

WELLS FARGO & COMPANY/MN
Form 10-Q
November 03, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2017

Commission file number 001-2979

WELLS FARGO & COMPANY
(Exact name of registrant as specified in its charter)
Delaware No. 41-0449260
(State of incorporation) (I.R.S. Employer Identification No.)

420 Montgomery Street, San Francisco, California 94163
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 1-866-249-3302

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

	Shares Outstanding October 25, 2017
Common stock, \$1-2/3 par value	4,924,261,449

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PART I - FINANCIAL INFORMATION

FINANCIAL REVIEW

Summary Financial Data

(\$ in millions, except per share amounts)	Quarter ended			% Change		Nine months ended		% Change
	Sep 30, 2017	Jun 30, 2017	Sep 30, 2016	Sep 30, 2017 from Jun 30, 2017	Sep 30, 2017 from Sep 30, 2016	Sep 30, 2017	Sep 30, 2016	
For the Period								
Wells Fargo net income	\$4,596	5,810	5,644	(21)%	(19)	\$15,863	16,664	(5)%
Wells Fargo net income applicable to common stock	4,185	5,404	5,243	(23)	(20)	14,645	15,501	(6)
Diluted earnings per common share	0.84	1.07	1.03	(21)	(18)	2.91	3.03	(4)
Profitability ratios (annualized):								
Wells Fargo net income to average assets (ROA)	0.94	% 1.21	1.17	(22)	(20)	1.10	% 1.19	(8)
Wells Fargo net income applicable to common stock to average Wells Fargo common stockholders' equity (ROE)	9.06	11.95	11.60	(24)	(22)	10.83	11.68	(7)
Return on average tangible common equity (ROTCE) (1)	10.79	14.26	13.96	(24)	(23)	12.94	14.08	(8)
Efficiency ratio (2)	65.5	61.1	59.4	7	10	63.1	58.7	7
Total revenue	\$21,926	22,169	22,328	(1)	(2)	\$66,097	66,685	(1)
Pre-tax pre-provision profit (PTPP) (3)	7,575	8,628	9,060	(12)	(16)	24,413	27,523	(11)
Dividends declared per common share	0.390	0.380	0.380	3	3	1.150	1.135	1
Average common shares outstanding	4,948.6	4,989.9	5,043.4	(1)	(2)	4,982.1	5,061.9	(2)
Diluted average common shares outstanding	4,996.8	5,037.7	5,094.6	(1)	(2)	5,035.4	5,118.2	(2)
Average loans	\$952,343	956,879	957,484	—	(1)	\$957,581	945,197	1
Average assets	1,938,523	1,927,079	1,914,586	1	1	1,932,242	1,865,694	4
Average total deposits	1,306,356	1,301,195	1,261,527	—	4	1,302,273	1,239,287	5
Average consumer and small business banking deposits (4)	755,094	760,149	739,066	(1)	2	758,443	726,798	4
Net interest margin	2.87	% 2.90	2.82	(1)	2	2.88	% 2.86	1
At Period End								
Investment securities	\$414,633	409,594	390,832	1	6	\$414,633	390,832	6
Loans	951,873	957,423	961,326	(1)	(1)	951,873	961,326	(1)
	11,078	11,073	11,583	—	(4)	11,078	11,583	(4)

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Allowance for loan losses								
Goodwill	26,581	26,573	26,688	—	—	26,581	26,688	—
Assets	1,934,939	1,930,871	1,942,124	—	—	1,934,939	1,942,124	—
Deposits	1,306,706	1,305,830	1,275,894	—	2	1,306,706	1,275,894	2
Common stockholders' equity	182,128	181,428	179,916	—	1	182,128	179,916	1
Wells Fargo stockholders' equity	205,929	205,230	203,028	—	1	205,929	203,028	1
Total equity	206,824	206,145	203,958	—	1	206,824	203,958	1
Tangible common equity (1)	152,901	152,064	149,829	1	2	152,901	149,829	2
Capital ratios (5)(6):								
Total equity to assets	10.69	% 10.68	10.50	—	2	10.69	% 10.50	2
Risk-based capital:								
Common Equity Tier 1	12.10							