	55.3	4.22	57.0	4.23
Credit card	33.4	11.52	33.4	11.61	32.8	11.61	31.7	11.73	30.4	11.69
Automobile	61.1	5.66	60.1	5.67	59.5	5.74	58.5	5.80	57.0	5.88
Other revolving credit and installment	39.5	5.91	39.2	5.99	38.8	5.83	38.0	5.84	37.1	5.88
Total consumer	460.5	4.98	459.6	5.02	457.8	4.99	452.9	5.01	447.5	5.02
Total loans	950.8	4.16	927.2	4.16	912.3	4.08	895.1	4.11	870.4	4.20
Other	6.0	2.30	5.8	2.06	5.1	4.82	5.0	5.11	4.8	5.14
Total earning assets	\$ 1,686.9	3.20%	\$ 1,651.7	3.22%	\$ 1,620.7	3.18%	\$ 1,576.1	3.21%	\$ 1,556.3	3.22%
<b>Funding sources</b>										
Deposits:										
Interest-bearing checking	\$ 39.8	0.13%	\$ 38.7	0.12%	\$ 39.1	0.05%	\$ 37.8	0.05%	\$ 38.6	0.05%
Market rate and other savings	659.0	0.07	651.5	0.07	640.5	0.06	628.1	0.06	619.8	0.06
Savings certificates	26.2	0.35	27.9	0.45	29.6	0.54	30.9	0.58	32.5	0.63
Other time deposits	61.2	0.85	58.2	0.74	49.8	0.52	48.7	0.46	52.2	0.42
Deposits in foreign offices	97.5	0.23	97.7	0.21	107.1	0.14	111.5	0.13	104.3	0.13
Total interest-bearing deposits	883.7	0.15	874.0	0.14	866.1	0.11	857.0	0.11	847.4	0.11
Short-term borrowings	111.8	0.28	107.9	0.25	102.9	0.05	90.4	0.06	84.5	0.09
Long-term debt	236.2	1.56	216.9	1.56	190.9	1.49	180.6	1.45	185.1	1.34
Other liabilities	16.3	2.06	16.5	2.14	16.5	2.14	16.4	2.13	16.4	2.03
Total interest-bearing liabilities	1,248.0	0.45	1,215.3	0.43	1,176.4	0.36	1,144.4	0.34	1,133.4	0.34
Portion of noninterest-bearing funding sources	438.9	—	436.4	—	444.3	—	431.7	—	422.9	—
Total funding sources	\$ 1,686.9	0.34	\$ 1,651.7	0.32	\$ 1,620.7	0.26	\$ 1,576.1	0.25	\$ 1,556.3	0.25
Net interest margin on a taxable-equivalent basis		2.86%		2.90%		2.92%		2.96%		2.97%
<b>Noninterest-earning assets</b>										
Cash and due from banks	\$ 18.8		18.0		17.8		17.0		17.5	
Goodwill	27.0		26.1		25.6		25.7		25.7	
Other	129.4		124.1		123.2		127.6		129.8	
Total noninterest-earning assets	\$ 175.2		168.2		166.6		170.3		173.0	
<b>Noninterest-bearing funding sources</b>										
Deposits	\$ 353.0		345.4		350.7		341.9		337.9	
Other liabilities	60.1		62.6		65.2		67.9		67.6	
Total equity	201.0		196.6		195.0		192.2		190.4	
Noninterest-bearing funding sources used to fund earning assets	(438.9)		(436.4)		(444.3)		(431.7)		(422.9)	
Net noninterest-bearing funding sources	\$ 175.2		168.2		166.6		170.3		173.0	
Total assets	\$ 1,862.1		1,819.9		1,787.3		1,746.4		1,729.3	

(1) Our average prime rate was 3.50% for the quarters ended June 30 and March 31, 2016, 3.29% for the quarter ended December 31, 2015, and 3.25% for the quarters ended September 30 and June 30, 2015. The average three-month London Interbank Offered Rate (LIBOR) was 0.64%, 0.62%, 0.41%, 0.31% and 0.28% for the same quarters, respectively.

(2) Yields/rates include the effects of hedge and risk management activities associated with the respective asset and liability categories.

(3) Yields and rates are based on interest income/expense amounts for the period, annualized based on the accrual basis for the respective accounts. The average balance amounts represent amortized cost for the periods presented.

Wells Fargo & Company and Subsidiaries  
**NONINTEREST INCOME**

(in millions)	Quarter ended June 30,		%	Six months ended June 30,		%
	2016	2015		2016	2015	
Service charges on deposit accounts	\$ 1,336	1,289	4%	\$ 2,645	2,504	6%
Trust and investment fees:						
Brokerage advisory, commissions and other fees	2,291	2,399	(5)	4,530	4,779	(5)
Trust and investment management	835	861	(3)	1,650	1,713	(4)
Investment banking	421	450	(6)	752	895	(16)
Total trust and investment fees	3,547	3,710	(4)	6,932	7,387	(6)
Card fees	997	930	7	1,938	1,801	8
Other fees:						
Charges and fees on loans	317	304	4	630	613	3
Cash network fees	138	132	5	269	257	5
Commercial real estate brokerage commissions	86	141	(39)	203	270	(25)
Letters of credit fees	83	90	(8)	161	178	(10)
Wire transfer and other remittance fees	101	93	9	193	180	7
All other fees (1)(2)(3)	181	347	(48)	383	687	(44)
Total other fees	906	1,107	(18)	1,839	2,185	(16)
Mortgage banking:						
Servicing income, net	360	514	(30)	1,210	1,037	17
Net gains on mortgage loan origination/sales activities	1,054	1,191	(12)	1,802	2,215	(19)
Total mortgage banking	1,414	1,705	(17)	3,012	3,252	(7)
Insurance	286	461	(38)	713	891	(20)
Net gains (losses) from trading activities	328	133	147	528	541	(2)
Net gains on debt securities	447	181	147	691	459	51
Net gains from equity investments	189	517	(63)	433	887	(51)
Lease income	497	155	221	870	287	203
Life insurance investment income	149	145	3	303	290	4
All other (3)	333	(285)	NM	1,053	(144)	NM
Total	\$ 10,429	10,048	4	\$ 20,957	20,340	3

NM – Not meaningful

(1) Wire transfer and other remittance fees, reflected in all other fees prior to 2016, have been separately disclosed.

(2) All other fees have been revised to include merchant processing fees for all periods presented.

(3) Effective fourth quarter 2015, the Company's proportionate share of its merchant services joint venture earnings is included in All other income.

**NONINTEREST EXPENSE**

(in millions)	Quarter ended June 30,		%	Six months ended June 30,		%
	2016	2015		2016	2015	
Salaries	\$ 4,099	3,936	4%	\$ 8,135	7,787	4%
Commission and incentive compensation	2,604	2,606	—	5,249	5,291	(1)
Employee benefits	1,244	1,106	12	2,770	2,583	7
Equipment	493	470	5	1,021	964	6
Net occupancy	716	710	1	1,427	1,433	—
Core deposit and other intangibles	299	312	(4)	592	624	(5)
FDIC and other deposit assessments	255	222	15	505	470	7
Outside professional services	769	627	23	1,352	1,175	15
Operating losses	334	521	(36)	788	816	(3)
Outside data processing	225	269	(16)	433	522	(17)
Contract services	283	238	19	565	463	22
Postage, stationery and supplies	153	180	(15)	316	351	(10)
Travel and entertainment	193	172	12	365	330	11
Advertising and promotion	166	169	(2)	300	287	5
Insurance	22	156	(86)	133	296	(55)
Telecommunications	94	113	(17)	186	224	(17)
Foreclosed assets	66	117	(44)	144	252	(43)
Operating leases	352	64	450	587	126	366
All other	499	481	4	1,026	982	4
Total	\$ 12,866	12,469	3	\$ 25,894	24,976	4

Wells Fargo & Company and Subsidiaries  
**FIVE QUARTER NONINTEREST INCOME**

(in millions)	Quarter ended				
	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
Service charges on deposit accounts	\$ 1,336	1,309	1,329	1,335	1,289
Trust and investment fees:					
Brokerage advisory, commissions and other fees	2,291	2,239	2,288	2,368	2,399
Trust and investment management	835	815	838	843	861
Investment banking	421	331	385	359	450
Total trust and investment fees	3,547	3,385	3,511	3,570	3,710
Card fees	997	941	966	953	930
Other fees:					
Charges and fees on loans	317	313	308	307	304
Cash network fees	138	131	129	136	132
Commercial real estate brokerage commissions	86	117	224	124	141
Letters of credit fees	83	78	86	89	90
Wire transfer and other remittance fees	101	92	95	95	93
All other fees (1)(2)(3)	181	202	198	348	347
Total other fees	906	933	1,040	1,099	1,107
Mortgage banking:					
Servicing income, net	360	850	730	674	514
Net gains on mortgage loan origination/sales activities	1,054	748	930	915	1,191
Total mortgage banking	1,414	1,598	1,660	1,589	1,705
Insurance	286	427	427	376	461
Net gains (losses) from trading activities	328	200	99	(26)	133
Net gains on debt securities	447	244	346	147	181
Net gains from equity investments	189	244	423	920	517
Lease income	497	373	145	189	155
Life insurance investment income	149	154	139	150	145
All other (3)	333	720	(87)	116	(285)
Total	\$ 10,429	10,528	9,998	10,418	10,048

(1) Wire transfer and other remittance fees, reflected in all other fees prior to 2016, have been separately disclosed.

(2) All other fees have been revised to include merchant processing fees for all periods presented.

(3) Effective fourth quarter 2015, the Company's proportionate share of its merchant services joint venture earnings is included in All other income.

**FIVE QUARTER NONINTEREST EXPENSE**

(in millions)	Quarter ended				
	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
Salaries	\$ 4,099	4,036	4,061	4,035	3,936
Commission and incentive compensation	2,604	2,645	2,457	2,604	2,606
Employee benefits	1,244	1,526	1,042	821	1,106
Equipment	493	528	640	459	470
Net occupancy	716	711	725	728	710
Core deposit and other intangibles	299	293	311	311	312
FDIC and other deposit assessments	255	250	258	245	222
Outside professional services	769	583	827	663	627
Operating losses	334	454	532	523	521
Outside data processing	225	208	205	258	269
Contract services	283	282	266	249	238
Postage, stationery and supplies	153	163	177	174	180
Travel and entertainment	193	172	196	166	172
Advertising and promotion	166	134	184	135	169
Insurance	22	111	57	95	156
Telecommunications	94	92	106	109	113
Foreclosed assets	66	78	20	109	117
Operating leases	352	235	73	79	64
All other	499	527	462	636	481
Total	\$ 12,866	13,028	12,599	12,399	12,469

Wells Fargo & Company and Subsidiaries  
**CONSOLIDATED BALANCE SHEET**

(in millions, except shares)	Jun 30, 2016	Dec 31, 2015	% Change
<b>Assets</b>			
Cash and due from banks	\$ 20,407	19,111	7%
Federal funds sold, securities purchased under resale agreements and other short-term investments	295,521	270,130	9
Trading assets	80,093	77,202	4
Investment securities:			
Available-for-sale, at fair value	253,006	267,358	(5)
Held-to-maturity, at cost	100,420	80,197	25
Mortgages held for sale	23,930	19,603	22
Loans held for sale	220	279	(21)
Loans	957,157	916,559	4
Allowance for loan losses	(11,664)	(11,545)	1
Net loans	945,493	905,014	4
Mortgage servicing rights:			
Measured at fair value	10,396	12,415	(16)
Amortized	1,353	1,308	3
Premises and equipment, net	8,289	8,704	(5)
Goodwill	26,963	25,529	6
Other assets	123,144	100,782	22
Total assets	\$ 1,889,235	1,787,632	6
<b>Liabilities</b>			
Noninterest-bearing deposits	\$ 361,934	351,579	3
Interest-bearing deposits	883,539	871,733	1
Total deposits	1,245,473	1,223,312	2
Short-term borrowings	120,258	97,528	23
Accrued expenses and other liabilities	76,916	73,365	5
Long-term debt	243,927	199,536	22
Total liabilities	1,686,574	1,593,741	6
<b>Equity</b>			
Wells Fargo stockholders' equity:			
Preferred stock	24,830	22,214	12
Common stock – \$1-2/3 par value, authorized 9,000,000,000 shares; issued 5,481,811,474 shares	9,136	9,136	—
Additional paid-in capital	60,691	60,714	—
Retained earnings	127,076	120,866	5
Cumulative other comprehensive income	2,948	297	893
Treasury stock – 433,317,519 shares and 389,682,664 shares	(21,068)	(18,867)	12
Unearned ESOP shares	(1,868)	(1,362)	37
Total Wells Fargo stockholders' equity	201,745	192,998	5
Noncontrolling interests	916	893	3
Total equity	202,661	193,891	5
Total liabilities and equity	\$ 1,889,235	1,787,632	6

Wells Fargo & Company and Subsidiaries  
**FIVE QUARTER CONSOLIDATED BALANCE SHEET**

(in millions)	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
<b>Assets</b>					
Cash and due from banks	\$ 20,407	19,084	19,111	17,395	19,687
Federal funds sold, securities purchased under resale agreements and other short-term investments	295,521	300,547	270,130	254,811	232,247
Trading assets	80,093	73,158	77,202	73,894	80,236
Investment securities:					
Available-for-sale, at fair value	253,006	255,551	267,358	266,406	260,667
Held-to-maturity, at cost	100,420	79,348	80,197	78,668	80,102
Mortgages held for sale	23,930	18,041	19,603	21,840	25,447
Loans held for sale	220	280	279	430	621
Loans	957,157	947,258	916,559	903,233	888,459
Allowance for loan losses	(11,664)	(11,621)	(11,545)	(11,659)	(11,754)
Net loans	945,493	935,637	905,014	891,574	876,705
Mortgage servicing rights:					
Measured at fair value	10,396	11,333	12,415	11,778	12,661
Amortized	1,353	1,359	1,308	1,277	1,262
Premises and equipment, net	8,289	8,349	8,704	8,800	8,692
Goodwill	26,963	27,003	25,529	25,684	25,705
Other assets	123,144	119,492	100,782	98,708	96,585
Total assets	\$ 1,889,235	1,849,182	1,787,632	1,751,265	1,720,617
<b>Liabilities</b>					
Noninterest-bearing deposits	\$ 361,934	348,888	351,579	339,761	343,582
Interest-bearing deposits	883,539	892,602	871,733	862,418	842,246
Total deposits	1,245,473	1,241,490	1,223,312	1,202,179	1,185,828
Short-term borrowings	120,258	107,703	97,528	88,069	82,963
Accrued expenses and other liabilities	76,916	73,597	73,365	81,700	81,399
Long-term debt	243,927	227,888	199,536	185,274	179,751
Total liabilities	1,686,574	1,650,678	1,593,741	1,557,222	1,529,941
<b>Equity</b>					
Wells Fargo stockholders' equity:					
Preferred stock	24,830	24,051	22,214	22,424	21,649
Common stock	9,136	9,136	9,136	9,136	9,136
Additional paid-in capital	60,691	60,602	60,714	60,998	60,154
Retained earnings	127,076	123,891	120,866	117,593	114,093
Cumulative other comprehensive income	2,948	1,774	297	2,389	2,068
Treasury stock	(21,068)	(19,687)	(18,867)	(17,899)	(15,707)
Unearned ESOP shares	(1,868)	(2,271)	(1,362)	(1,590)	(1,835)
Total Wells Fargo stockholders' equity	201,745	197,496	192,998	193,051	189,558
Noncontrolling interests	916	1,008	893	992	1,118
Total equity	202,661	198,504	193,891	194,043	190,676
Total liabilities and equity	\$ 1,889,235	1,849,182	1,787,632	1,751,265	1,720,617

Wells Fargo & Company and Subsidiaries  
**FIVE QUARTER INVESTMENT SECURITIES**

(in millions)	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
<b>Available-for-sale securities:</b>					
Securities of U.S. Treasury and federal agencies	\$ 27,939	33,813	36,250	35,423	35,944
Securities of U.S. states and political subdivisions	54,024	51,574	49,990	49,423	48,298
<b>Mortgage-backed securities:</b>					
Federal agencies	95,868	95,463	104,546	105,023	100,078
Residential and commercial	19,938	21,246	22,646	22,836	23,770
Total mortgage-backed securities	115,806	116,709	127,192	127,859	123,848
Other debt securities	53,935	51,956	52,289	51,760	50,090
Total available-for-sale debt securities	251,704	254,052	265,721	264,465	258,180
Marketable equity securities	1,302	1,499	1,637	1,941	2,487
Total available-for-sale securities	253,006	255,551	267,358	266,406	260,667
<b>Held-to-maturity securities:</b>					
Securities of U.S. Treasury and federal agencies	44,675	44,667	44,660	44,653	44,645
Securities of U.S. states and political subdivisions	2,181	2,183	2,185	2,187	2,174
Federal agency mortgage-backed securities	49,594	28,016	28,604	26,828	27,577
Other debt securities	3,970	4,482	4,748	5,000	5,706
Total held-to-maturity debt securities	100,420	79,348	80,197	78,668	80,102
Total investment securities	\$ 353,426	334,899	347,555	345,074	340,769

**FIVE QUARTER LOANS**

(in millions)	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
<b>Commercial:</b>					
Commercial and industrial	\$ 323,858	321,547	299,892	292,234	284,817
Real estate mortgage	128,320	124,711	122,160	121,252	119,695
Real estate construction	23,387	22,944	22,164	21,710	21,309
Lease financing	18,973	19,003	12,367	12,142	12,201
Total commercial	494,538	488,205	456,583	447,338	438,022
<b>Consumer:</b>					
Real estate 1-4 family first mortgage	277,162	274,734	273,869	271,311	267,868
Real estate 1-4 family junior lien mortgage	49,772	51,324	53,004	54,592	56,164
Credit card	34,137	33,139	34,039	32,286	31,135
Automobile	61,939	60,658	59,966	59,164	57,801
Other revolving credit and installment	39,609	39,198	39,098	38,542	37,469
Total consumer	462,619	459,053	459,976	455,895	450,437
Total loans (1)	\$ 957,157	947,258	916,559	903,233	888,459

(1) Includes \$19.3 billion, \$20.3 billion, \$20.0 billion, \$20.7 billion, and \$21.6 billion of purchased credit-impaired (PCI) loans at June 30, and March 31, 2016, and December 31, September 30, and June 30, 2015, respectively.

Our foreign loans are reported by respective class of financing receivable in the table above. Substantially all of our foreign loan portfolio is commercial loans. Loans are classified as foreign primarily based on whether the borrower's primary address is outside of the United States. The following table presents total commercial foreign loans outstanding by class of financing receivable.

(in millions)	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
<b>Commercial foreign loans:</b>					
Commercial and industrial	\$ 50,515	51,884	49,049	46,380	44,838
Real estate mortgage	8,467	8,367	8,350	8,662	9,125
Real estate construction	246	311	444	396	389
Lease financing	987	983	274	279	301
Total commercial foreign loans	\$ 60,215	61,545	58,117	55,717	54,653

Wells Fargo & Company and Subsidiaries

**FIVE QUARTER NONPERFORMING ASSETS (NONACCRUAL LOANS AND FORECLOSED ASSETS)**

(in millions)	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
<b>Nonaccrual loans:</b>					
Commercial:					
Commercial and industrial	\$ 3,464	2,911	1,363	1,031	1,079
Real estate mortgage	872	896	969	1,125	1,250
Real estate construction	59	63	66	151	165
Lease financing	112	99	26	29	28
Total commercial	4,507	3,969	2,424	2,336	2,522
Consumer:					
Real estate 1-4 family first mortgage	5,970	6,683	7,293	7,425	8,045
Real estate 1-4 family junior lien mortgage	1,330	1,421	1,495	1,612	1,710
Automobile	111	114	121	123	126
Other revolving credit and installment	45	47	49	41	40
Total consumer	7,456	8,265	8,958	9,201	9,921
Total nonaccrual loans (1)(2)(3)	\$ 11,963	12,234	11,382	11,537	12,443
As a percentage of total loans	1.25%	1.29	1.24	1.28	1.40
<b>Foreclosed assets:</b>					
Government insured/guaranteed	\$ 321	386	446	502	588
Non-government insured/guaranteed	796	893	979	1,265	1,370
Total foreclosed assets	1,117	1,279	1,425	1,767	1,958
Total nonperforming assets	\$ 13,080	13,513	12,807	13,304	14,401
As a percentage of total loans	1.37%	1.43	1.40	1.47	1.62

(1) Includes nonaccrual mortgages held for sale and loans held for sale in their respective loan categories.

(2) Excludes PCI loans because they continue to earn interest income from accretable yield, independent of performance in accordance with their contractual terms.

(3) Real estate 1-4 family mortgage loans predominantly insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA) and student loans predominantly guaranteed by agencies on behalf of the U.S. Department of Education under the Federal Family Education Loan Program are not placed on nonaccrual status because they are insured or guaranteed.



Wells Fargo & Company and Subsidiaries

**LOANS 90 DAYS OR MORE PAST DUE AND STILL ACCRUING**

(in millions)	<b>Jun 30, 2016</b>	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
Total (excluding PCI)(1):	<b>\$ 12,385</b>	13,060	14,380	14,405	15,161
Less: FHA insured/guaranteed by the VA (2)(3)	<b>11,577</b>	12,233	13,373	13,500	14,359
Less: Student loans guaranteed under the FFELP (4)	<b>20</b>	24	26	33	46
<b>Total, not government insured/guaranteed</b>	<b>\$ 788</b>	803	981	872	756
By segment and class, not government insured/guaranteed:					
Commercial:					
Commercial and industrial	<b>\$ 36</b>	24	97	53	17
Real estate mortgage	<b>22</b>	8	13	24	10
Real estate construction	<b>—</b>	2	4	—	—
Total commercial	<b>58</b>	34	114	77	27
Consumer:					
Real estate 1-4 family first mortgage (3)	<b>169</b>	167	224	216	220
Real estate 1-4 family junior lien mortgage (3)	<b>52</b>	55	65	61	65
Credit card	<b>348</b>	389	397	353	304
Automobile	<b>64</b>	55	79	66	51
Other revolving credit and installment	<b>97</b>	103	102	99	89
Total consumer	<b>730</b>	769	867	795	729
<b>Total, not government insured/guaranteed</b>	<b>\$ 788</b>	803	981	872	756

(1) PCI loans totaled \$2.4 billion, \$2.7 billion, \$2.9 billion, \$3.2 billion and \$3.4 billion, at June 30 and March 31, 2016, and December 31, September 30 and June 30, 2015, respectively.

(2) Represents loans whose repayments are predominantly insured by the FHA or guaranteed by the VA.

(3) Includes mortgages held for sale 90 days or more past due and still accruing.

(4) Represents loans whose repayments are predominantly guaranteed by agencies on behalf of the U.S. Department of Education under the FFELP.

Wells Fargo & Company and Subsidiaries

**CHANGES IN ACCRETABLE YIELD RELATED TO PURCHASED CREDIT-IMPAIRED (PCI) LOANS**

Loans purchased with evidence of credit deterioration since origination and for which it is probable that all contractually required payments will not be collected are considered to be credit impaired. PCI loans predominantly represent loans acquired from Wachovia that were deemed to be credit impaired. Evidence of credit quality deterioration as of the purchase date may include statistics such as past due and nonaccrual status, recent borrower credit scores and recent LTV percentages. PCI loans are initially measured at fair value, which includes estimated future credit losses expected to be incurred over the life of the loan. Accordingly, the associated allowance for credit losses related to these loans is not carried over at the acquisition date.

As a result of PCI loan accounting, certain credit-related ratios cannot be used to compare a portfolio that includes PCI loans against one that does not, or to compare ratios across quarters or years. The ratios particularly affected include the allowance for loan losses and allowance for credit losses as percentages of loans, of nonaccrual loans and of nonperforming assets; nonaccrual loans and nonperforming assets as a percentage of total loans; and net charge-offs as a percentage of loans.

The excess of cash flows expected to be collected over the carrying value of PCI loans is referred to as the accretable yield and is accreted into interest income over the estimated lives of the PCI loans using the effective yield method. The accretable yield is affected by:

- Changes in interest rate indices for variable rate PCI loans - Expected future cash flows are based on the variable rates in effect at the time of the quarterly assessment of expected cash flows;
- Changes in prepayment assumptions - Prepayments affect the estimated life of PCI loans which may change the amount of interest income, and possibly principal, expected to be collected; and
- Changes in the expected principal and interest payments over the estimated life - Updates to changes in expected cash flows are driven by the credit outlook and actions taken with borrowers. Changes in expected future cash flows from loan modifications are included in the regular evaluations of cash flows expected to be collected.

The change in the accretable yield related to PCI loans is presented in the following table.

(in millions)		
<b>Balance, December 31, 2015</b>	<b>\$</b>	<b>16,301</b>
<b>Addition of accretable yield due to acquisitions</b>		<b>69</b>
<b>Accretion into interest income (1)</b>		<b>(668)</b>
<b>Accretion into noninterest income due to sales (2)</b>		<b>(9)</b>
<b>Reclassification from nonaccretable difference for loans with improving credit-related cash flows (3)</b>		<b>58</b>
<b>Changes in expected cash flows that do not affect nonaccretable difference (4)</b>		<b>(24)</b>
<b>Balance, June 30, 2016</b>	<b>\$</b>	<b>15,727</b>
<b>Balance, March 31, 2016</b>	<b>\$</b>	<b>15,978</b>
<b>Addition of accretable yield due to acquisitions</b>		<b>70</b>
<b>Accretion into interest income (1)</b>		<b>(329)</b>
<b>Accretion into noninterest income due to sales (2)</b>		<b>—</b>
<b>Reclassification from nonaccretable difference for loans with improving credit-related cash flows (3)</b>		<b>24</b>
<b>Changes in expected cash flows that do not affect nonaccretable difference (4)</b>		<b>(16)</b>
<b>Balance, June 30, 2016</b>	<b>\$</b>	<b>15,727</b>

(1) Includes accretable yield released as a result of settlements with borrowers, which is included in interest income.

(2) Includes accretable yield released as a result of sales to third parties, which is included in noninterest income.

(3) At June 30, 2016, our carrying value for PCI loans totaled \$19.3 billion and the remainder of nonaccretable difference established in purchase accounting totaled \$2.2 billion. The nonaccretable difference absorbs losses of contractual amounts that exceed our carrying value for PCI loans.

(4) Represents changes in cash flows expected to be collected due to the impact of modifications, changes in prepayment assumptions, changes in interest rates on variable rate PCI loans and sales to third parties.

Wells Fargo & Company and Subsidiaries  
**PICK-A-PAY PORTFOLIO (1)**

							June 30, 2016
(in millions)					PCI loans		All other loans
	Adjusted unpaid principal balance (2)	Current LTV ratio (3)	Carrying value (4)	Ratio of carrying value to current value (5)	Carrying value (4)	Ratio of carrying value to current value (5)	
California	\$ 15,462	67%	\$ 12,246	53%	\$ 8,858	49%	
Florida	1,757	78	1,327	57	1,849	62	
New Jersey	726	81	546	59	1,223	68	
New York	506	75	430	58	606	65	
Texas	190	52	169	46	723	41	
Other states	3,590	77	2,843	60	5,146	63	
<b>Total Pick-a-Pay loans</b>	<b>\$ 22,231</b>	<b>70</b>	<b>\$ 17,561</b>	<b>54</b>	<b>\$ 18,405</b>	<b>56</b>	

- (1) The individual states shown in this table represent the top five states based on the total net carrying value of the Pick-a-Pay loans at the beginning of 2016.
- (2) Adjusted unpaid principal balance includes write-downs taken on loans where severe delinquency (normally 180 days) or other indications of severe borrower financial stress exist that indicate there will be a loss of contractually due amounts upon final resolution of the loan.
- (3) The current LTV ratio is calculated as the adjusted unpaid principal balance divided by the collateral value. Collateral values are generally determined using automated valuation models (AVM) and are updated quarterly. AVMs are computer-based tools used to estimate market values of homes based on processing large volumes of market data including market comparables and price trends for local market areas.
- (4) Carrying value, which does not reflect the allowance for loan losses, includes remaining purchase accounting adjustments, which, for PCI loans may include the nonaccretable difference and the accretable yield and, for all other loans, an adjustment to mark the loans to a market yield at date of merger less any subsequent charge-offs.
- (5) The ratio of carrying value to current value is calculated as the carrying value divided by the collateral value.

Wells Fargo & Company and Subsidiaries

**CHANGES IN ALLOWANCE FOR CREDIT LOSSES**

(in millions)	Quarter ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
<b>Balance, beginning of period</b>	<b>\$ 12,668</b>	13,013	<b>12,512</b>	13,169
Provision for credit losses	<b>1,074</b>	300	<b>2,160</b>	908
Interest income on certain impaired loans (1)	<b>(51)</b>	(50)	<b>(99)</b>	(102)
Loan charge-offs:				
Commercial:				
Commercial and industrial	<b>(437)</b>	(154)	<b>(786)</b>	(287)
Real estate mortgage	<b>(3)</b>	(16)	<b>(6)</b>	(39)
Real estate construction	<b>(1)</b>	(1)	<b>(1)</b>	(2)
Lease financing	<b>(17)</b>	(3)	<b>(21)</b>	(6)
Total commercial	<b>(458)</b>	(174)	<b>(814)</b>	(334)
Consumer:				
Real estate 1-4 family first mortgage	<b>(123)</b>	(119)	<b>(260)</b>	(249)
Real estate 1-4 family junior lien mortgage	<b>(133)</b>	(163)	<b>(266)</b>	(342)
Credit card	<b>(320)</b>	(284)	<b>(634)</b>	(562)
Automobile	<b>(176)</b>	(150)	<b>(387)</b>	(345)
Other revolving credit and installment	<b>(163)</b>	(151)	<b>(338)</b>	(305)
Total consumer	<b>(915)</b>	(867)	<b>(1,885)</b>	(1,803)
Total loan charge-offs	<b>(1,373)</b>	(1,041)	<b>(2,699)</b>	(2,137)
Loan recoveries:				
Commercial:				
Commercial and industrial	<b>69</b>	73	<b>145</b>	142
Real estate mortgage	<b>23</b>	31	<b>55</b>	65
Real estate construction	<b>4</b>	7	<b>12</b>	17
Lease financing	<b>5</b>	1	<b>8</b>	4
Total commercial	<b>101</b>	112	<b>220</b>	228
Consumer:				
Real estate 1-4 family first mortgage	<b>109</b>	52	<b>198</b>	99
Real estate 1-4 family junior lien mortgage	<b>71</b>	69	<b>130</b>	125
Credit card	<b>50</b>	41	<b>102</b>	80
Automobile	<b>86</b>	82	<b>170</b>	176
Other revolving credit and installment	<b>32</b>	35	<b>69</b>	71
Total consumer	<b>348</b>	279	<b>669</b>	551
Total loan recoveries	<b>449</b>	391	<b>889</b>	779
Net loan charge-offs	<b>(924)</b>	(650)	<b>(1,810)</b>	(1,358)
Other	<b>(18)</b>	1	<b>(14)</b>	(3)
<b>Balance, end of period</b>	<b>\$ 12,749</b>	12,614	<b>12,749</b>	12,614
Components:				
Allowance for loan losses	<b>\$ 11,664</b>	11,754	<b>11,664</b>	11,754
Allowance for unfunded credit commitments	<b>1,085</b>	860	<b>1,085</b>	860
Allowance for credit losses	<b>\$ 12,749</b>	12,614	<b>12,749</b>	12,614
Net loan charge-offs (annualized) as a percentage of average total loans	<b>0.39%</b>	0.30	<b>0.39</b>	0.32
Allowance for loan losses as a percentage of total loans	<b>1.22</b>	1.32	<b>1.22</b>	1.32
Allowance for credit losses as a percentage of total loans	<b>1.33</b>	1.42	<b>1.33</b>	1.42

(1) Certain impaired loans with an allowance calculated by discounting expected cash flows using the loan's effective interest rate over the remaining life of the loan recognize reductions in allowance as interest income.

Wells Fargo & Company and Subsidiaries

**FIVE QUARTER CHANGES IN ALLOWANCE FOR CREDIT LOSSES**

(in millions)	Quarter ended				
	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
<b>Balance, beginning of quarter</b>	<b>\$ 12,668</b>	12,512	12,562	12,614	13,013
Provision for credit losses	<b>1,074</b>	1,086	831	703	300
Interest income on certain impaired loans (1)	<b>(51)</b>	(48)	(48)	(48)	(50)
Loan charge-offs:					
Commercial:					
Commercial and industrial	<b>(437)</b>	(349)	(275)	(172)	(154)
Real estate mortgage	<b>(3)</b>	(3)	(11)	(9)	(16)
Real estate construction	<b>(1)</b>	—	(2)	—	(1)
Lease financing	<b>(17)</b>	(4)	(3)	(5)	(3)
Total commercial	<b>(458)</b>	(356)	(291)	(186)	(174)
Consumer:					
Real estate 1-4 family first mortgage	<b>(123)</b>	(137)	(113)	(145)	(119)
Real estate 1-4 family junior lien mortgage	<b>(133)</b>	(133)	(134)	(159)	(163)
Credit card	<b>(320)</b>	(314)	(295)	(259)	(284)
Automobile	<b>(176)</b>	(211)	(211)	(186)	(150)
Other revolving credit and installment	<b>(163)</b>	(175)	(178)	(160)	(151)
Total consumer	<b>(915)</b>	(970)	(931)	(909)	(867)
Total loan charge-offs	<b>(1,373)</b>	(1,326)	(1,222)	(1,095)	(1,041)
Loan recoveries:					
Commercial:					
Commercial and industrial	<b>69</b>	76	60	50	73
Real estate mortgage	<b>23</b>	32	30	32	31
Real estate construction	<b>4</b>	8	12	8	7
Lease financing	<b>5</b>	3	2	2	1
Total commercial	<b>101</b>	119	104	92	112
Consumer:					
Real estate 1-4 family first mortgage	<b>109</b>	89	63	83	52
Real estate 1-4 family junior lien mortgage	<b>71</b>	59	64	70	69
Credit card	<b>50</b>	52	52	43	41
Automobile	<b>86</b>	84	76	73	82
Other revolving credit and installment	<b>32</b>	37	32	31	35
Total consumer	<b>348</b>	321	287	300	279
Total loan recoveries	<b>449</b>	440	391	392	391
Net loan charge-offs	<b>(924)</b>	(886)	(831)	(703)	(650)
Other	<b>(18)</b>	4	(2)	(4)	1
<b>Balance, end of quarter</b>	<b>\$ 12,749</b>	12,668	12,512	12,562	12,614
Components:					
Allowance for loan losses	<b>\$ 11,664</b>	11,621	11,545	11,659	11,754
Allowance for unfunded credit commitments	<b>1,085</b>	1,047	967	903	860
Allowance for credit losses	<b>\$ 12,749</b>	12,668	12,512	12,562	12,614
Net loan charge-offs (annualized) as a percentage of average total loans	<b>0.39%</b>	0.38	0.36	0.31	0.30
Allowance for loan losses as a percentage of:					
Total loans	<b>1.22</b>	1.23	1.26	1.29	1.32
Nonaccrual loans	<b>98</b>	95	101	101	94
Nonaccrual loans and other nonperforming assets	<b>89</b>	86	90	88	82
Allowance for credit losses as a percentage of:					
Total loans	<b>1.33</b>	1.34	1.37	1.39	1.42
Nonaccrual loans	<b>107</b>	104	110	109	101
Nonaccrual loans and other nonperforming assets	<b>97</b>	94	98	94	88

(1) Certain impaired loans with an allowance calculated by discounting expected cash flows using the loan's effective interest rate over the remaining life of the loan recognize reductions in allowance as interest income.

Wells Fargo & Company and Subsidiaries

**TANGIBLE COMMON EQUITY (1)**

(in millions, except ratios)		Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
Tangible book value per common share (1):						
Total equity		\$ 202,661	198,504	193,891	194,043	190,676
Adjustments:						
Preferred stock		(24,830)	(24,051)	(22,214)	(22,424)	(21,649)
Additional paid-in capital on ESOP preferred stock		(150)	(182)	(110)	(128)	(148)
Unearned ESOP shares		1,868	2,271	1,362	1,590	1,835
Noncontrolling interests		(916)	(1,008)	(893)	(992)	(1,118)
Total common stockholders' equity	(A)	178,633	175,534	172,036	172,089	169,596
Adjustments:						
Goodwill		(26,963)	(27,003)	(25,529)	(25,684)	(25,705)
Certain identifiable intangible assets (other than MSRs)		(3,356)	(3,814)	(3,167)	(3,479)	(3,807)
Other assets (2)		(2,110)	(2,023)	(2,074)	(1,742)	(1,829)
Applicable deferred taxes		1,906	1,985	2,071	2,168	2,265
Tangible common equity	(B)	\$ 148,110	144,679	143,337	143,352	140,520
Common shares outstanding	(C)	5,048.5	5,075.9	5,092.1	5,108.5	5,145.2
Book value per common share	(A)/(C)	\$ 35.38	34.58	33.78	33.69	32.96
Tangible book value per common share	(B)/(C)	29.34	28.50	28.15	28.06	27.31

(in millions, except ratios)		Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Quarter ended Sep 30, 2015	Jun 30, 2015	Six months ended Jun 30, 2016	Jun 30, 2015
Return on average tangible common equity (1):								
Net income applicable to common stock	(A)	\$ 5,173	5,085	5,203	5,443	5,363	10,258	10,824
Average total equity		201,003	196,586	195,025	192,203	190,382	198,795	189,520
Adjustments:								
Preferred stock		(24,091)	(23,963)	(22,407)	(21,807)	(21,847)	(24,027)	(21,316)
Additional paid-in capital on ESOP preferred stock		(168)	(201)	(127)	(147)	(166)	(184)	(140)
Unearned ESOP shares		2,094	2,509	1,572	1,818	2,051	2,302	1,737
Noncontrolling interests		(984)	(904)	(979)	(1,012)	(1,154)	(944)	(1,101)
Average common stockholders' equity	(B)	177,854	174,027	173,084	171,055	169,266	175,942	168,700
Adjustments:								
Goodwill		(27,037)	(26,069)	(25,580)	(25,703)	(25,705)	(26,553)	(25,705)
Certain identifiable intangible assets (other than MSRs)		(3,600)	(3,407)	(3,317)	(3,636)	(3,957)	(3,503)	(4,115)
Other assets (2)		(2,096)	(2,065)	(1,987)	(1,757)	(1,509)	(2,081)	(1,433)
Applicable deferred taxes		1,934	2,014	2,103	2,200	2,297	1,974	2,345
Average tangible common equity	(C)	\$ 147,055	144,500	144,303	142,159	140,392	145,779	139,792
ROE	(A)/(B)	11.70%	11.75	11.93	12.62	12.71	11.72	12.94
ROTCE	(A)/(C)	14.15	14.15	14.30	15.19	15.32	14.15	15.61

- (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 and tangible book value per common share, which utilize tangible common equity, are useful financial measures because they enable investors and others to assess the Company's use of equity.
- (2) Represents other intangibles on nonmarketable equity investments which are included in other assets.

Wells Fargo & Company and Subsidiaries

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

		Estimated				
(in billions)		Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
Total equity	\$	202.7	198.5	193.9	194.0	190.7
Adjustments:						
Preferred stock		(24.8)	(24.1)	(22.2)	(22.4)	(21.6)
Additional paid-in capital on ESOP preferred stock		(0.2)	(0.2)	(0.1)	(0.1)	(0.1)
Unearned ESOP shares		1.9	2.3	1.3	1.5	1.7
Noncontrolling interests		(1.0)	(1.0)	(0.9)	(0.9)	(1.1)
Total common stockholders' equity		178.6	175.5	172.0	172.1	169.6
Adjustments:						
Goodwill and other intangible assets		(32.4)	(32.9)	(30.8)	(30.9)	(31.4)
Applicable deferred taxes (2)		1.9	2.0	2.1	2.2	2.3
Investment in certain subsidiaries and other		(2.5)	(1.9)	(0.9)	(1.6)	(0.6)
Common Equity Tier 1 (Fully Phased-In) under Basel III	(A)	145.6	142.7	142.4	141.8	139.9
Total risk-weighted assets (RWAs) anticipated under Basel III (3)(4)	(B)	\$ 1,379.2	1,345.1	1,321.7	1,331.8	1,325.6
Common Equity Tier 1 to total RWAs anticipated under Basel III (Fully Phased-In) (4)	(A)/(B)	10.6%	10.6	10.8	10.6	10.6

(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) Applicable deferred taxes relate to goodwill and other intangible assets.

(3) 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 June 30, 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 March 31, 2016, and December 31, September 30 and June 30, 2015, was calculated under the Basel III Standardized Approach RWAs.

(4) The Company's June 30, 2016, RWAs and capital ratio are preliminary estimates.

Wells Fargo & Company and Subsidiaries  
**OPERATING SEGMENT RESULTS (1)**

(income/expense in millions, average balances in billions)	Community Banking		Wholesale Banking		Wealth and Investment Management		Other (2)		Consolidated Company	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Quarter ended June 30,</b>										
Net interest income (3)	\$ 7,379	7,277	3,919	3,591	932	832	(497)	(430)	11,733	11,270
Provision (reversal of provision) for credit losses	689	397	385	(84)	2	(10)	(2)	(3)	1,074	300
Noninterest income	4,825	4,690	3,365	3,019	2,987	3,144	(748)	(805)	10,429	10,048
Noninterest expense	6,648	6,719	4,036	3,504	2,976	3,038	(794)	(792)	12,866	12,469
Income (loss) before income tax expense (benefit)	4,867	4,851	2,863	3,190	941	948	(449)	(440)	8,222	8,549
Income tax expense (benefit)	1,667	1,620	795	951	358	359	(171)	(167)	2,649	2,763
Net income (loss) before noncontrolling interests	3,200	3,231	2,068	2,239	583	589	(278)	(273)	5,573	5,786
Less: Net income (loss) from noncontrolling interests	21	16	(5)	48	(1)	3	—	—	15	67
Net income (loss)	\$ 3,179	3,215	2,073	2,191	584	586	(278)	(273)	5,558	5,719
Average loans	\$ 485.7	472.3	451.4	386.2	66.7	59.3	(53.0)	(47.4)	950.8	870.4
Average assets	967.6	910.0	772.6	713.7	205.3	189.1	(83.4)	(83.5)	1,862.1	1,729.3
Average deposits	703.7	654.8	425.8	432.4	182.5	168.2	(75.3)	(70.1)	1,236.7	1,185.3
<b>Six months ended June 30,</b>										
Net interest income (3)	\$14,847	14,424	7,667	7,028	1,875	1,658	(989)	(854)	23,400	22,256
Provision (reversal of provision) for credit losses	1,409	1,055	748	(135)	(12)	(13)	15	1	2,160	908
Noninterest income	9,971	9,654	6,575	5,991	5,898	6,294	(1,487)	(1,599)	20,957	20,340
Noninterest expense	13,484	13,310	8,004	7,122	6,018	6,160	(1,612)	(1,616)	25,894	24,976
Income (loss) before income tax expense (benefit)	9,925	9,713	5,490	6,032	1,767	1,805	(879)	(838)	16,303	16,712
Income tax expense (benefit)	3,364	2,910	1,514	1,768	672	683	(334)	(319)	5,216	5,042
Net income (loss) before noncontrolling interests	6,561	6,803	3,976	4,264	1,095	1,122	(545)	(519)	11,087	11,670
Less: Net income (loss) from noncontrolling interests	86	41	(18)	99	(1)	7	—	—	67	147
Net income (loss)	\$ 6,475	6,762	3,994	4,165	1,096	1,115	(545)	(519)	11,020	11,523
Average loans	\$ 485.0	472.3	440.6	383.1	65.4	58.1	(52.0)	(46.6)	939.0	866.9
Average assets	957.5	909.8	760.6	702.2	206.7	190.3	(83.8)	(83.7)	1,841.0	1,718.6
Average deposits	693.3	649.1	426.9	432.1	183.5	169.2	(75.7)	(70.3)	1,228.0	1,180.1

- (1) The management accounting process measures the performance of the operating segments based on our management structure and is not necessarily comparable with other similar information for other financial services companies. We define our operating segments by product type and customer segment.
- (2) Includes the elimination of certain items that are included in more than one business segment, substantially all of which represents products and services for Wealth and Investment Management customers served through Community Banking distribution channels.
- (3) Net interest income is the difference between interest earned on assets and the cost of liabilities to fund those assets. Interest earned includes actual interest earned on segment assets and, if the segment has excess liabilities, interest credits for providing funding to other segments. The cost of liabilities includes interest expense on segment liabilities and, if the segment does not have enough liabilities to fund its assets, a funding charge based on the cost of excess liabilities from another segment.



Wells Fargo & Company and Subsidiaries  
**FIVE QUARTER OPERATING SEGMENT RESULTS (1)**

	Quarter ended				
(income/expense in millions, average balances in billions)	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
<b>COMMUNITY BANKING</b>					
Net interest income (2)	\$ 7,379	7,468	7,409	7,409	7,277
Provision for credit losses	689	720	704	668	397
Noninterest income	4,825	5,146	4,921	5,524	4,690
Noninterest expense	6,648	6,836	6,893	6,778	6,719
Income before income tax expense	4,867	5,058	4,733	5,487	4,851
Income tax expense	1,667	1,697	1,507	1,785	1,620
Net income before noncontrolling interests	3,200	3,361	3,226	3,702	3,231
Less: Net income from noncontrolling interests	21	65	57	142	16
Segment net income	\$ 3,179	3,296	3,169	3,560	3,215
Average loans	\$ 485.7	484.3	482.2	477.0	472.3
Average assets	967.6	947.4	921.4	898.9	910.0
Average deposits	703.7	683.0	663.7	655.6	654.8
<b>WHOLESALE BANKING</b>					
Net interest income (2)	\$ 3,919	3,748	3,711	3,611	3,591
Provision (reversal of provision) for credit losses	385	363	126	36	(84)
Noninterest income	3,365	3,210	2,848	2,715	3,019
Noninterest expense	4,036	3,968	3,491	3,503	3,504
Income before income tax expense	2,863	2,627	2,942	2,787	3,190
Income tax expense	795	719	841	815	951
Net income before noncontrolling interests	2,068	1,908	2,101	1,972	2,239
Less: Net income (loss) from noncontrolling interests	(5)	(13)	(3)	47	48
Segment net income	\$ 2,073	1,921	2,104	1,925	2,191
Average loans	\$ 451.4	429.8	417.0	405.6	386.2
Average assets	772.6	748.6	755.4	739.1	713.7
Average deposits	425.8	428.0	449.3	442.0	432.4
<b>WEALTH AND INVESTMENT MANAGEMENT</b>					
Net interest income (2)	\$ 932	943	933	887	832
Provision (reversal of provision) for credit losses	2	(14)	(6)	(6)	(10)
Noninterest income	2,987	2,911	3,014	2,991	3,144
Noninterest expense	2,976	3,042	2,998	2,909	3,038
Income before income tax expense	941	826	955	975	948
Income tax expense	358	314	366	371	359
Net income before noncontrolling interests	583	512	589	604	589
Less: Net income (loss) from noncontrolling interests	(1)	—	(6)	(2)	3
Segment net income	\$ 584	512	595	606	586
Average loans	\$ 66.7	64.1	63.0	61.1	59.3
Average assets	205.3	208.1	197.9	192.6	189.1
Average deposits	182.5	184.5	177.9	172.6	168.2
<b>OTHER (3)</b>					
Net interest income (2)	\$ (497)	(492)	(465)	(450)	(430)
Provision (reversal of provision) for credit losses	(2)	17	7	5	(3)
Noninterest income	(748)	(739)	(785)	(812)	(805)
Noninterest expense	(794)	(818)	(783)	(791)	(792)
Loss before income tax benefit	(449)	(430)	(474)	(476)	(440)
Income tax benefit	(171)	(163)	(181)	(181)	(167)
Net loss before noncontrolling interests	(278)	(267)	(293)	(295)	(273)
Less: Net income from noncontrolling interests	—	—	—	—	—
Other net loss	\$ (278)	(267)	(293)	(295)	(273)
Average loans	\$ (53.0)	(51.0)	(49.9)	(48.6)	(47.4)
Average assets	(83.4)	(84.2)	(87.4)	(84.2)	(83.5)
Average deposits	(75.3)	(76.1)	(74.1)	(71.3)	(70.1)
<b>CONSOLIDATED COMPANY</b>					
Net interest income (2)	\$ 11,733	11,667	11,588	11,457	11,270
Provision for credit losses	1,074	1,086	831	703	300
Noninterest income	10,429	10,528	9,998	10,418	10,048
Noninterest expense	12,866	13,028	12,599	12,399	12,469
Income before income tax expense	8,222	8,081	8,156	8,773	8,549
Income tax expense	2,649	2,567	2,533	2,790	2,763
Net income before noncontrolling interests	5,573	5,514	5,623	5,983	5,786
Less: Net income from noncontrolling interests	15	52	48	187	67
Wells Fargo net income	\$ 5,558	5,462	5,575	5,796	5,719
Average loans	\$ 950.8	927.2	912.3	895.1	870.4
Average assets	1,862.1	1,819.9	1,787.3	1,746.4	1,729.3
Average deposits	1,236.7	1,219.4	1,216.8	1,198.9	1,185.3

- (1) The management accounting process measures the performance of the operating segments based on our management structure and is not necessarily comparable with other similar information for other financial services companies. We define our operating segments by product type and customer segment.
- (2) Net interest income is the difference between interest earned on assets and the cost of liabilities to fund those assets. Interest earned includes actual interest earned on segment assets and, if the segment has excess liabilities, interest credits for providing funding to other segments. The cost of liabilities includes interest expense on segment liabilities and, if the segment does not have enough liabilities to fund its assets, a funding charge based on the cost of excess liabilities from another segment.
- (3) Includes the elimination of certain items that are included in more than one business segment, substantially all of which represents products and services for Wealth and Investment Management customers served through Community Banking distribution channels.

Wells Fargo & Company and Subsidiaries

**FIVE QUARTER CONSOLIDATED MORTGAGE SERVICING**

(in millions)	Quarter ended				
	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
<b>MSRs measured using the fair value method:</b>					
Fair value, beginning of quarter	\$ 11,333	12,415	11,778	12,661	11,739
Servicing from securitizations or asset transfers (1)	477	366	372	448	428
Sales and other (2)	(22)	—	(9)	6	(5)
Net additions	455	366	363	454	423
Changes in fair value:					
Due to changes in valuation model inputs or assumptions:					
Mortgage interest rates (3)	(779)	(1,084)	560	(858)	1,117
Servicing and foreclosure costs (4)	(4)	27	(37)	(18)	(10)
Prepayment estimates and other (5)	(41)	100	244	43	(54)
Net changes in valuation model inputs or assumptions	(824)	(957)	767	(833)	1,053
Other changes in fair value (6)	(568)	(491)	(493)	(504)	(554)
Total changes in fair value	(1,392)	(1,448)	274	(1,337)	499
Fair value, end of quarter	\$ 10,396	11,333	12,415	11,778	12,661

(1) Includes impacts associated with exercising our right to repurchase delinquent loans from GNMA loan securitization pools.

(2) Includes sales and transfers of MSRs, which can result in an increase of total reported MSRs if the sales or transfers are related to nonperforming loan portfolios.

(3) Includes prepayment speed changes as well as other valuation changes due to changes in mortgage interest rates (such as changes in estimated interest earned on custodial deposit balances)

(4) Includes costs to service and unreimbursed foreclosure costs.

(5) Represents changes driven by other valuation model inputs or assumptions including prepayment speed estimation changes and other assumption updates. Prepayment speed estimation changes are influenced by observed changes in borrower behavior and other external factors that occur independent of interest rate changes.

(6) Represents changes due to collection/realization of expected cash flows over time.

(in millions)	Quarter ended				
	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
<b>Amortized MSRs:</b>					
Balance, beginning of quarter	\$ 1,359	1,308	1,277	1,262	1,252
Purchases	24	21	48	45	29
Servicing from securitizations or asset transfers	38	97	49	35	46
Amortization	(68)	(67)	(66)	(65)	(65)
Balance, end of quarter	\$ 1,353	1,359	1,308	1,277	1,262
<b>Fair value of amortized MSRs:</b>					
Beginning of quarter	\$ 1,725	1,680	1,643	1,692	1,522
End of quarter	1,620	1,725	1,680	1,643	1,692

Wells Fargo & Company and Subsidiaries

**FIVE QUARTER CONSOLIDATED MORTGAGE SERVICING (CONTINUED)**

(in millions)	Quarter ended				
	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
<b>Servicing income, net:</b>					
Servicing fees (1)	\$ 842	910	872	990	1,026
Changes in fair value of MSRs carried at fair value:					
Due to changes in valuation model inputs or assumptions (2) (A)	(824)	(957)	767	(833)	1,053
Other changes in fair value (3)	(568)	(491)	(493)	(504)	(554)
Total changes in fair value of MSRs carried at fair value	(1,392)	(1,448)	274	(1,337)	499
Amortization	(68)	(67)	(66)	(65)	(65)
Net derivative gains (losses) from economic hedges (4) (B)	978	1,455	(350)	1,086	(946)
Total servicing income, net	\$ 360	850	730	674	514
Market-related valuation changes to MSRs, net of hedge results (2)(4) (A)+(B)	\$ 154	498	417	253	107

- (1) Includes contractually specified servicing fees, late charges and other ancillary revenues.  
(2) Refer to the changes in fair value MSRs table on the previous page for more detail.  
(3) Represents changes due to collection/realization of expected cash flows over time.  
(4) Represents results from economic hedges used to hedge the risk of changes in fair value of MSRs.

(in billions)	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
<b>Managed servicing portfolio (1):</b>					
Residential mortgage servicing:					
Serviced for others	\$ 1,250	1,280	1,300	1,323	1,344
Owned loans serviced	349	342	345	346	347
Subserviced for others	4	4	4	4	5
Total residential servicing	1,603	1,626	1,649	1,673	1,696
Commercial mortgage servicing:					
Serviced for others	478	485	478	470	465
Owned loans serviced	128	125	122	121	120
Subserviced for others	8	8	7	7	7
Total commercial servicing	614	618	607	598	592
Total managed servicing portfolio	\$ 2,217	2,244	2,256	2,271	2,288
Total serviced for others	\$ 1,728	1,765	1,778	1,793	1,809
Ratio of MSRs to related loans serviced for others	0.68%	0.72	0.77	0.73	0.77
Weighted-average note rate (mortgage loans serviced for others)	4.32	4.34	4.37	4.39	4.41

- (1) The components of our managed servicing portfolio are presented at unpaid principal balance for loans serviced and subserviced for others and at book value for owned loans serviced.

Wells Fargo & Company and Subsidiaries

**SELECTED FIVE QUARTER RESIDENTIAL MORTGAGE PRODUCTION DATA**

		Quarter ended				
		Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
<b>Net gains on mortgage loan origination/sales activities (in millions):</b>						
Residential	(A)	\$ 744	532	600	736	814
Commercial		72	71	108	55	108
Residential pipeline and unsold/repurchased loan management (1)		238	145	222	124	269
Total		\$ 1,054	748	930	915	1,191
<b>Application data (in billions):</b>						
Wells Fargo first mortgage quarterly applications		\$ 95	77	64	73	81
Refinances as a percentage of applications		46%	52	48	44	45
Wells Fargo first mortgage unclosed pipeline, at quarter end		\$ 47	39	29	34	38
<b>Residential real estate originations:</b>						
Purchases as a percentage of originations		60%	55	59	66	54
Refinances as a percentage of originations		40	45	41	34	46
Total		100%	100	100	100	100
Wells Fargo first mortgage loans (in billions):						
Retail		\$ 34	24	27	32	36
Correspondent		28	19	19	22	25
Other (2)		1	1	1	1	1
Total quarter-to-date		\$ 63	44	47	55	62
Held-for-sale	(B)	\$ 46	31	33	39	46
Held-for-investment		17	13	14	16	16
Total quarter-to-date		\$ 63	44	47	55	62
Total year-to-date		\$ 107	44	213	166	111
Production margin on residential held-for-sale mortgage originations	(A)/(B)	1.66%	1.68	1.83	1.88	1.75

- (1) Primarily includes the results of GNMA loss mitigation activities, interest rate management activities and changes in estimate to the liability for mortgage loan repurchase losses.
- (2) Consists of home equity loans and lines.

**CHANGES IN MORTGAGE REPURCHASE LIABILITY**

(in millions)	Quarter ended				
	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
Balance, beginning of period	\$ 355	378	538	557	586
Provision for repurchase losses:					
Loan sales	8	7	9	11	13
Change in estimate (1)	(89)	(19)	(128)	(17)	(31)
Net reductions	(81)	(12)	(119)	(6)	(18)
Losses	(19)	(11)	(41)	(13)	(11)
Balance, end of period	\$ 255	355	378	538	557

- (1) Results from changes in investor demand and mortgage insurer practices, credit deterioration and changes in the financial stability of correspondent lenders.



# 2Q16 Quarterly Supplement

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July 15, 2016

Together we'll go far



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## 2Q16 Results

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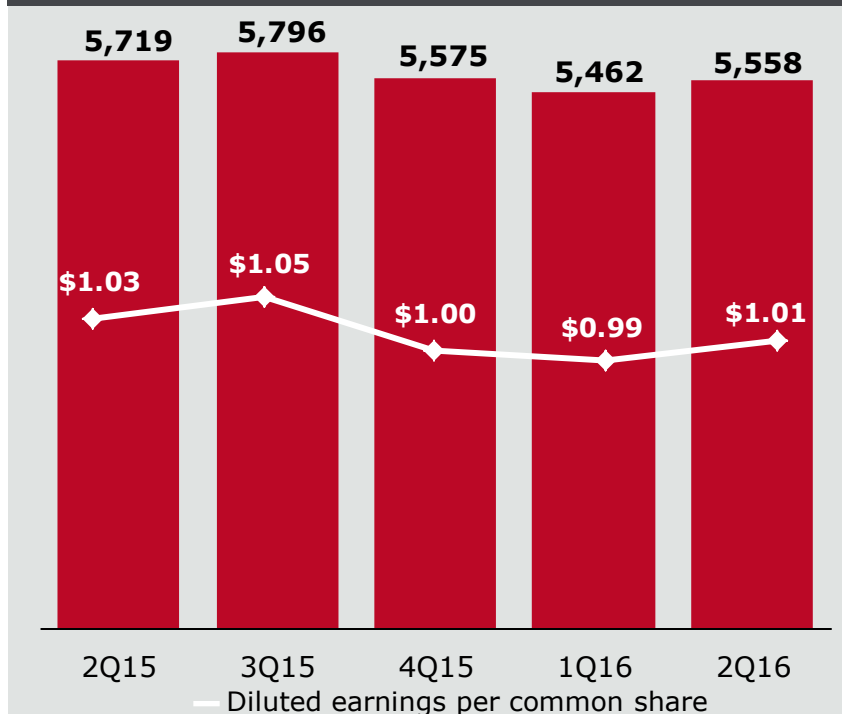
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# 2Q16 Highlights

## Wells Fargo Net Income

(\$ in millions, except EPS)



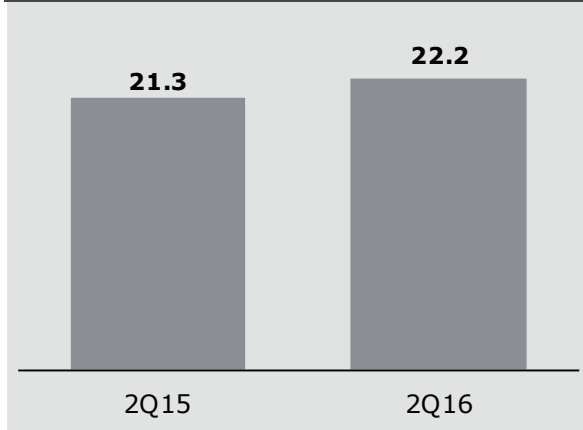
- Earnings of \$5.6 billion
- Diluted earnings per common share of \$1.01
- Revenue up 4% year-over-year (YoY) and stable linked quarter (LQ)
  - Net interest income up 4% YoY and 1% LQ
  - Noninterest income up 4% YoY and down 1% LQ
- Strong loan and deposit growth
  - Average loans up 9% YoY and 3% LQ
  - Average deposits up 4% YoY and 1% LQ
- Pre-tax pre-provision profit (PTPP) <sup>(1)</sup> up 5% YoY and 1% LQ
- Credit quality remained solid with net charge-offs of 39 bps of average loans
  - Oil and gas portfolio losses were partially offset by improvement in residential real estate
- Strong capital position
  - Common Equity Tier 1 ratio (fully phased-in) of 10.6% at 6/30/16 <sup>(2)</sup>
  - Total stockholders' equity exceeded \$200 billion for the first time
  - Returned \$3.2 billion to shareholders through common stock dividends and net share repurchases

(1) Pre-tax pre-provision profit (PTPP) is total revenue less noninterest expense. Management believes that PTPP is a useful financial measure because it enables investors and others to assess the Company's ability to generate capital to cover credit losses through a credit cycle.

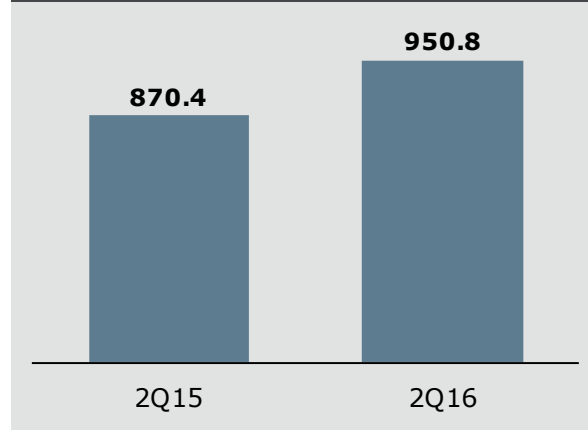
(2) 2Q16 capital ratio is a preliminary estimate. Fully phased-in capital ratios are calculated assuming the full phase-in of the Basel III capital rules. See page 27 for additional information regarding the Common Equity Tier 1 capital ratio.

# Year-over-year results

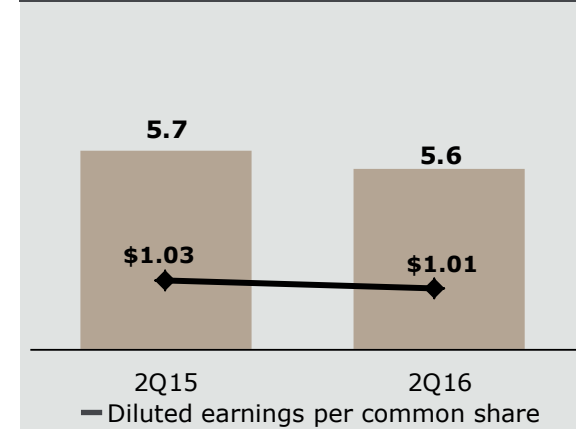
**Revenue**  
(\$ in billions)



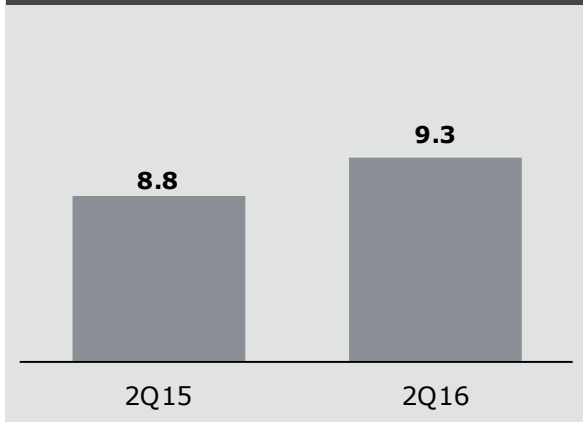
**Average Loans**  
(\$ in billions)



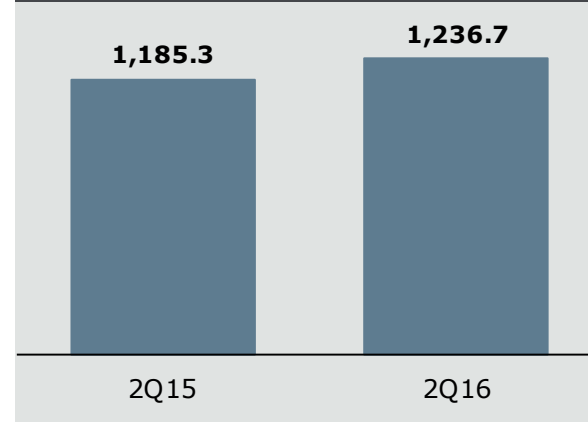
**Net Income**  
(\$ in billions, except EPS)



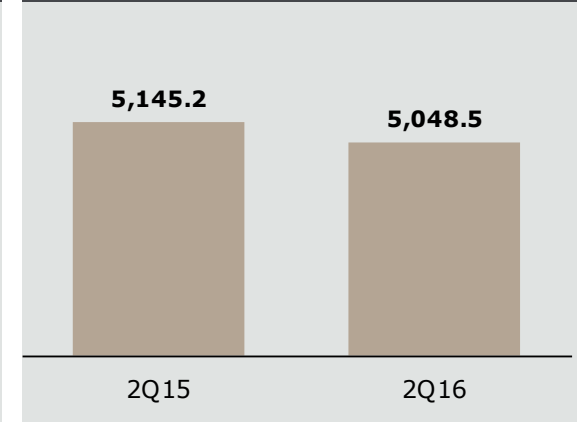
**Pre-tax Pre-provision Profit**  
(\$ in billions)



**Average Deposits**  
(\$ in billions)



**Period-end Common Shares Outstanding**  
(shares in millions)





# Balance Sheet and credit overview (linked quarter)

<b>Loans &amp; interest rate swaps</b>	<ul style="list-style-type: none"> <li>Loans up \$9.9 billion on growth in both commercial and consumer loan portfolios</li> <li>Additionally, we continued to employ the strategy of converting floating rate loans to fixed rate through interest rate swaps</li> </ul>
<b>Short-term investments/ Fed funds sold</b>	<ul style="list-style-type: none"> <li>Down \$5.0 billion primarily on growth in investment securities and loans</li> </ul>
<b>Trading assets</b>	<ul style="list-style-type: none"> <li>Up \$6.9 billion, while average balances were up 1% LQ</li> </ul>
<b>Investment securities</b>	<ul style="list-style-type: none"> <li>Up \$18.5 billion as ~\$38 billion of gross purchases were partially offset by run-off, including accelerated prepayments of investment securities, and sales</li> </ul>
<b>Deposits</b>	<ul style="list-style-type: none"> <li>Up \$4.0 billion as growth in commercial and mortgage escrow balances were partially offset by seasonally lower consumer balances</li> </ul>
<b>Long-term debt</b>	<ul style="list-style-type: none"> <li>Up \$16.0 billion on ~\$24 billion of issuances, including ~\$10.7 billion in parent issuance that is anticipated to be Total Loss Absorbing Capacity (TLAC) eligible                             <ul style="list-style-type: none"> <li>TLAC-eligible issuances included:                                     <ul style="list-style-type: none"> <li>\$8.7 billion of senior debt</li> <li>\$2.0 billion of subordinated debt</li> </ul> </li> </ul> </li> </ul>
<b>Short-term borrowings</b>	<ul style="list-style-type: none"> <li>Up \$12.6 billion reflecting growth in trading, including higher repurchase agreement balances, as well as higher other funding needs</li> </ul>
<b>Common stock outstanding</b>	<ul style="list-style-type: none"> <li>Common shares outstanding down 27.4 million on net share repurchases of \$1.3 billion                             <ul style="list-style-type: none"> <li>Repurchased 44.8 million common shares in the quarter</li> </ul> </li> </ul>
<b>Credit</b>	<ul style="list-style-type: none"> <li>Net charge-offs of \$924 million, up \$38 million driven by higher losses in the oil and gas portfolio</li> <li>\$150 million reserve build <sup>(1)</sup> primarily driven by loan growth in the commercial, auto and credit card portfolios</li> </ul>

Period-end balances. All comparisons are 2Q16 compared with 1Q16.

(1) Provision expense minus net charge-offs.

# Income Statement overview (linked quarter)

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## **Total revenue**

- Revenue of \$22.2 billion, down \$33 million

## **Net interest income**

- NII up \$66 million on loan growth and included the full quarter benefit of assets acquired from GE Capital on 3/1/16
- NIM down 4 bps to 2.86% primarily driven by growth in long-term debt, deposits and reduced yield on investment securities

## **Noninterest income**

- Noninterest income down \$99 million
  - Trust and investment fees up \$162 million on higher investment banking, retail brokerage asset-based fees and transaction revenue, and trust and investment management
  - Mortgage banking down \$184 million as higher mortgage origination revenue was more than offset by lower servicing income (which included lower mortgage servicing rights (MSR) hedging results and higher unreimbursed servicing costs)
  - Market sensitive revenue <sup>(1)</sup> up \$276 million as higher gains on debt securities and higher customer accommodation trading results were partially offset by lower equity gains
  - Insurance down \$141 million reflecting the 1Q16 sale of the crop insurance business
  - Lease income up \$124 million driven by the full quarter benefit of the operating leases acquired from GE Capital
  - Other income down \$392 million driven by a decline in hedge ineffectiveness income from \$379 million in 1Q16 to \$56 million in 2Q16; 2Q16 results also included a \$290 million gain on the sale of our health benefit services business vs. a \$381 million gain from the sale of the crop insurance business in 1Q16

## **Noninterest expense**

- Noninterest expense down \$162 million
  - Personnel expense down \$260 million from a seasonally high 1Q16
  - Outside professional services up \$186 million from a typically low 1Q and included higher project-related expense
  - Operating losses down \$120 million on lower litigation expense
  - Insurance expense down \$89 million reflecting the 1Q16 sale of the crop insurance business
  - Operating lease depreciation expense up \$117 million due to the leases acquired from GE Capital

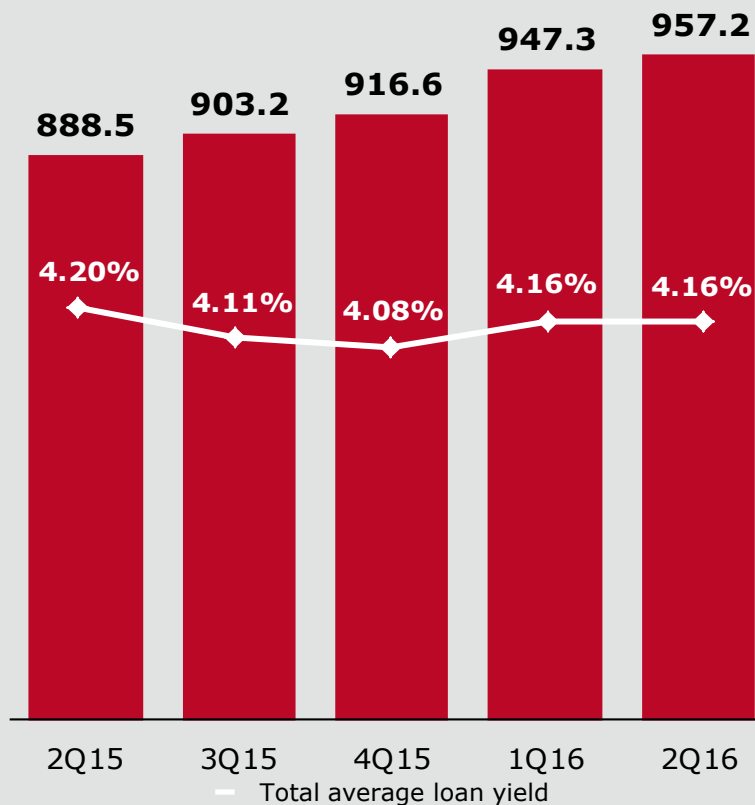
*All comparisons are 2Q16 compared with 1Q16.*

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

# Loans

## Period-end Loans Outstanding

(\$ in billions)



## Period-end

- Total loans increased \$68.7 billion, or 8%, YoY and \$9.9 billion, or 1%, LQ
  - Commercial loans up \$6.3 billion LQ on higher commercial real estate and C&I loans
  - Consumer loans up \$3.6 billion LQ as growth in first mortgage loans, auto loans, credit card and securities-based lending was partially offset by a decline in junior lien mortgage and seasonally lower student lending

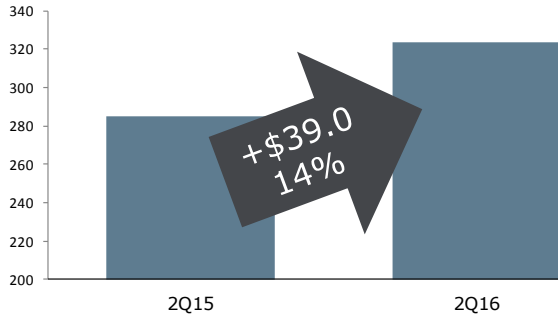
## Average

- Total average loans of \$950.8 billion up \$80.4 billion, or 9%, YoY and \$23.6 billion, or 3%, LQ
- Total average loan yield of 4.16%, stable LQ as the full quarter benefit of loans and capital leases acquired from GE Capital was offset by lower consumer yields

# Year-over-year loan growth

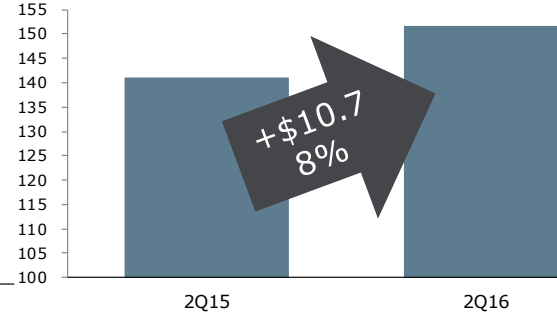
(\$ in billions)

## Commercial and Industrial



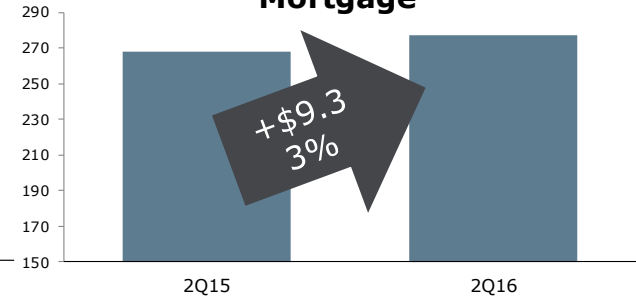
- GE Capital acquisitions and organic growth

## Commercial Real Estate



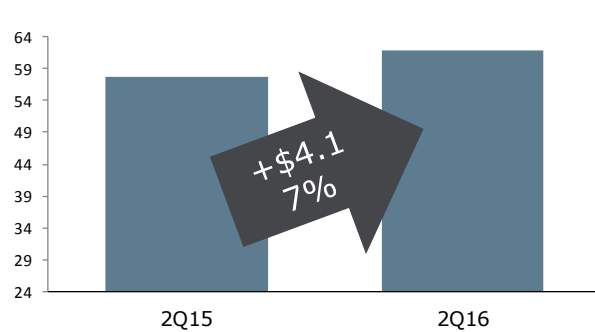
- Primarily CRE mortgage growth

## Real Estate 1-4 Family First Mortgage



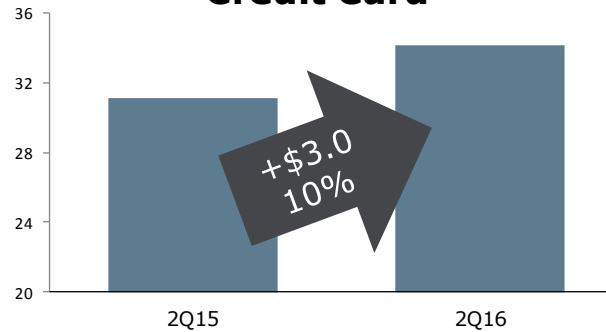
- Nonconforming mortgage growth

## Automobile



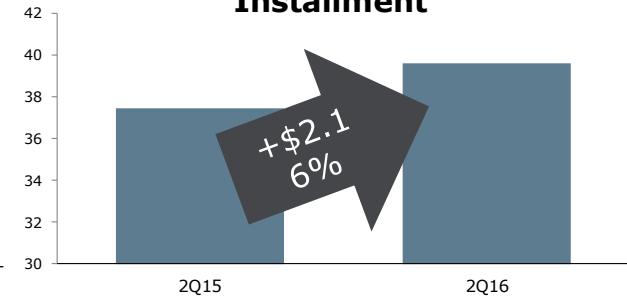
- Origination volume up 2%

## Credit Card



- New account openings and increases in active accounts

## Other Revolving Credit and Installment



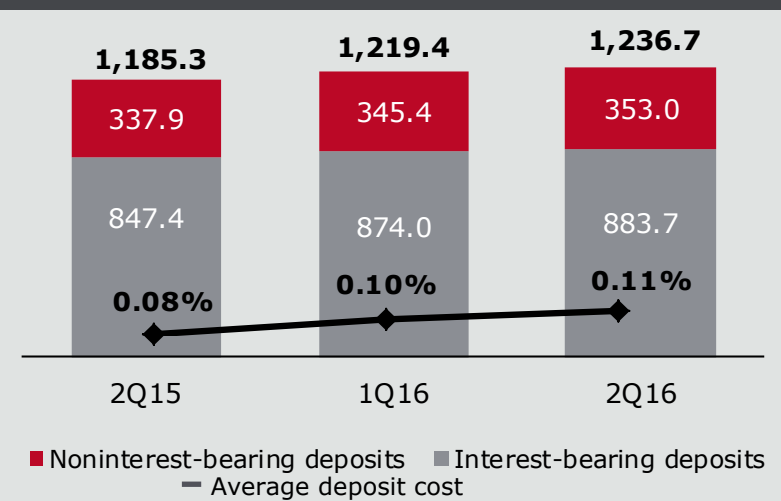
- Securities-based lending, personal lines and loans and student loans

Period-end balances.

# Deposits

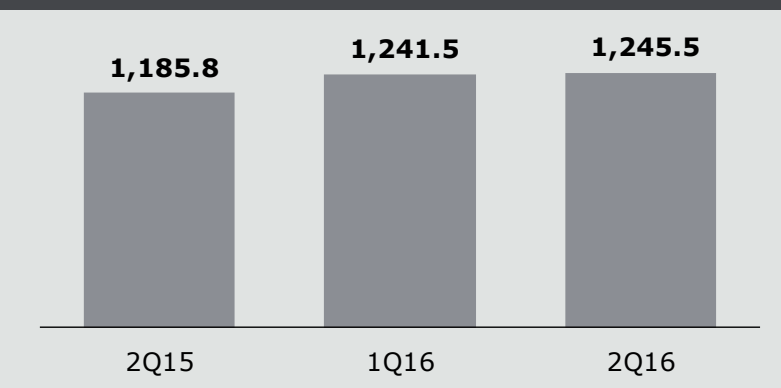
## Average Deposits and Rates

(\$ in billions)



## Period-end Deposits

(\$ in billions)



## Average

- Deposits up \$51.4 billion, or 4%, YoY and \$17.3 billion, or 1%, LQ
  - Noninterest-bearing deposits up \$15.1 billion, or 4%, YoY and \$7.6 billion, or 2%, LQ
  - Interest-bearing deposits up \$36.3 billion, or 4%, YoY and \$9.7 billion, or 1%, LQ
- Average deposit cost of 11 bps, up 1 bp LQ and up 3 bps YoY driven by commercial deposits
- Consumer and small business banking deposits <sup>(1)</sup> of \$726.4 billion, up 8% YoY and 2% LQ

## Period-end

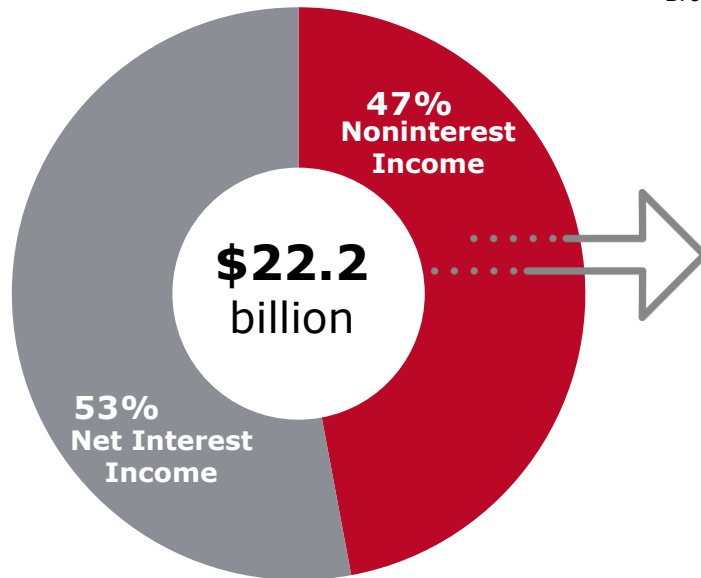
- Total period-end deposits up \$59.7 billion, or 5%, YoY on a \$53.7 billion increase in consumer and small business balances <sup>(1)</sup>, and was up \$4.0 billion LQ on higher commercial balances
- Primary consumer checking customers <sup>(2)</sup> up 4.7% YoY

(1) Total deposits excluding mortgage escrow and wholesale deposits.

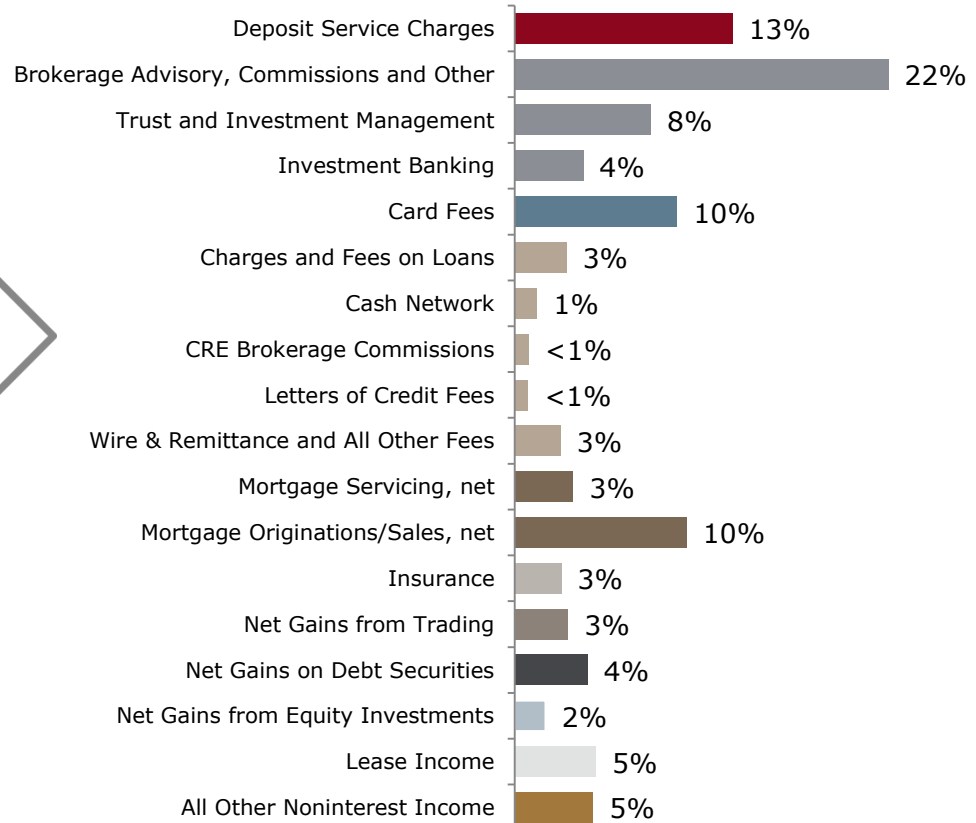
(2) Data as of May 2016, comparisons with May 2015; customers who actively use their checking account with transactions such as debit card purchases, online bill payments, and direct deposits.

# 2Q16 Revenue diversification

## Balanced Spread and Fee Income

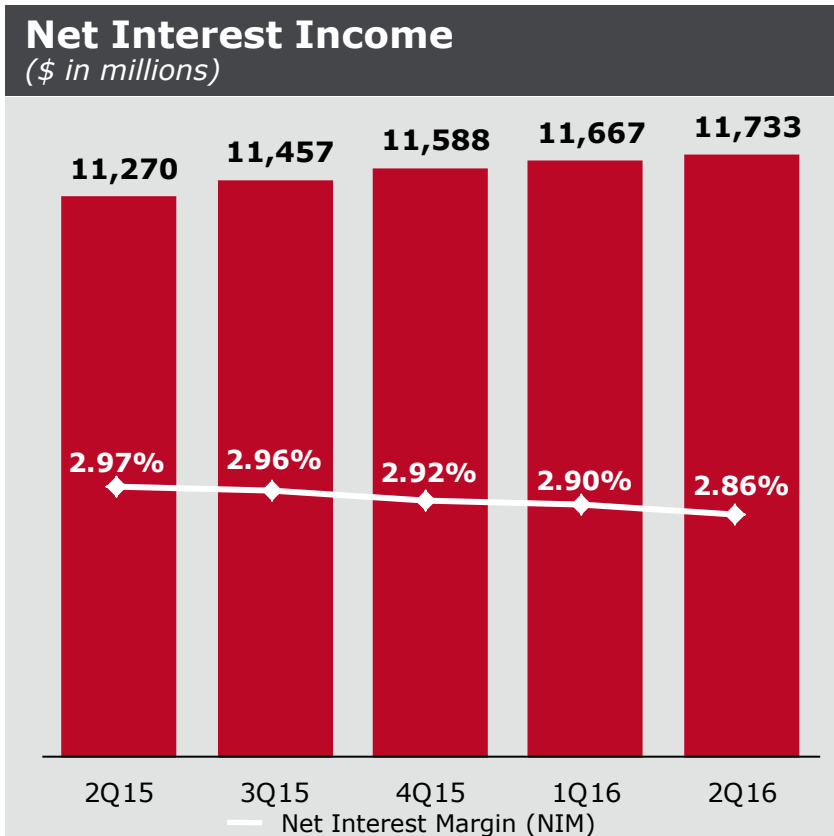


## Diversified Fee Generation (% of noninterest income)



<b>Deposit Service Charges</b>	<b>13%</b>	<b>Net Gains from Trading</b>	<b>3%</b>
<b>Total Trust &amp; Investment Fees</b>	<b>34%</b>	<b>Net Gains on Debt Securities</b>	<b>4%</b>
<b>Card Fees</b>	<b>10%</b>	<b>Net Gains from Equity Inv.</b>	<b>2%</b>
<b>Total Other Fees</b>	<b>8%</b>	<b>Lease Income</b>	<b>5%</b>
<b>Total Mortgage Banking</b>	<b>13%</b>	<b>All Other Noninterest Income</b>	<b>5%</b>
<b>Insurance</b>	<b>3%</b>		

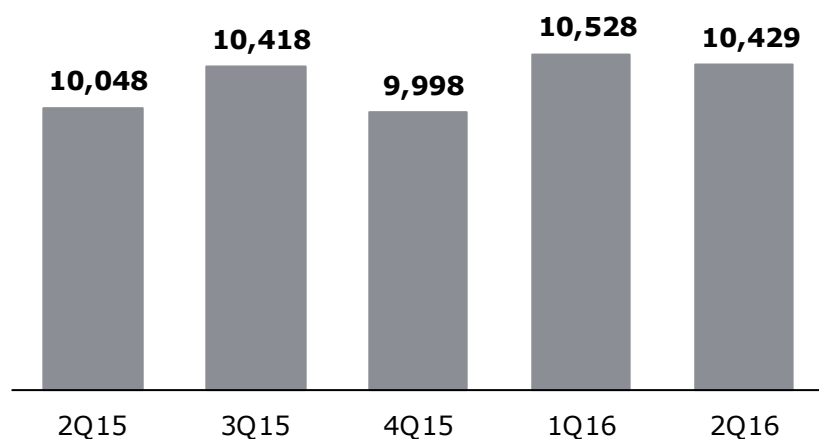
# Net interest income



- Net interest income up \$463 million, or 4%, YoY and \$66 million, or 1%, LQ reflecting loan growth including the addition of assets acquired from GE Capital on 3/1/16
- Average earning assets up \$35.2 billion, or 2%, LQ
  - Loans up \$23.6 billion
  - Short-term investments/fed funds sold up \$9.1 billion
  - Mortgages and loans held for sale up \$2.1 billion
  - Trading assets up \$0.9 billion
  - Investment securities down \$0.7 billion
- NIM of 2.86% down 4 bps from 1Q16 on growth in long-term debt, deposits and lower income on investment securities reflecting accelerated prepayments
  - All other balance sheet growth, mix changes and repricing was beneficial to the margin

# Noninterest income

(\$ in millions)	2Q16	vs 1Q16	vs 2Q15
Noninterest income			
Service charges on deposit accounts	\$ 1,336	2 %	4
Trust and investment fees:			
Brokerage advisory, commissions and other fees	2,291	2	(5)
Trust and investment management	835	2	(3)
Investment banking	421	27	(6)
Card fees	997	6	7
Other fees	906	(3)	(18)
Mortgage banking	1,414	(12)	(17)
Insurance	286	(33)	(38)
Net gains from trading activities	328	64	n.m.
Net gains on debt securities	447	83	n.m.
Net gains from equity investments	189	(23)	(63)
Lease income	497	33	n.m.
Other	482	(45)	n.m.
<b>Total noninterest income</b>	<b>\$ 10,429</b>	<b>(1) %</b>	<b>4</b>

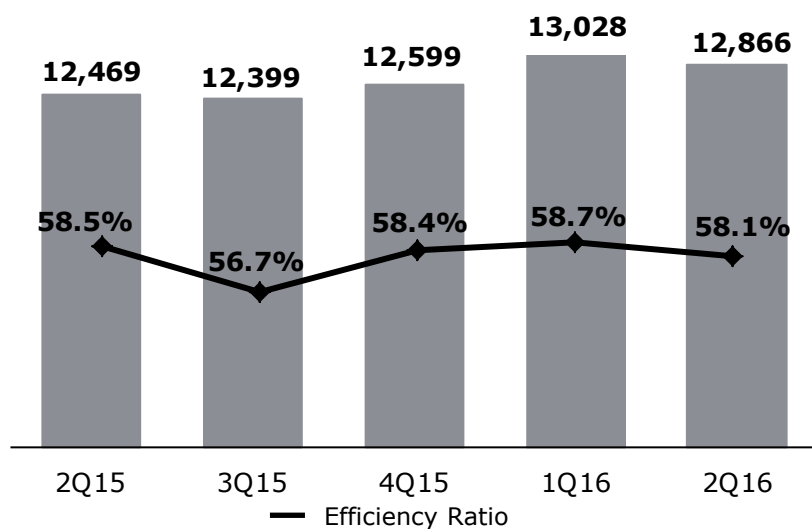


- Service charges up \$27 million LQ on seasonality
- Trust and investment fees up \$162 million on higher investment banking, asset-based fees and retail brokerage transaction revenue
  - Investment banking up \$90 million on higher deal fees across all products
- Card fees up \$56 million on seasonality, increased usage and account growth
- Mortgage banking down \$184 million as lower servicing income, in part due to lower MSR hedging results, was partially offset by higher mortgage origination revenue
- Insurance income down \$141 million reflecting the 1Q16 sale of the crop insurance business
- Trading gains up \$128 million on higher customer accommodation trading results
  - \$49 million in deferred compensation investment income (P&L neutral) vs. \$23 million in 1Q16
- Gains on sale of debt securities up \$203 million
- Gains from equity investments down \$55 million
- Lease income up \$124 million reflecting the impact of the acquisition of operating leases from GE Capital on 3/1/16
- Other income down \$392 million, reflecting a \$323 million decline in hedge ineffectiveness income; 2Q16 results included a \$290 million gain on the sale of our health benefit services business vs. a \$381 million gain from the sale of the crop insurance business in 1Q16



# Noninterest expense and efficiency ratio <sup>(1)</sup>

(\$ in millions)	2Q16	vs 1Q16	vs 2Q15
Noninterest expense			
Salaries	\$ 4,099	2 %	4
Commission and incentive compensation	2,604	(2)	-
Employee benefits	1,244	(18)	12
Equipment	493	(7)	5
Net occupancy	716	1	1
Core deposit and other intangibles	299	2	(4)
FDIC and other deposit assessments	255	2	15
Outside professional services <sup>(2)</sup>	769	32	23
Other <sup>(2)</sup>	2,387	(3)	(4)
<b>Total noninterest expense</b>	<b>\$ 12,866</b>	<b>(1) %</b>	<b>3</b>



- Noninterest expense down \$162 million LQ
  - Personnel expense down \$260 million
    - Salaries up \$63 million reflecting annual merit increases and the full quarter impact of GE Capital personnel added on 3/1/16
    - Commissions and incentive compensation down \$41 million from a seasonally high 1Q16, partially offset by higher revenue-based incentive compensation
    - Employee benefits expense down \$282 million from a seasonally high 1Q16
      - \$59 million in deferred compensation expense vs. \$31 million in 1Q16
  - Outside professional services <sup>(2)</sup> up \$186 million reflecting typically lower 1Q levels
  - Other expense <sup>(2)</sup> down \$69 million
    - Operating losses down \$120 million on lower litigation expense
    - Insurance expense down \$89 million on the 1Q16 sale of the crop insurance business
    - Operating lease depreciation expense up \$117 million reflecting the acquisition of operating leases from GE Capital on 3/1/16
- 2Q16 efficiency ratio of 58.1%
- Expect to operate at the higher end of the targeted efficiency ratio range of 55%-59% for full year 2016

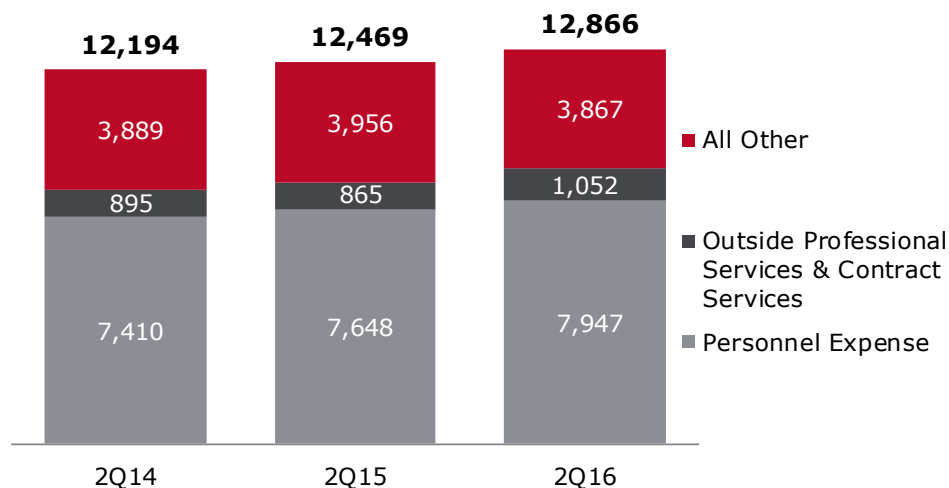
(1) Efficiency ratio defined as noninterest expense divided by total revenue (net interest income plus noninterest income). Noninterest expense and our efficiency ratio may be affected by a variety of factors, including business and economic cyclicality, seasonality, changes in our business composition 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 to reinvest in the franchise and innovate for growth

## Noninterest Expense

(\$ in millions)



## 2Q16 noninterest expense up 3% YoY

- Personnel expense up 4% on annual merit increases and FTE growth
- Increased risk, compliance and technology-related spending to enhance safety and security, meet heightened regulatory expectations, and innovate for growth
  - Corporate Risk team members up 24%
  - Outside professional services and contract services expense up 22% on increased project spending
- All other expenses down 2%

- Innovation - 2Q16 launches included:
  - Community Banking: *FastFlex*<sup>SM</sup> Small Business Loan, offering an online, fast decision and funding as soon as the next business day
  - Home Lending: *yourFirstMortgage*<sup>SM</sup> new home loan, helping more qualified first-time homebuyers and low-to moderate-income consumers become homeowners
  - Wholesale Banking: Commercial Electronic Office<sup>®</sup> (CEO) mobile channel piloted biometric authentication to customers in 2Q16, using eyeprint image capture technology
  - Wealth and Investment Management: Relaunched WellsTrade<sup>®</sup>, our self directed brokerage platform
- Innovation - 2Q16 announcements included:
  - Wells Fargo Wallet for Android customers to be integrated into the existing Wells Fargo mobile app, expected launch in July 2016
  - Real-time P2P payments for 18 million mobile active customers, expected to begin August 1, 2016
  - Secure Data Exchange with Xero for small business platform, 2H16 expected launch

# Community Banking

(\$ in millions)	2Q16	vs 1Q16	vs 2Q15
Net interest income	\$ 7,379	(1) %	1
Noninterest income	4,825	(6)	3
Provision for credit losses	689	(4)	74
Noninterest expense	6,648	(3)	(1)
Income tax expense	1,667	(2)	3
<b>Segment net income</b>	<b>\$ 3,179</b>	<b>(4) %</b>	<b>(1)</b>

(\$ in billions)

Avg loans, net	\$ 485.7	-	3
Avg deposits	703.7	3	7

(\$ in billions)

## Regional Banking:

Primary consumer checking customers <sup>(1)(2)</sup>	4.7 %	5.0	5.6
Retail Banking household cross-sell <sup>(1)(3)</sup>	6.27	6.28	6.32
Debit card purchase volume (POS) <sup>(4)</sup>	\$ 76.4	72.4	70.9
Debit card POS transactions (millions) <sup>(4)</sup>	2,018	1,896	1,860

(\$ in billions)

## Consumer Lending:

Credit card purchase volume (POS)	\$ 19.4	11 %	10
Credit card penetration <sup>(1)(5)</sup>	45.6 %	34 bps	101

## Home Lending:

Applications	\$ 95	23 %	17
Application pipeline	47	21	24
Originations	63	43	2
Residential HFS production margin <sup>(6)</sup>	1.66 %	(2) bps	(9)

(1) Metrics reported on a one-month lag from reported quarter-end; for example 2Q16 data as of May 2016 compared with May 2015. (2) Customers who actively use their checking account with transactions such as debit card purchases, online bill payments, and direct deposit. (3) Effective 2Q16, we changed the methodology for calculating Retail Banking household cross-sell; see page 8 of the press release for additional information. Prior period metrics have been revised to conform with the updated methodology. (4) Combined consumer and business debit card activity. (5) Household penetration as of May 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. (6) Production margin represents net gains on residential mortgage loan origination/sales activities divided by total residential held-for-sale mortgage originations.

- Net income of \$3.2 billion, down 1% YoY and 4% LQ

## Regional Banking

- Primary consumer checking customers <sup>(1)(2)</sup> up 4.7% YoY
- Retail banking cross-sell of 6.27 <sup>(1)(3)</sup> products per household
- Debit card POS transactions <sup>(4)</sup> of 2.0 billion, up 6% LQ and 9% YoY

## Consumer Lending

- Credit card purchase dollar volume of \$19.4 billion, up 11% LQ on seasonality and up 10% YoY
- Consumer auto originations of \$8.3 billion, up 8% LQ on seasonality and up 2% YoY
- Mortgage originations of \$63 billion, up 43% LQ driven by seasonality and low rates, and up 2% YoY
  - 60% of originations were for purchases, compared with 55% in 1Q16
  - 1.66% residential held for sale production margin <sup>(6)</sup>

# Wholesale Banking

(\$ in millions)	2Q16	vs 1Q16	vs 2Q15
Net interest income	\$ 3,919	5 %	9
Noninterest income	3,365	5	11
Provision for credit losses	385	6	n.m.
Noninterest expense	4,036	2	15
Income tax expense	795	11	(16)
<b>Segment net income</b>	<b>\$ 2,073</b>	<b>8 %</b>	<b>(5)</b>

(\$ in billions)

Avg loans, net	\$ 451.4	5	17
Avg deposits	425.8	(1)	(2)

(\$ in billions)	2Q16	vs 1Q16	vs 2Q15
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## Key Metrics:

Commercial card spend volume <sup>(1)</sup>	\$ 6.6	5 %	5
U.S. investment banking market share <sup>(2)</sup>	4.5 %		

(1) Includes commercial card volume for the entire company.

(2) Year-to-date through June. Source: Dealogic U.S. investment banking fee market share.

- Net income of \$2.1 billion, down 5% YoY and up 8% LQ
- Net interest income up 5% LQ
  - Average loans were up 17% YoY and 5% LQ driven by the acquisition of GE Capital loans and leases, as well as broad-based organic growth
- Noninterest income up 5% LQ on higher lease income from the benefit of the GE Capital acquisition on 3/1/16, as well as higher customer accommodation trading and investment banking results
- Noninterest expense up 2% LQ driven by higher lease expense related to the 3/1/16 acquisition of operating leases from GE Capital and higher project-related expense

## Treasury Management

- Treasury management revenue up 5% YoY reflecting new product sales and repricing and up 1% LQ
- Commercial card spend volume <sup>(1)</sup> of \$6.6 billion, up 5% YoY and LQ

## Investment Banking

- U.S. investment banking market share of 4.5% <sup>(2)</sup> vs. 4.3% in FY 2015

# Wealth and Investment Management

(\$ in millions)	2Q16	vs 1Q16	vs 2Q15
Net interest income	\$ 932	(1) %	12
Noninterest income	2,987	3	(5)
Provision for credit losses	2	n.m.	n.m.
Noninterest expense	2,976	(2)	(2)
Income tax expense	358	14	-
<b>Segment net income</b>	<b>\$ 584</b>	<b>14 %</b>	<b>-</b>

(\$ in billions)

Avg loans, net	\$ 66.7	4	12
Avg deposits	182.5	(1)	9

(\$ in billions, except where noted)	2Q16	vs 1Q16	vs 2Q15
--------------------------------------	------	------------	------------

## Key Metrics:

WIM Client assets <sup>(1)</sup> (\$ in trillions)	\$ 1.7	2 %	2
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## Retail Brokerage

Financial advisors	15,042	-	(1)
Advisory assets	\$ 444	4	2
Client assets (\$ in trillions)	1.5	3	2

## Wealth Management

Client assets	224	-	-
---------------	-----	---	---

## Wells Fargo Asset Management

Total AUM <sup>(2)</sup>	484	1	(1)
Wells Fargo Funds AUM	218	(2)	(6)

## Retirement

IRA assets	367	3	1
Institutional Retirement Plan assets	337	2	(3)

- Net income of \$584 million, stable YoY and up 14% LQ
- Net interest income down 1% LQ, but up 12% YoY on strong loan and deposit growth
- Noninterest income up 3% LQ driven by higher asset-based fees and retail brokerage transaction revenue
- Noninterest expense down 2% LQ from seasonally higher 1Q16 personnel expenses, partially offset by higher revenue-based incentive compensation

## Retail Brokerage

- Advisory assets of \$444 billion, up 4% LQ; and up 2% YoY primarily driven by positive net flows

## Wealth Management

- Wealth Management client assets flat LQ and YoY

## Wells Fargo Asset Management

- Total AUM <sup>(2)</sup> up 1% LQ; down 1% YoY primarily due to equity fund outflows, partially offset by fixed income net inflows and higher market valuations

## Retirement

- Institutional Retirement plan assets up 2% LQ and down 3% YoY

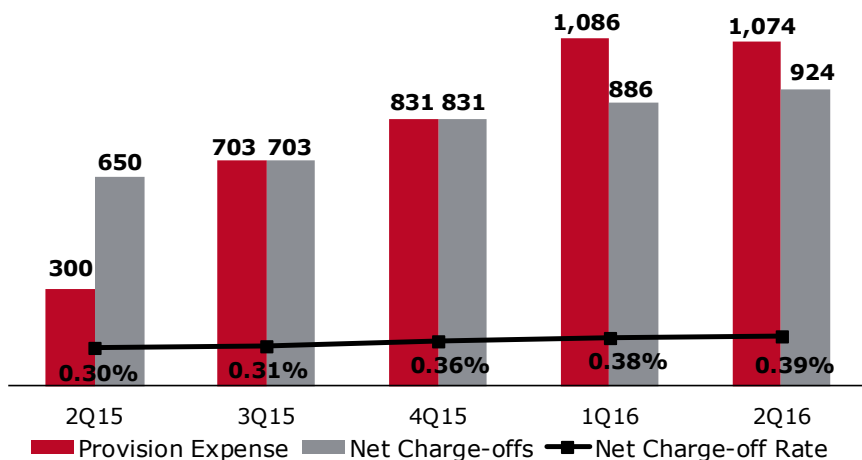
(1) WIM Client Assets reflect Brokerage & Wealth assets, including Wells Fargo Funds holdings and deposits.

(2) Wells Fargo Asset Management Total AUM not held in Brokerage & Wealth client assets excluded from WIM Client Assets.

# Credit quality

## Provision Expense and Net Charge-offs

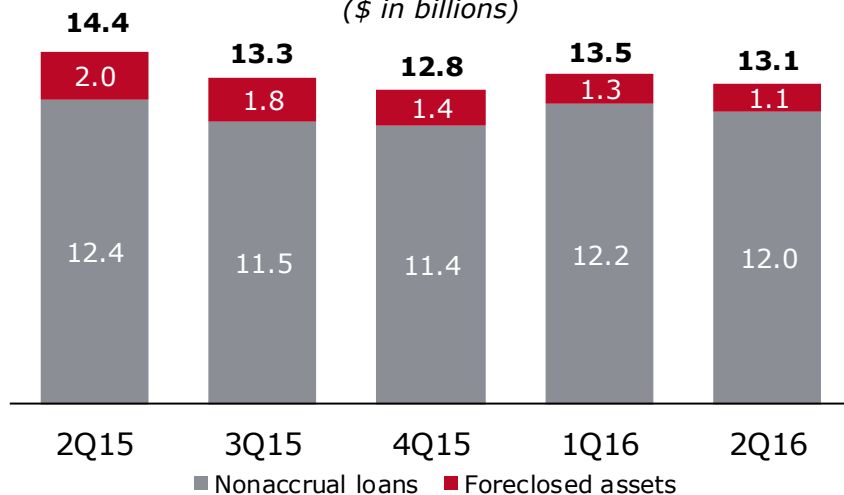
(\$ in millions)



- Net charge-offs of \$924 million, up \$38 million, or 4%, LQ as \$59 million higher oil and gas portfolio losses were partially offset by \$46 million lower consumer real estate losses
- \$150 million reserve build in the quarter primarily driven by loan growth in the commercial, auto and credit card portfolios
- 0.39% net charge-off rate
  - Commercial losses of 29 bps, up 9 bps LQ
  - Consumer losses of 49 bps, down 8 bps LQ
- NPAs decreased \$433 million LQ
  - Nonaccrual loans decreased \$271 million as a \$832 million decline in residential and commercial real estate nonaccruals was partially offset by \$651 million higher oil and gas nonaccruals
  - Foreclosed assets declined \$162 million
- Early stage delinquencies in the consumer portfolio of 1.03%, up 5 bps LQ largely on seasonality and down 6 bps YoY
- Allowance for credit losses = \$12.7 billion
  - Allowance covered 3.4x annualized 2Q16 net charge-offs
  - Future allowance levels will be based on a variety of factors, including loan growth, portfolio performance and general economic conditions

## Nonperforming Assets

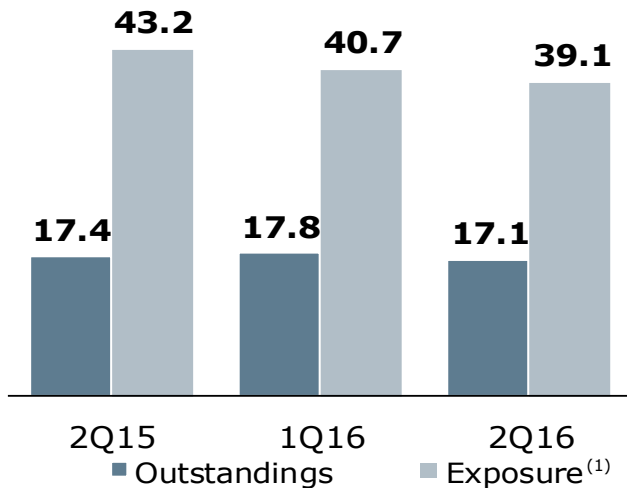
(\$ in billions)



# Oil and gas loan portfolio

- Oil and gas outstandings and exposure <sup>(1)</sup> both down 4% LQ and down 2% and 10%, respectively, YoY primarily driven by borrowing base reductions

**Loans Outstanding and Exposure <sup>(1)</sup>**  
(\$ in billions)



## Credit performance overview

- \$263 million of net charge-offs in 2Q16, up \$59 million LQ driven by expected deterioration in borrower financial performance
  - ~94% of losses from the exploration & production (E&P) and services sectors
- Nonaccrual loans of \$2.6 billion, up \$651 million LQ on weaker financial performance, the run-off of borrower hedges and less sponsor support
  - ~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 \$8.5 billion, down \$1.7 billion, or 17%, LQ, reflecting paydowns, borrowing base upgrades, and net charge-offs

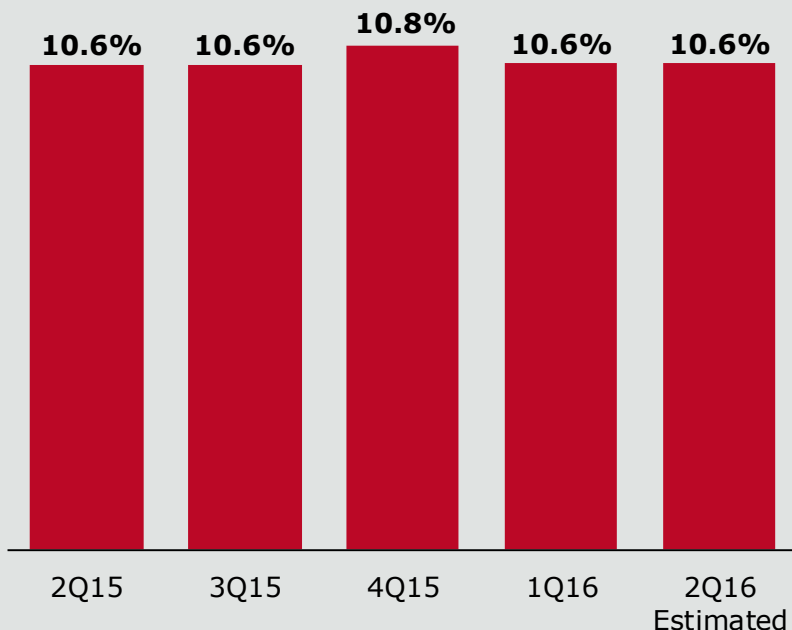
## Allowance overview

- \$1.6 billion of allowance for credit losses allocated for oil and gas portfolio
  - 9.2% of total oil and gas loans outstanding
  - Modest LQ decline reflects an increase in energy prices, slowed pace of deterioration and improved criticized asset levels in the quarter

(1) Exposure = Loans outstanding + unfunded commitments.

# Capital

## Common Equity Tier 1 Ratio (Fully Phased-In) <sup>(1)</sup>



## Capital Position

- Common Equity Tier 1 ratio well above the regulatory minimum and buffers and our internal buffer
  - Common Equity Tier 1 ratio (fully phased-in) of 10.6% at 6/30/16 <sup>(1)</sup>

## Capital Return

- Period-end common shares outstanding down 27.4 million LQ
  - Repurchased 44.8 million common shares
  - Issued 17.4 million common shares
- Our strong capital levels allowed us to continue to return capital to shareholders
  - Returned \$3.2 billion to shareholders in 2Q16
    - Increased quarterly common stock dividend to \$0.38 per share
  - Net payout ratio <sup>(2)</sup> of 62% in 2Q16

(1) 2Q16 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 27 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.



# 2Q16 Summary

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## 2Q16

- Strong earnings of \$5.6 billion
  - Diluted EPS of \$1.01
- Efficiency ratio of 58.1%, improved 40 bps from 2Q15
- PTPP of \$9.3 billion, up 5% YoY
- Solid returns
  - ROA = 1.20%
  - ROE = 11.70%
    - ROTCE <sup>(1)</sup> = 14.15%
- Strong loan and deposit growth
  - Average loans up \$80.4 billion, or 9%, YoY
  - Average deposits up \$51.4 billion, or 4%, YoY
- Diversified and high quality loan portfolio
  - Solid credit quality with net charge-offs of 0.39% of average loans (annualized)
  - Maintained our risk and pricing discipline
- Strong capital levels while returning \$3.2 billion to shareholders through common stock dividends and net share repurchases in 2Q16
  - Net payout ratio of 62% in 2Q16

*(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 28 for additional information.*

# Appendix



# Real estate 1-4 family first mortgage portfolio

(\$ in millions)		2Q16	1Q16
Real estate 1-4 family first mortgage loans:	\$	277,162	274,734
Nonaccrual loans		5,970	6,683
as % of loans		2.15 %	2.43
Net charge-offs	\$	14	48
as % of average loans		0.02 %	0.07

- First lien mortgage loans up \$2.4 billion, or 1%, LQ reflecting an increase in nonconforming mortgage originations
  - Nonconforming mortgage loans increased \$8.0 billion to \$152.5 billion <sup>(1)</sup>
  - First lien home equity lines of \$15.7 billion, down \$239 million
- Strong first lien credit performance
  - Nonaccrual loans down \$713 million, or 28 bps, LQ
  - Net charge-offs down \$34 million LQ to 2 bps
- Pick-a-Pay non-PCI portfolio
  - Loans of \$18.4 billion down 5% LQ driven by loans paid-in-full
  - Nonaccrual loans decreased \$172 million, or 8%, LQ
  - Net charge-offs down \$6 million LQ on improved portfolio performance and lower severities
  - Current average LTV of 56% <sup>(2)</sup>
- Pick-a-Pay PCI portfolio
  - Accretable yield balance of \$15.3 billion
  - Remaining nonaccretable difference of \$1.8 billion

(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.

# Real estate 1-4 family junior lien mortgage portfolio

(\$ in millions)		2Q16	1Q16
Real estate 1-4 family junior lien mortgage loans:	\$	49,772	51,324
Nonaccrual loans		1,330	1,421
as % of loans		2.67 %	2.77
Net charge-offs	\$	62	74
as % of average loans		0.49 %	0.57

- Junior lien mortgage loans down 3% LQ as new originations were more than offset by paydowns
- Junior nonaccruals down \$91 million, or 6%, LQ
- Junior net charge-offs of \$62 million, or 49 bps, down \$12 million LQ

# Consumer credit card portfolio

(\$ in millions)	2Q16	1Q16
Credit card outstandings	\$ 34,137	33,139
Net charge-offs	270	262
as % of avg loans	3.25 %	3.16
<b>Key Metrics:</b>		
Purchase volume	\$ 19,385	17,467
POS transactions (millions)	283	256
New accounts <sup>(1)</sup> (thousands)	680	664
POS active accounts (thousands) <sup>(2)</sup>	8,467	8,207
Penetration <sup>(3)</sup>	45.6 %	45.3

- Credit card outstandings up 3% LQ and up 10% YoY reflecting account growth
  - Credit card household penetration <sup>(3)</sup> of 45.6%, up 34 bps LQ reflecting household growth, and up 101 bps YoY reflecting continued new account growth and card portfolio acquisition
  - Purchase dollar volume up 11% LQ and up 10% YoY
- Net charge-offs up \$8 million, or 9 bps, LQ and \$27 million, or 4 bps, YoY on portfolio growth
- POS active accounts <sup>(2)</sup> up 3% LQ and 8% 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 May 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.

# Auto portfolios

(\$ in millions)	2Q16	1Q16
<b>Indirect Consumer:</b>		
Auto outstandings	\$ 59,179	57,829
Nonaccrual loans	108	111
as % of loans	0.18 %	0.19
Net charge-offs	\$ 87	123
as % of avg loans	0.60 %	0.86
30+ days past due	\$ 1,199	1,070
as % of loans	2.03 %	1.85
<b>Direct Consumer:</b>		
Auto outstandings	\$ 2,760	2,829
Nonaccrual loans	3	3
as % of loans	0.11 %	0.11
Net charge-offs	\$ 3	4
as % of avg loans	0.40 %	0.62
30+ days past due	\$ 14	12
as % of loans	0.51 %	0.42
<b>Commercial:</b>		
Auto outstandings	\$ 10,721	10,336
Nonaccrual loans	16	16
as % of loans	0.15 %	0.15
Net charge-offs	\$ -	-
as % of avg loans	n.m. %	n.m.

## Consumer Portfolio

- Auto outstandings of \$61.9 billion up 2% LQ and 7% YoY
  - 2Q16 originations of \$8.3 billion up 8% LQ on seasonality and up 2% YoY
- Nonaccrual loans declined \$3 million LQ and \$15 million YoY
- Net charge-offs down \$37 million LQ driven by typically low 1Q delinquencies and up \$22 million YoY predominantly reflecting loan growth and higher severity
  - June Manheim index of 126.2, up 3% LQ and 2% YoY
- 30+ days past due increased \$131 million LQ largely driven by typically low 1Q levels and increased \$154 million YoY on loan growth and mix

## Commercial Portfolio

- Loans of \$10.7 billion up 4% LQ and 16% YoY on higher dealer floor plan utilization

# Student lending portfolio

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<i>(\$ in millions)</i>		<i>2Q16</i>	<i>1Q16</i>
Private outstandings	\$	12,278	12,466
Net charge-offs		34	32
as % of avg loans		1.10 %	1.04
30+ days past due	\$	196	218
as % of loans		1.60 %	1.75

- \$12.3 billion private loan outstandings down 2% LQ on seasonality and up 2% YoY
  - Average FICO of 758 and 81% of the total outstandings have been co-signed
  - Originations up 9% YoY
- Net charge-offs increased \$2 million LQ due to seasonality of repayment and down \$3 million, or 8%, YoY
- 30+ days past due decreased \$22 million LQ and \$19 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)		Estimated Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
Total equity	\$	202.7	198.5	193.9	194.0	190.7
Adjustments:						
Preferred stock		(24.8)	(24.1)	(22.2)	(22.4)	(21.6)
Additional paid-in capital on ESOP preferred stock		(0.2)	(0.2)	(0.1)	(0.1)	(0.1)
Unearned ESOP shares		1.9	2.3	1.3	1.5	1.7
Noncontrolling interests		(1.0)	(1.0)	(0.9)	(0.9)	(1.1)
Total common stockholders' equity		178.6	175.5	172.0	172.1	169.6
Adjustments:						
Goodwill and other intangible assets		(32.4)	(32.9)	(30.8)	(30.9)	(31.4)
Applicable deferred taxes (2)		1.9	2.0	2.1	2.2	2.3
Investment in certain subsidiaries and other		(2.5)	(1.9)	(0.9)	(1.6)	(0.6)
Common Equity Tier 1 (Fully Phased-In) under Basel III	(A)	145.6	142.7	142.4	141.8	139.9
Total risk-weighted assets (RWAs) anticipated under Basel III (3)(4)	(B)	\$ 1,379.2	1,345.1	1,321.7	1,331.8	1,325.6
Common Equity Tier 1 to total RWAs anticipated under Basel III (Fully Phased-In) (4)	(A)/(B)	10.6%	10.6	10.8	10.6	10.6

- (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) Applicable deferred taxes relate to goodwill and other intangible assets.
- (3) 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 June 30, 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 March 31, 2016, and December 31, September 30 and June 30, 2015, was calculated under the Basel III Standardized Approach RWAs.
- (4) The Company's June 30, 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
		Jun 30, 2016
Return on average tangible common equity (1):		
Net income applicable to common stock	(A)	\$ 5,173
Average total equity		201,003
Adjustments:		
Preferred stock		(24,091)
Additional paid-in capital on ESOP preferred stock		(168)
Unearned ESOP shares		2,094
Noncontrolling interests		(984)
Average common stockholders' equity	(B)	177,854
Adjustments:		
Goodwill		(27,037)
Certain identifiable intangible assets (other than MSRs)		(3,600)
Other assets (2)		(2,096)
Applicable deferred taxes		1,934
Average tangible common equity	(C)	\$ 147,055
ROE	(A)/(B)	11.70%
ROTCE	(A)/(C)	14.15

- (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 other intangibles on nonmarketable equity investments which are included in other assets.

# Forward-looking statements and additional information

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## **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 second 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.*

## **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 2Q16 results for additional information regarding the purchased credit-impaired loans.*