



Consumer Lending

Franklin Codel

Senior Executive Vice President

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Business Overview



We are a leader in consumer lending...

Home Lending



Mortgage and Home Equity

- 8MM households
- \$1.5T Residential servicing portfolio
- \$249B in 2016 originations
- \$135B Jumbo loan portfolio outstanding
- \$60B Home equity loan portfolio outstanding
- \$65B Runoff portfolio outstanding ⁽²⁾

Auto Lending



Indirect Auto

- 4.1MM households
- \$58.2B Consumer portfolio
- \$10.7B Commercial portfolio ⁽¹⁾
- 14,000+ Dealer relationships

Direct Auto

- 202K outstanding accounts
- \$2.2B portfolio

Unsecured Lending



Personal Lines and Loans

- 1.9MM outstanding accounts
- \$8.4B portfolio

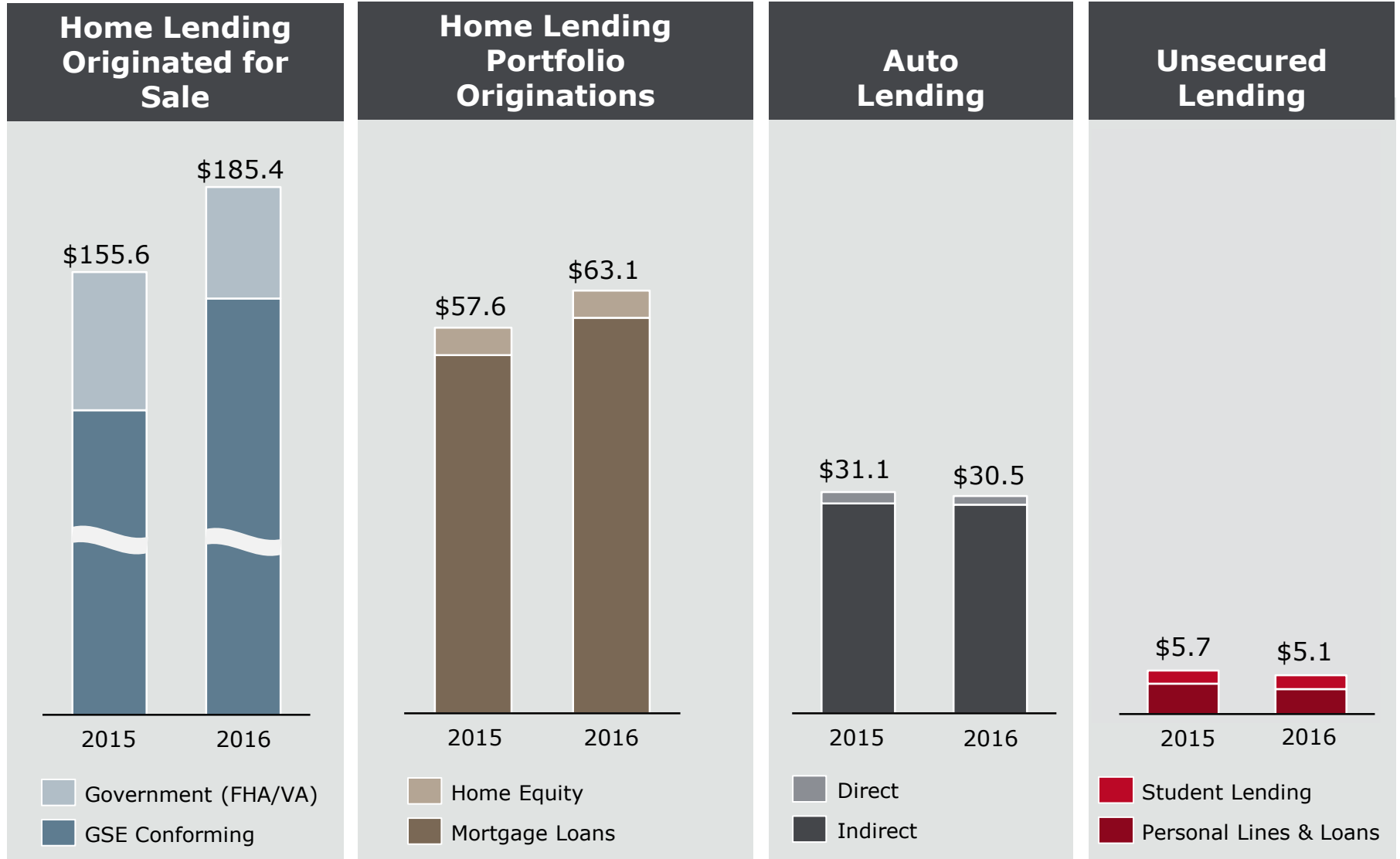
Student Lending

- 1.1MM student loans
- \$12.5B portfolio

Household data as of period end 1Q17. Portfolio balances as of period end 1Q17 and exclude loans held in Treasury and Wealth and Investment Management. (1) Included in commercial loan balances. (2) Includes Pick-a-Pay, Wells Fargo Financial, and government insured/guaranteed loans.

...that has a strong, diversified mix of businesses

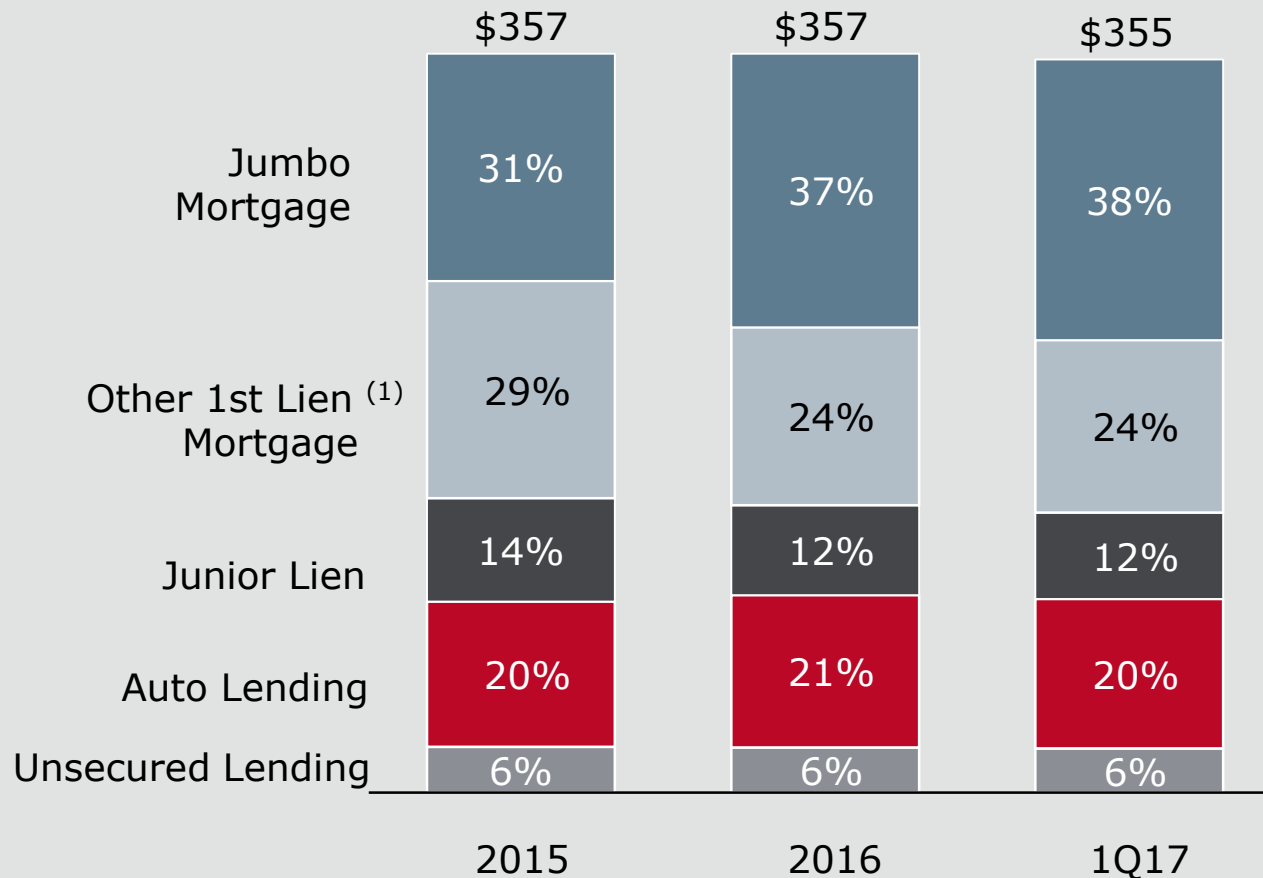
Originations (*\$ in billions*)



The composition of our balance sheet portfolio has improved...

Total Consumer Lending Held-For-Investment Portfolio

(\$ in billions)



- The size of the Consumer Lending portfolio has remained stable
- Credit quality of the mortgage portfolio has improved
 - Growth in high quality jumbo portfolio
 - Runoff in higher-risk, higher yielding legacy first lien and junior lien portfolios

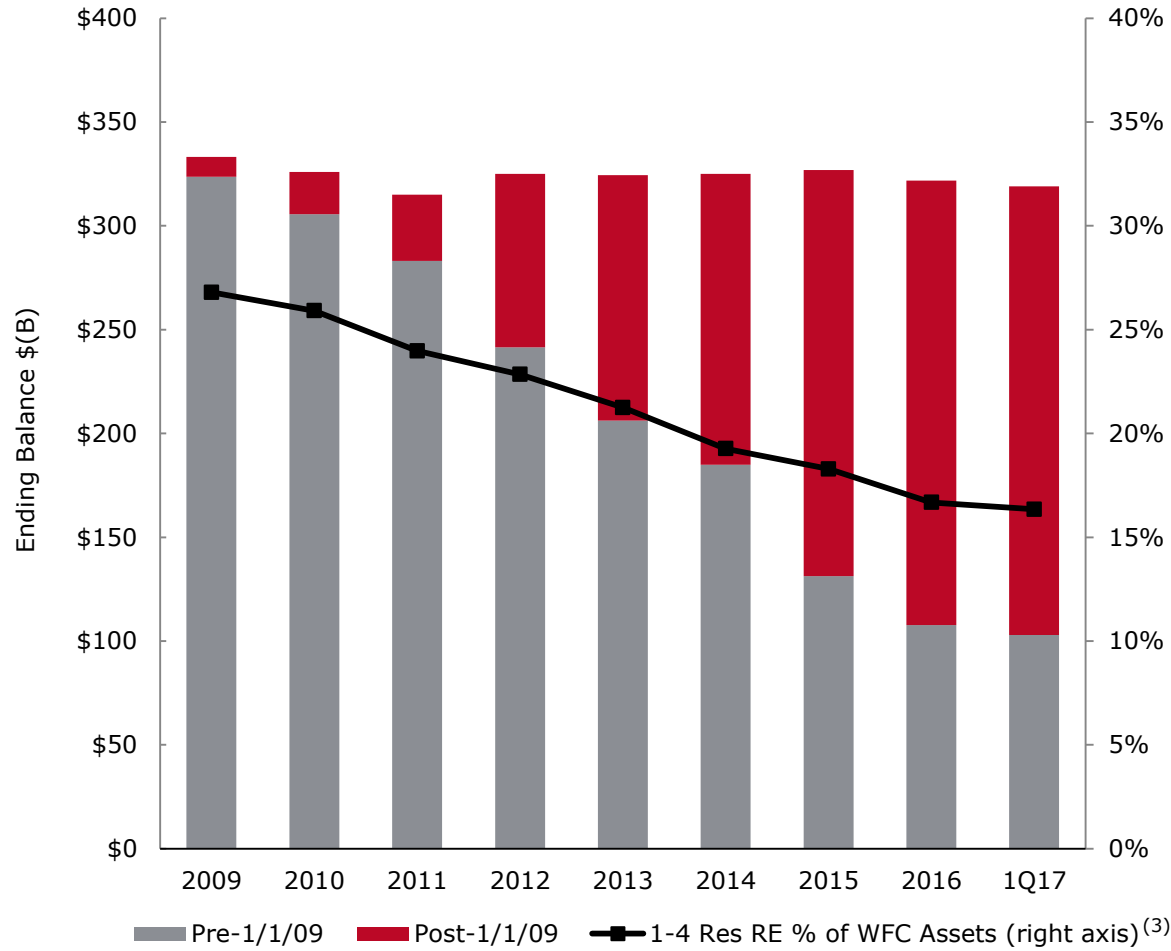
Balances are as of period end.

(1) Runoff portfolios, including Pick-a-Pay, Wells Fargo Financial, and government insured/guaranteed loans.

...and we're continuing to add high quality jumbo loans to our portfolio

WFC Consumer Real Estate Portfolio Loans (1)

(\$ in billions)



Only 547 (or 0.16% of funded balances) of the 338,000+ jumbo loans funded since 2009 have ever been 60+ days past due

Post-1/1/09 Key Attributes (2)

Average FICO	788
Average LTV	60%
1 st Lien %	94%
Full Documentation	

Pre-1/1/09 Key Attributes (2)

Average FICO	709
Average LTV	66%
1 st Lien %	70%
Includes Reduced Documentation	

(1) Includes Consumer Lending home equity (non-PCI and PCI), jumbo, Pick-a-Pay, conforming, and government insured/guaranteed loans, as well as portfolios held in Treasury and Wealth and Investment Management. (2) As of 03/31/17. (3) 1-4 Res RE = 1-4 Family Residential Real Estate.

Sales practice settlement impacts are being addressed

- The sales practices settlement had varying impacts on bank-referred volumes across our consumer lending products ⁽¹⁾
 - Indirect auto volumes were not directly impacted
 - Mortgage and student loan had modest impacts as bank branches account for a relatively small percentage of volume
 - Personal lines and loans and home equity had more meaningful impacts as a greater percentage of volume comes from the bank branches
- After factoring in the bank-referral impacts across these consumer lending products ⁽¹⁾, the sales practices settlement reduced 1Q17 origination volume by approximately 3%
- Our partnership with the Community Bank should grow originations from current levels by:
 - Employing skill development and coaching for team members to create a relationship-based environment centered on the customer
 - Streamlining operations and processes across Wells Fargo to make it easier to identify and serve customers' needs
 - Partnering across the company to ensure we have consistent communications and clear expectations with and for customers

(1) Credit card product included in Payments, Virtual Solutions & Innovation.

Our Consumer Lending strategy moves us forward

Transform the Customer Experience

- Enhance innovative digital capabilities and personalized guidance
- Use data and technology to deliver a compelling “know me” customer experience
- Simplify the end-to-end customer experience to increase transparency and speed
- Deliver “first call resolution” for our customers

Deepen Relationships

- Partner across the enterprise to ensure we serve all WFC customers who have borrowing needs
- Be present and active in the communities we serve, including with consumer groups, realtors, builders, auto dealers, and educational institutions
- Collaborate with external organizations to deliver educational and outreach programs and services to help customers succeed financially

Manage Risk and Drive Efficiencies

- Responsibly and prudently manage credit risk
- Strengthen culture, compliance, and processes, including standardizing and centralizing to create consistency and cost efficiencies
- Build a more advanced credit underwriting ecosystem for the long term by automating, digitizing, and using alternative credit data

Building a better bank: Auto Lending



Auto Lending overview

Indirect

- Loans originated by dealers and purchased by Wells Fargo (dealers as “distribution”)
- \$58.2 billion portfolio
- 4.1 million households
- \$29.3 billion originations full year 2016; \$5.3 billion originations in 1Q17
- Specialize in financing pre-owned vehicles for everyday transportation (71% used, 29% new)
- 14,000+ dealers, with 86% franchise and 14% independent

Direct

- Serving consumers through Wells Fargo bank channels
- \$2.2 billion portfolio

Commercial Services

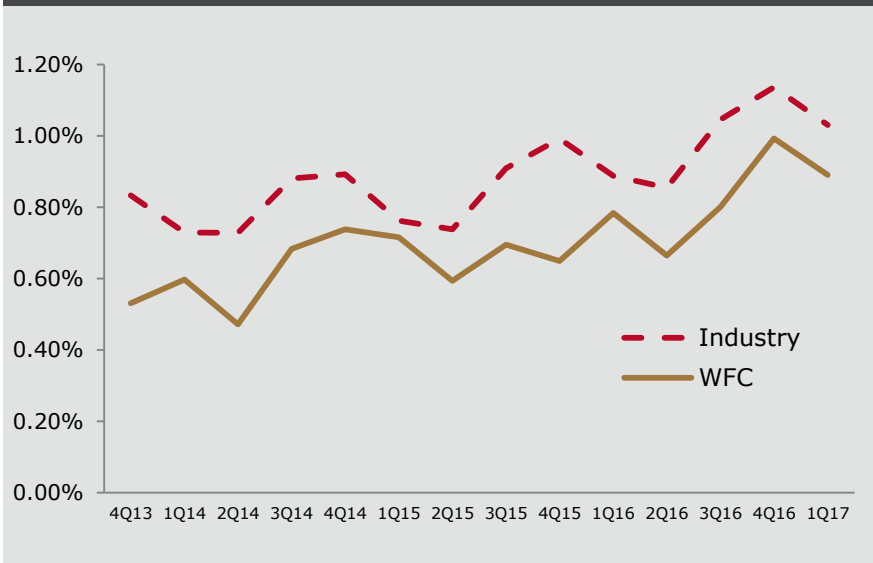
- Integrated financial solutions for entire dealership needs including:
 - Dealership financing
 - \$10.7 billion in outstandings (included in commercial loan balances)
 - Treasury management, real estate, wealth management, employee benefits, and merchant services

Period end balances as of 1Q17.

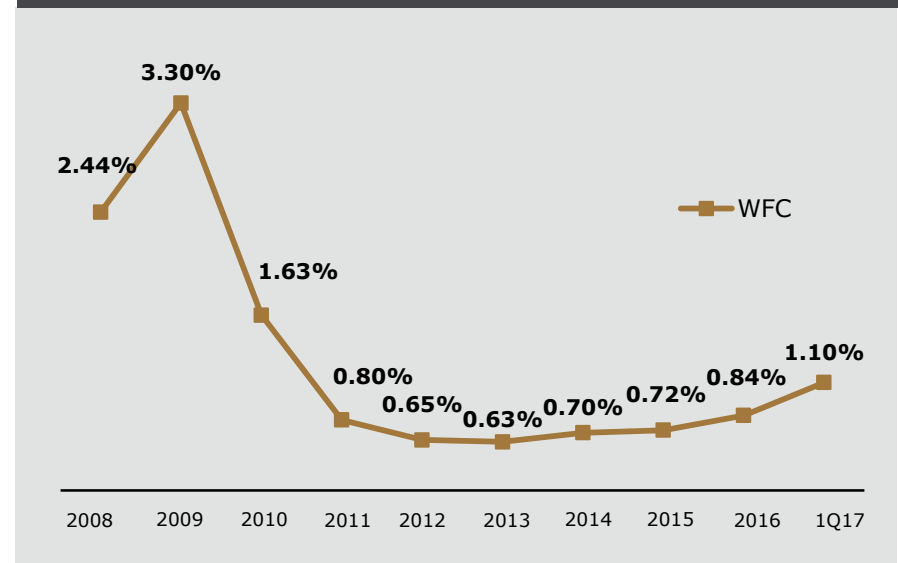
Delinquency rates rising, but net charge-offs well below recession level high

- Increasing industry-wide delinquencies in auto loans
- Deteriorating industry risk profiles in recent years are contributing to current trends
 - Auto values have been declining
 - Loan repayment terms have extended
 - Average credit scores on new originations have declined

Auto Lending 60+ DPD (\$) ⁽¹⁾



Auto Lending Net Charge-offs ⁽²⁾
(as % of average loans)



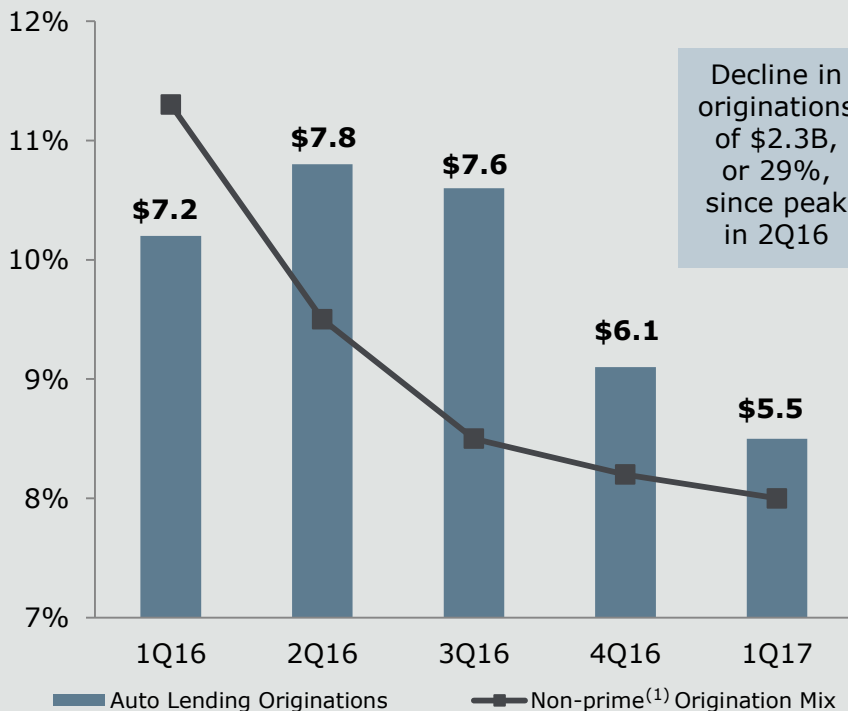
(1) Source: Trans Union credit bureau data (Trans Union Consumer Lending Peer Benchmarking Report).

(2) Quarterly net charge-offs as a percentage of average loans are annualized.

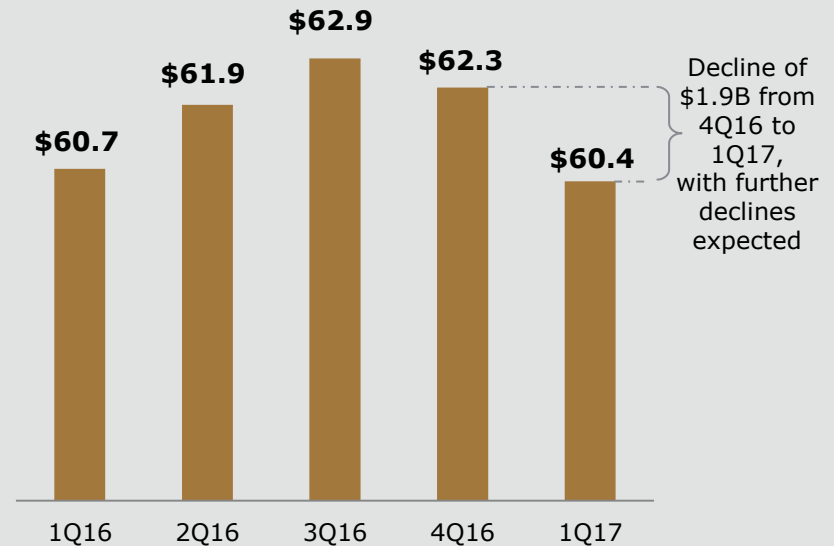
We are proactively managing risk in an evolving environment...

- Originations and portfolio balances have declined as we have proactively reduced risk
- The outcome is a reduction in the mix of non-prime volume
- We are expanding the use of automation in our origination process

Auto Lending Originations (\$ in billions)



Consumer Auto Lending Portfolio (\$ in billions)



(1) Non-prime category based on Moody's expected loss bands; full year 2016 was 9%.

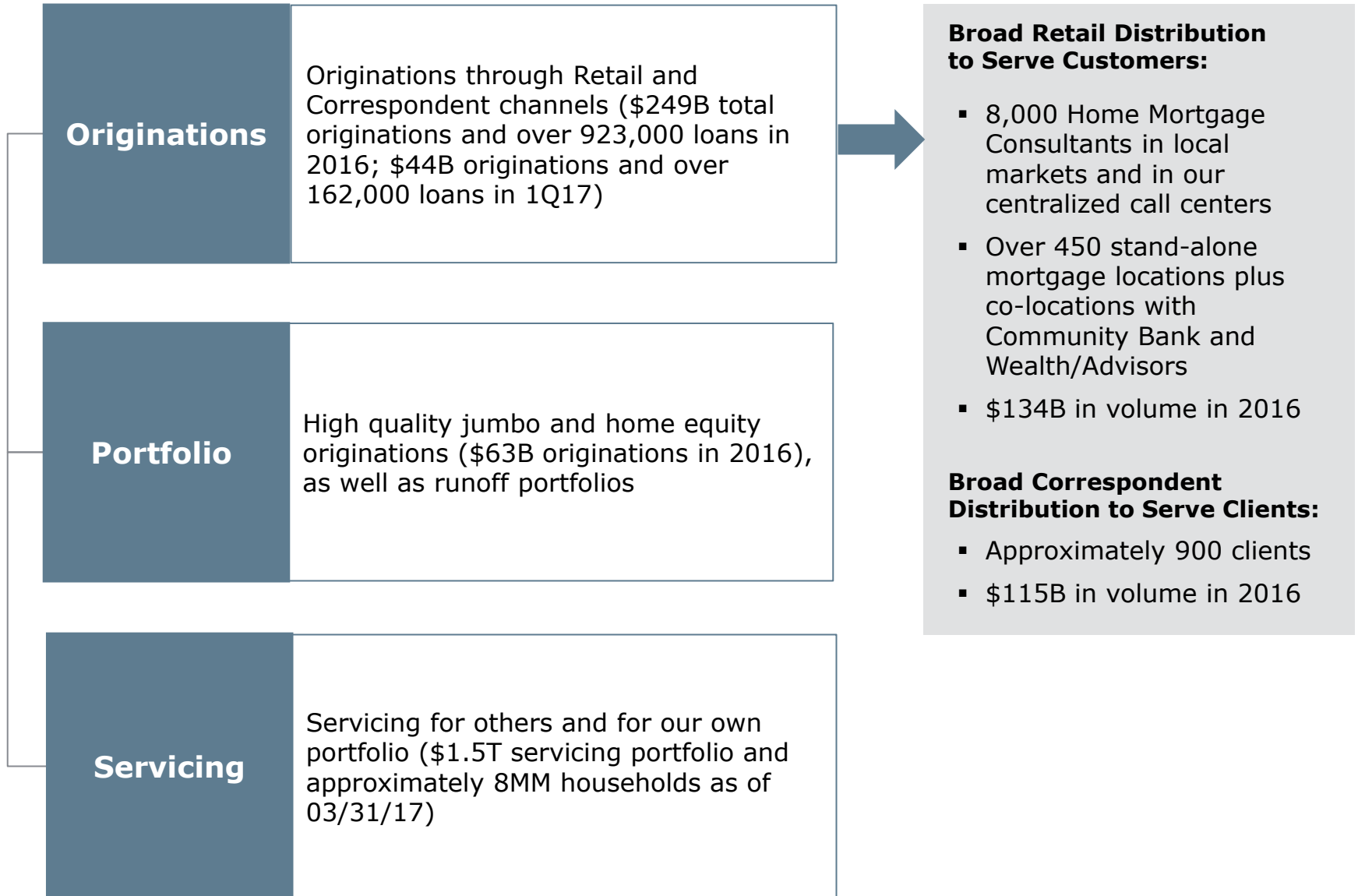
...and we're proactively strengthening the foundation for the long term

- Adjusting policies to strengthen the quality of new originations
- Increasing standardization, consistency, and efficiency through:
 - Expanding usage of automated credit and pricing
 - Centralizing of certain operations
- Increasing focus on delivering “best-in-class” customer service
- Laura Schupbach named new Head of Dealer Services (April 2017)
- We remain committed to the Auto Lending business

Building a better bank: Home Lending

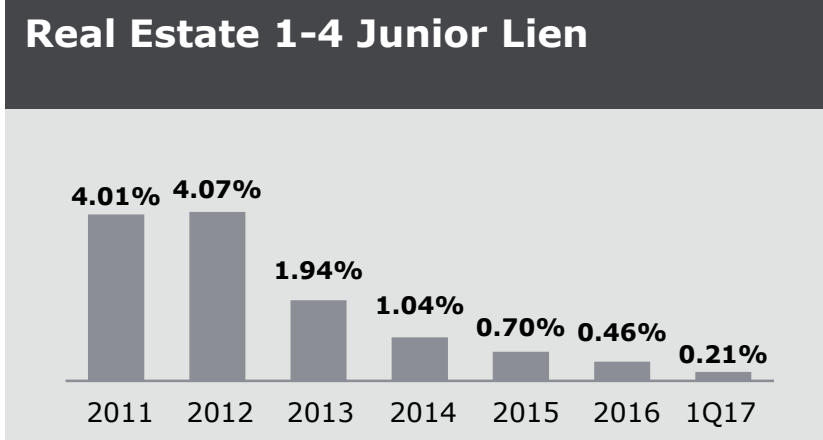
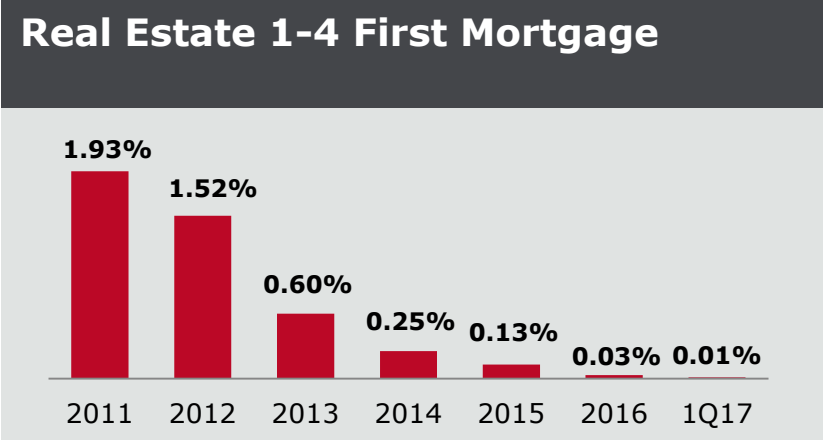


Home Lending overview

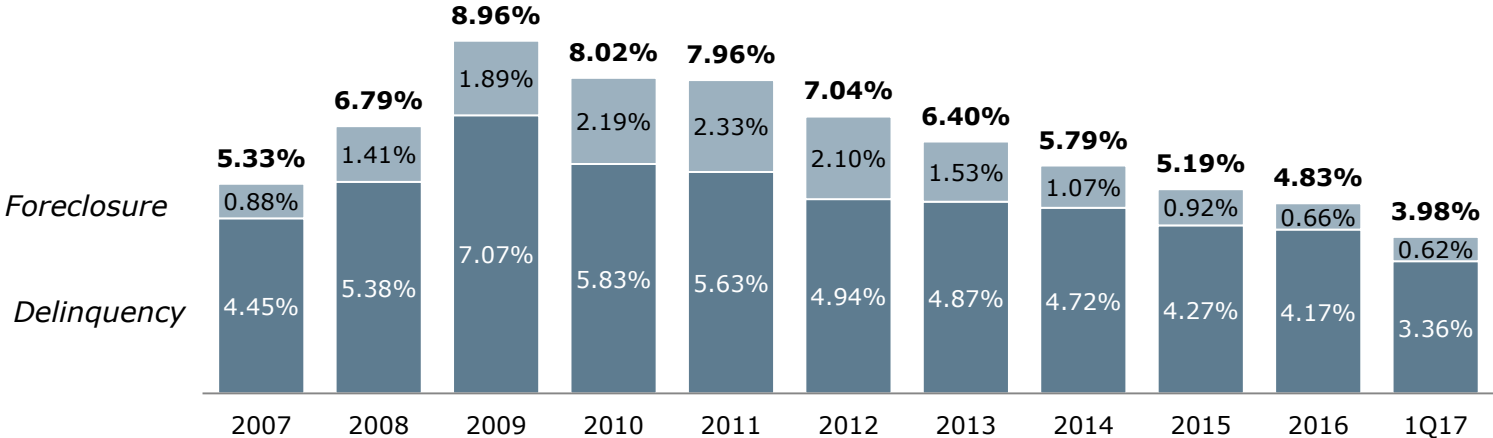


Our strong credit discipline has contributed to lower loss rates

Net Charge-offs (1) (as % of average loans)



Wells Fargo Home Lending Servicing Portfolio Delinquency and Foreclosure Rates

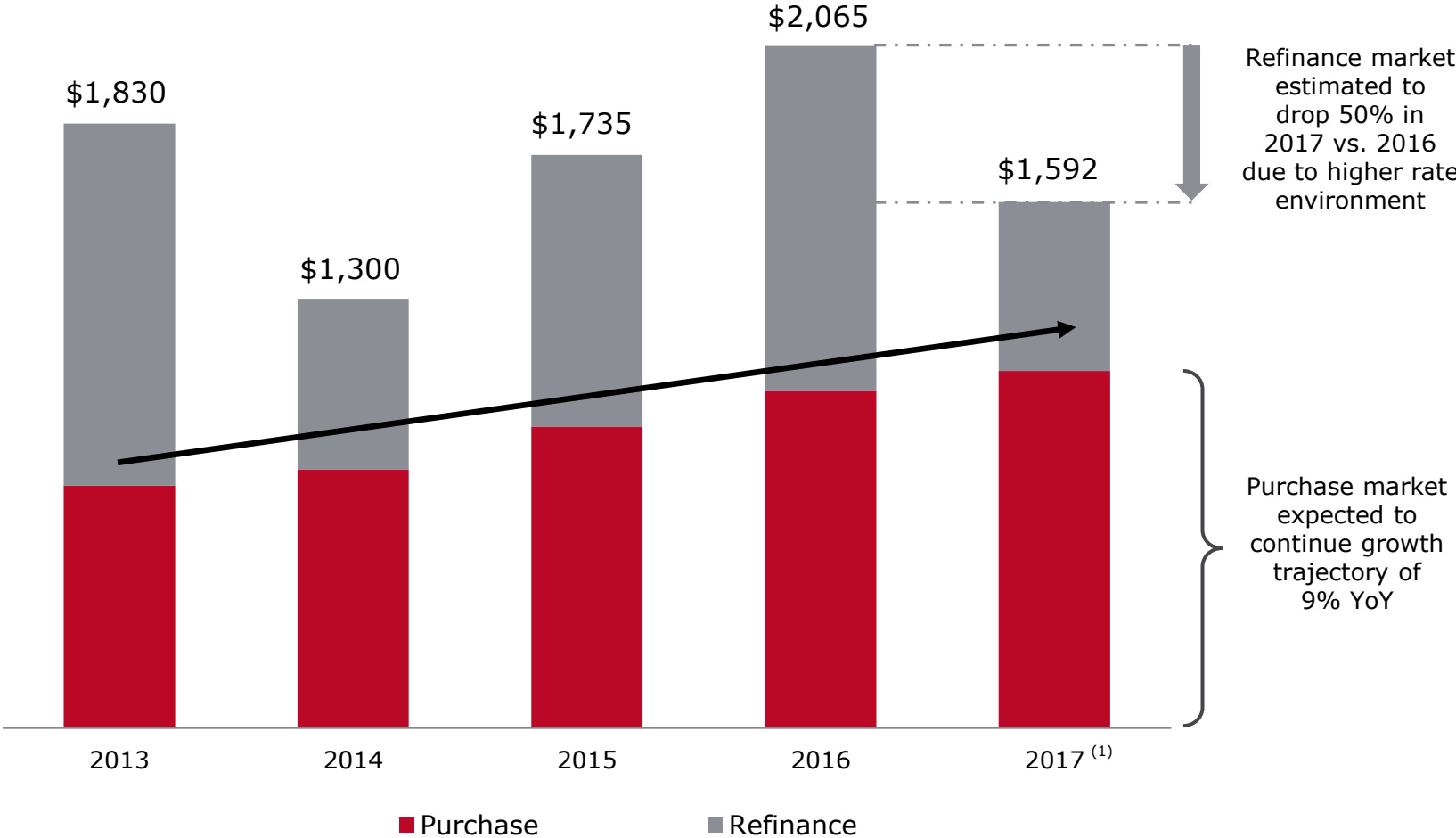


(1) Quarterly net charge-offs as a percentage of average loans are annualized. For additional information on the accounting for purchased-credit impaired (PCI) loans and impact on selected financial ratios, see the Company's 2016 Annual Report.

A smaller 2017 market will likely be dominated by purchase originations

(\$ in billions)

Total U.S. Mortgage Originations Market

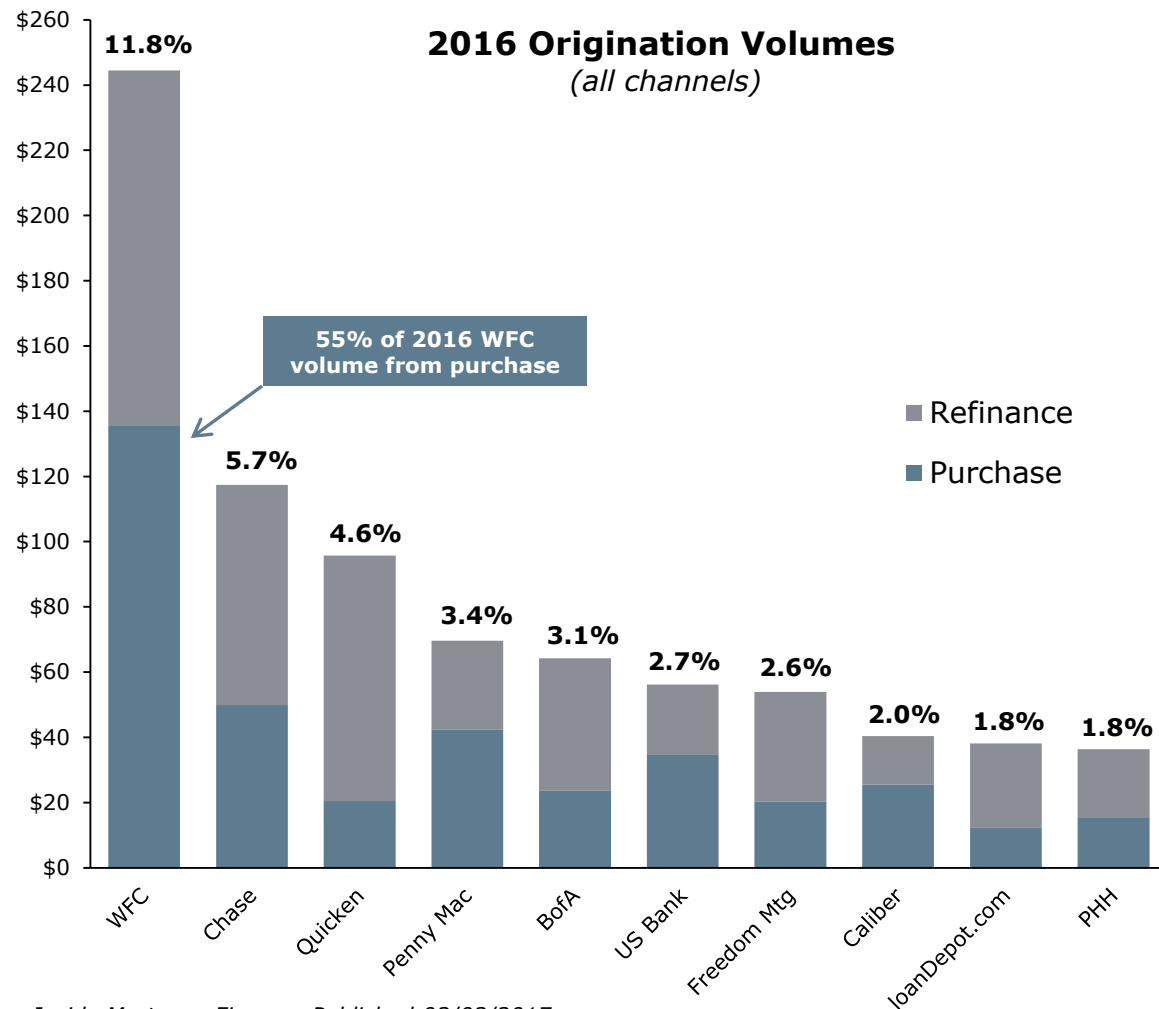


Source: Inside Mortgage Finance, Published 03/03/17.
(1) Full-year 2017 MBA estimate. Source: MBA Mortgage Finance Forecast, Published 04/18/17.

We're positioned for success in all markets, especially purchase

We have a balanced model, with industry leading share in purchase and refinance

(\$ in billions)



Market Position

- Serve the broad market of homebuyers, including first-time homebuyers (FTHB), millennials, diverse segments, and the affluent
- Strong market presence through the largest national distributed sales force, Centralized, and Premier One ⁽¹⁾ teams

Source: Inside Mortgage Finance, Published 03/03/2017.

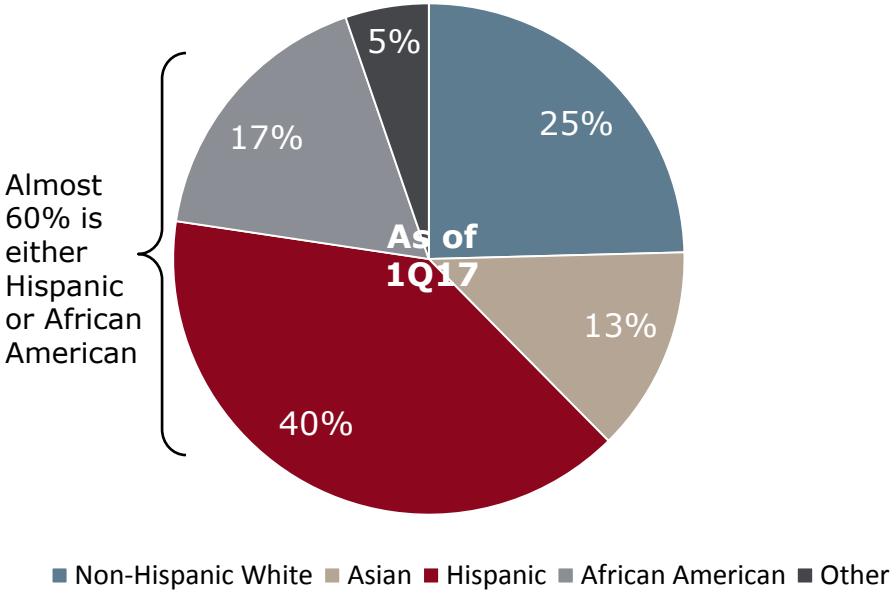
(1) Centralized sales team aligned geographically to capture purchase originations from high opportunity and under-represented markets.

Diverse FTHBs offer us opportunities to serve in new ways

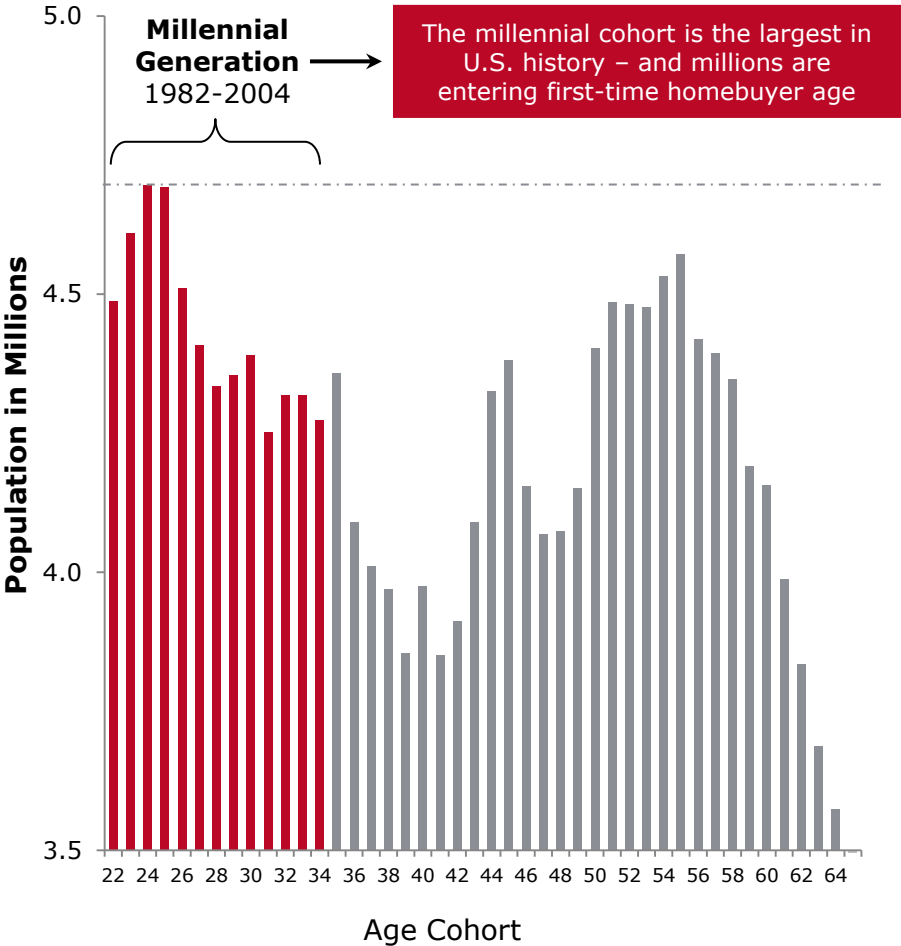
An increasingly diverse, FTHB wave is here – the aspiration for homeownership still remains strong

New Household Formations 2014-2024:

An expected **14+ million total new Households by 2024**



Millennial Age Cohort



Sources: U.S. Census Bureau; MBA.

We are committed to growing homeownership in the U.S.

We have partnerships and programs for homebuyers to achieve sustainable homeownership

Wells Fargo's commitment to increase African American homeownership

Goals by 2027:



Wells Fargo's commitment to increase Hispanic homeownership

Goals by 2025:



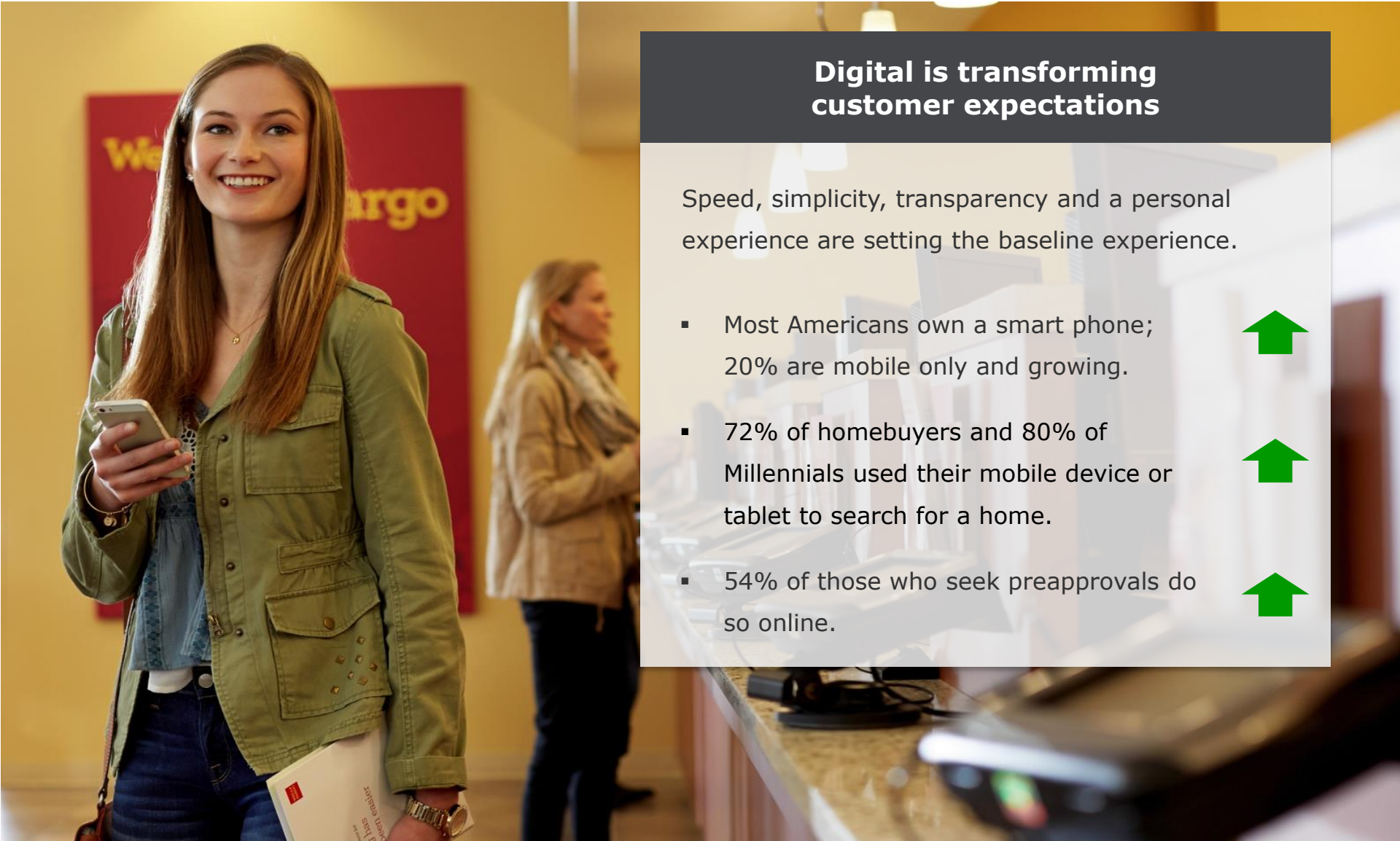
***yourFirst Mortgage*SM** is a low down payment home loan program paired with financial education. In 2016, originated \$3.9 billion in *yourFirst Mortgage*SM volume.

NeighborhoodLIFT[®] is a down payment assistance and financial education program in partnership with local nonprofits. In 2016, Wells Fargo committed \$50 million that created more than 2,175 homeowners.

In 2016, Wells Fargo partnered with Military Warriors Support Foundation to donate 24 mortgage-free homes valued at more than \$3.3 million to America's **Veterans**. Since January 2012, Wells Fargo has donated 335 mortgage free-homes to veterans. Donations have encompassed all 50 states and were valued at over \$54 million.




Our partnership commitments are aligned to the expected rate of household formation and size of each demographic

The “Age of the Consumer” is creating high expectations



Digital is transforming customer expectations

Speed, simplicity, transparency and a personal experience are setting the baseline experience.

- Most Americans own a smart phone; 20% are mobile only and growing. 
- 72% of homebuyers and 80% of Millennials used their mobile device or tablet to search for a home. 
- 54% of those who seek preapprovals do so online. 

Sources: Pew Research Center, Zillow, Ellie Mae.

We are taking action to better serve our customers...

Delivering strong results across our business



Multi-Channel Experience

Providing seamless multi-channel engagement - in person, mobile, online, or over the phone - for optimal customer experiences



Innovative Training

Developing training programs that focus on service, elevate "first call resolution", and decrease complaints



Supporting Homeownership

Offering best-in-class customer education, counseling, and trusted guidance to help them succeed

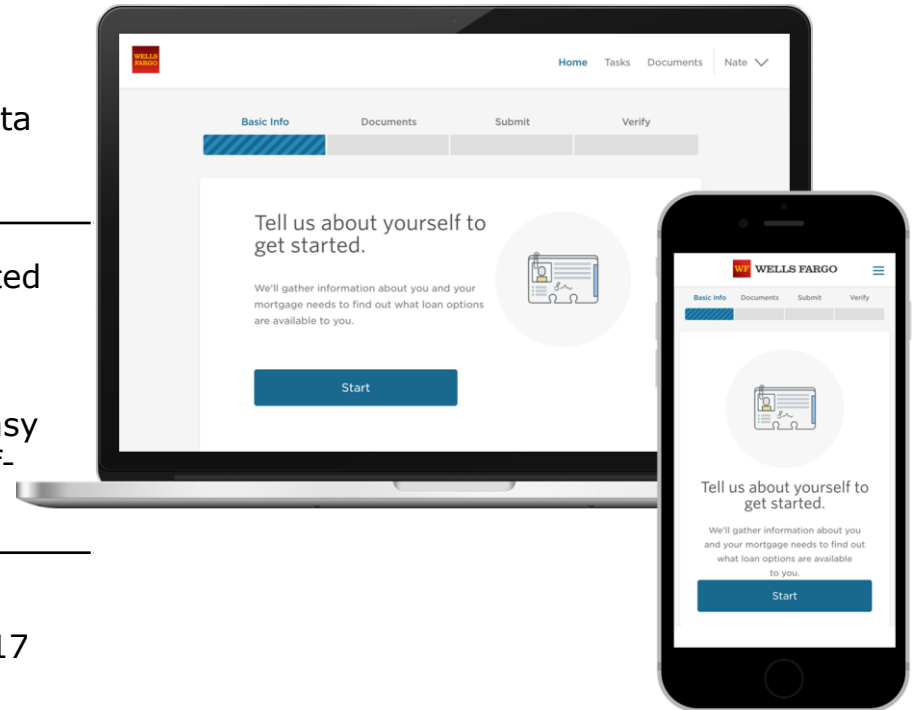


e-offerings

Implementing easier, transparent, and intuitive processes and tools - *yourLoanTracker*; eDelivery, eUpload, eSignature, eForms, with eVault/eStorage and escrow tools coming soon, followed by eClosing

...and we're deploying a digital mortgage application

Our digital mortgage application	<ul style="list-style-type: none">▪ Consumer-friendly and mobile ready platform▪ Dynamic and intuitive interview process▪ Leverages internal and external data sources to streamline the approval process
Currently in Production	<ul style="list-style-type: none">▪ Currently in production with a limited customer population▪ Customers describe the process as "convenient", "simple", "quick", "easy to use", "straightforward" and "self-explanatory"
Expanded Utilization	<ul style="list-style-type: none">▪ Steadily expanding throughout 2017
Serving customers & leveraging strengths	<ul style="list-style-type: none">▪ Uniquely able to serve customers the way they want to be served: from fully online through fully assisted by our large national sales team▪ Streamlining the experience for existing customers even further by employing internal data



Using source data and technology for an improved experience and growth

Leveraging source data to ask less of consumers while decreasing risk, expense and time

WFC data



- Significant competitive advantage with 40 million Wells Fargo households of which:
 - 8 million have a mortgage with Wells Fargo
 - 18 million have a mortgage with a competitor
 - 14 million are currently non-homeowners
- Source of significant growth opportunity for both Mortgage and Home Equity
- In the current environment, each 1% increase of WFC customer share equates to an additional ~\$6B in originations per year



Direct relationships and third party aggregators

Leverage payroll service company data in addition to data from high quality FinTech aggregators



Ask Consumers

Lastly...we'll ask consumers to provide documents

Source: Hemisphere data; U.S. Census Bureau 2016 assumptions; data as of December 2016.

#1 Mortgage provider today and taking steps to remain there tomorrow

Transform the Customer Experience

- Simplifying the end-to-end consumer experience to increase transparency and speed
 - Using relationship data and insights to improve the consumer experience
 - Deploying innovative digital capabilities and personalized guidance
 - Delivering first call resolutions for our customers
-

Deepen Relationships

- Actively engaging in the communities we serve
 - Strengthening relationships with realtors, builders, and consumer groups
 - Collaborating with external organizations to deliver programs and counseling to help customers succeed financially
 - Continuing to train and coach our team to deliver for our customers and each other
-

Manage Risk and Drive Efficiencies

- Responsibly serving the broad market through a wide product offering
- Creating cost efficiencies in our origination processes
- Strengthening end-to-end experience from origination through servicing by modernizing and integrating systems to reduce risk and complexity

Building a better bank: Consumer Lending Summary



Consumer Lending: We are committed to building a better bank

- We have strong and diversified consumer lending businesses
- We have reduced the risk in our Auto Lending business
- We are committed to Auto Lending and are transforming the business for long-term success
- We are well-positioned in Home Lending to succeed in a purchase-dominant market
- We are innovating in Home Lending to serve customers more effectively and leverage our unique strengths

Biography





Franklin R. Codel

Senior Executive Vice President Consumer Lending

- Franklin R. Codel serves as head of Wells Fargo Consumer Lending and is a member of the Wells Fargo Operating Committee. The Consumer Lending team serves 14 million United States households by helping consumers with their borrowing needs, from major purchases to achieving and sustaining homeownership.
- In his role, Codel leads a team of 45,000 consumer lending professionals in Home Lending, Dealer Services and Personal Lending. Wells Fargo Home Lending is the nation's largest combined mortgage and home equity lender and servicer, funding nearly one of every eight loans and servicing one of every six loans in the country. Wells Fargo Dealer Services, which includes the indirect auto lending and commercial services businesses, is the nation's second largest auto finance lender with relationships with over 14,000 automobile dealers and serves over 4 million customers. The Personal Lending team extends access to credit through its Education Finance Services, Personal Lines and Loans and Direct Auto businesses. Wells Fargo is America's second largest provider of private student loans.
- Codel joined Wells Fargo in 1993 and previously served as head of Home Lending (2015-2016), head of Mortgage Production (2011-2015) and as head of Mortgage Finance (2004-2011).
- Codel earned a Bachelor's degree in engineering science from Harvard University in 1986. In 1989, he received his M.B.A. in Finance from the University of Texas at Austin.
- He currently represents Wells Fargo Home Lending on the board of the Mortgage Bankers Association and the Housing Policy Council of the Financial Services Roundtable. He also currently serves as a board member for the Des Moines Community Foundation and the United Way of Central Iowa.