WELLS FARGO

The current environment – The new landscape for consumer credit and payments

Federal Reserve Bank of Philadelphia

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Card Services and Consumer Lending Group

Wells Fargo & Company

Together we'll go far

Thank you for this opportunity

- 33 year career in financial services – interesting time to be in financial services!
- Prior to 12/2008 might not have seen the Wells Fargo name on such a panel
  - Regional Bank, less visible institution – West Coast/Midwest focus
- I have the privilege of leading thousands of Wells Fargo team members who offer consumer credit and payment products that carry out our corporate vision:
  - **We want to satisfy all of our customers' financial needs and help them succeed financially.**
- Topics Today
  - Wells Fargo Overview
  - Card Services and Consumer Lending
  - Trends in the Payments Business
  - Today's Environment and Rebuilding Trust

Wells Fargo Overview

The big four in U.S. financial services

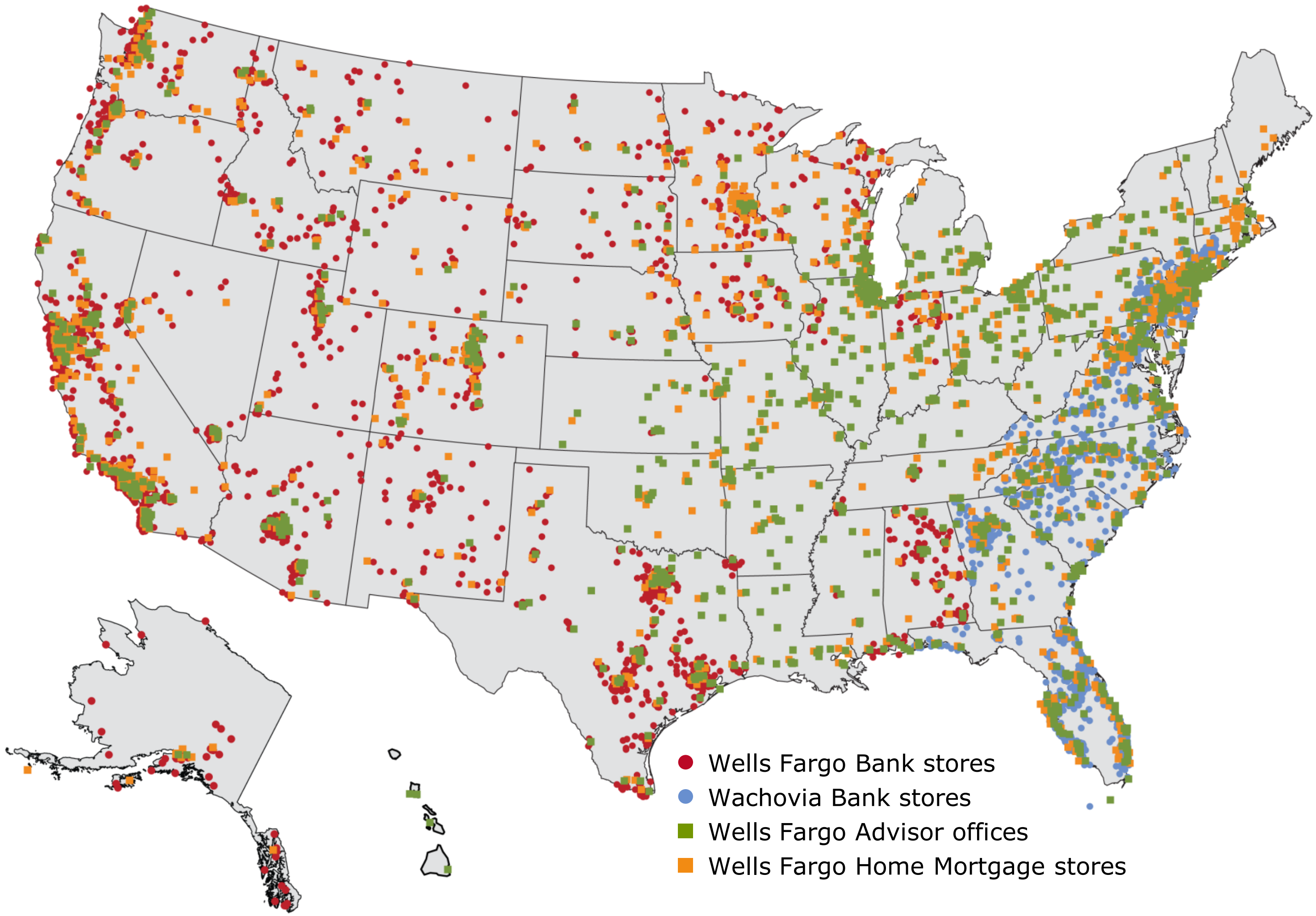
Bank of America	**$2.4T**
J P Morgan Chase	**$2.0T**
Citigroup	**$2.0T**
Wells Fargo	**$1.2T**

Source: 3rd Quarter Earnings Reports

Wells Fargo…more than a bank…a broad based financial services company

- Diversified financial institution:
  - $1.2 trillion in assets
  - Satisfying customer needs in banking, insurance, investments, mortgages, and a variety of financial services through more than 80 national businesses
- 12th largest private employer
  - 278,000 team members
- More than 9,000 “stores” in all 50 states
- 1 in 3 U.S. households has a Wells Fargo relationship – that’s 40 million households
- 1 in 5 working Americans are our customers

Wells Fargo's 9,000-store distribution across U.S.



*Retail banking store counts as of 9/30/2010

Wells Fargo
Card Services and
Consumer Lending

Card Services and Consumer Lending

Loans: $104 billion*
2009 Revenue: $12.1B

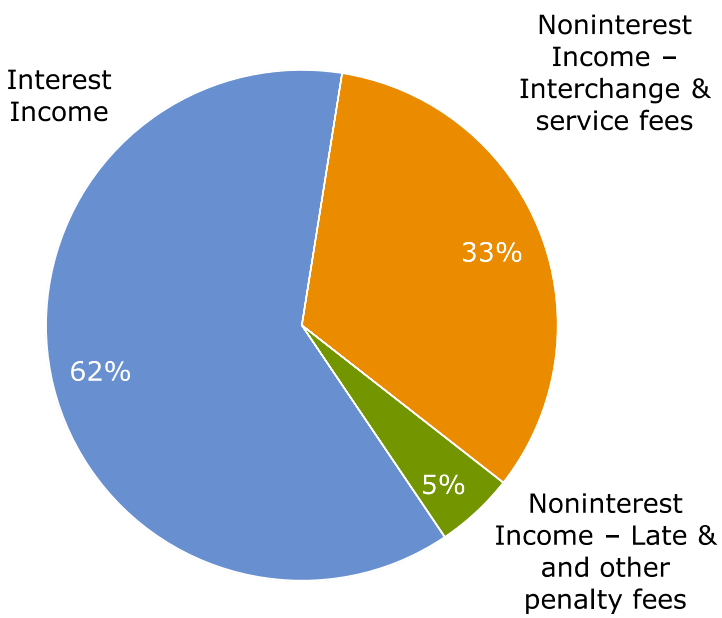
- Consumer Credit Card
- Consumer & Business Debit Card and Prepaid Cards
- Education Financial Services
- Global Remittance Services
- Personal Credit Management
- Rewards & Enhancement Services
- Wells Fargo Financial

*Loans as of 3/31/10

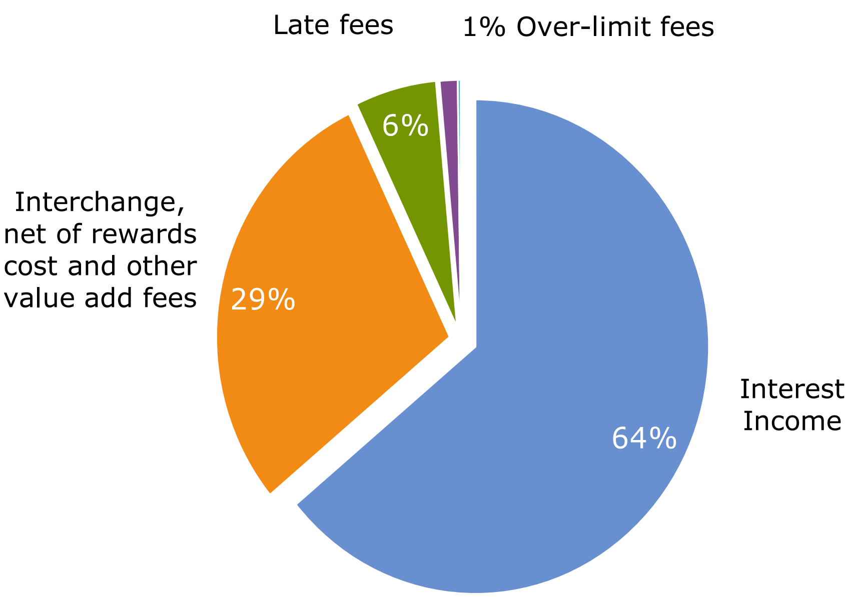
Card Services and Consumer Lending revenue distribution

Relationship model less reliant on "punitive" fees, particularly for the Credit Card Business

Total CSCL Revenues of $12.1B



Consumer Credit Card Revenues



- **In 2010 we eliminated over-limit fees**

Full year 2009

Recent trends in the payments business

Recent trends in the payments business

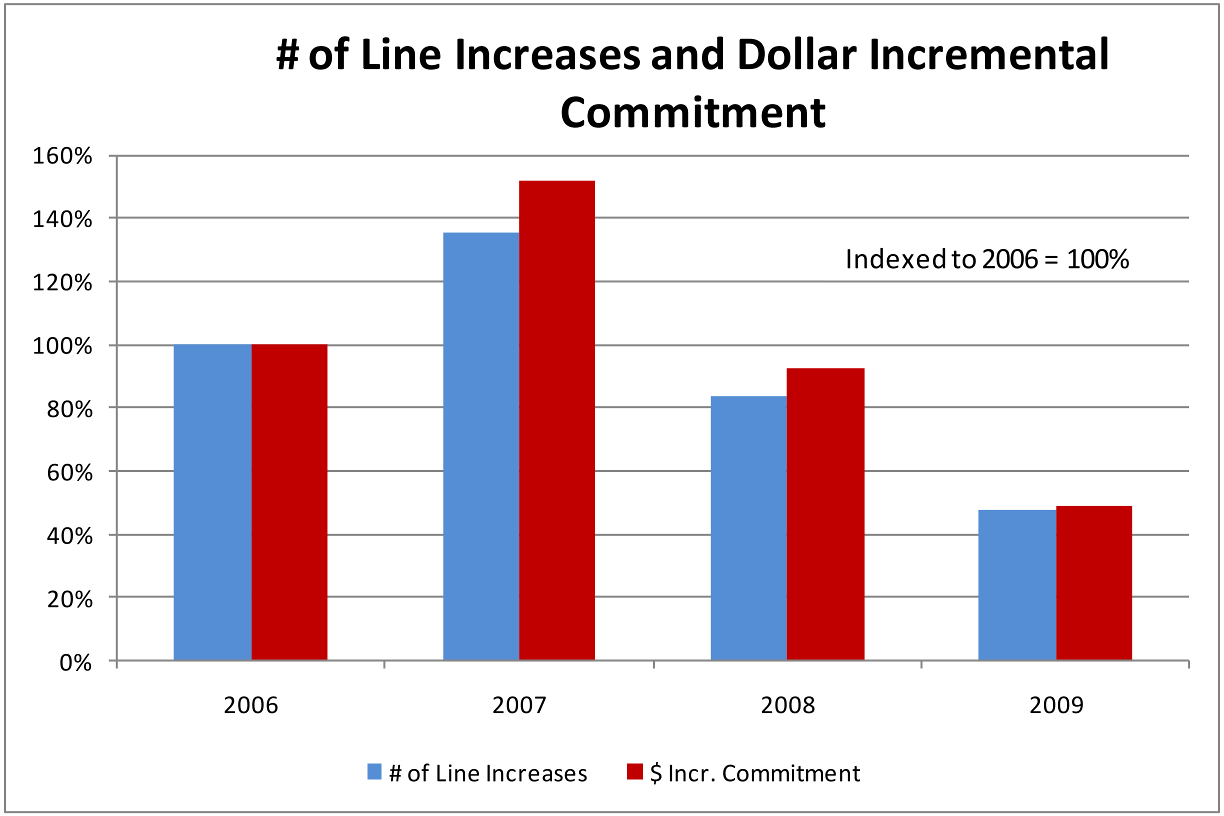
- Over the past two years, in response to deteriorating credit conditions and reduced account profitability, credit card issuers generally implemented several actions:
  - Tightened underwriting criteria for new accounts and credit line increases
  - Reduced the number of credit line increases and balance transfer offers
  - Based on risk profiles reduced existing customer credit lines, closed inactive accounts and accounts with deteriorating risk profiles
  - Placed accounts into non-expansion strategies
  - Re-priced accounts based on risk criteria or general change in terms
- The consequence of some of the legislative changes was reduced account profitability and fewer risk management tools. This resulted in:
  - Less credit availability
  - More expensive credit in aggregate
- With increased capital requirements, product profitability and return on assets (ROA) become even more important

Across the payments industry

- Visa and MasterCard outstandings for the top 100 issuers declined from mid year 2009 to mid year 2010
  - $559B in June 2010, down 12.8% from June 2009
  - Trend has continued since June
- Besides consumer deleveraging, contributing factors include several years of tightened credit availability and the charge off of bad debt
- Card industry outlook is improving modestly over the recent past with improving loss forecasts, but tepid consumer spending continues to impact growth and deleveraging continues
- Industry steady-state likely won't happen until 2012 or beyond, due to persistent levels of higher unemployment and suppressed consumer confidence

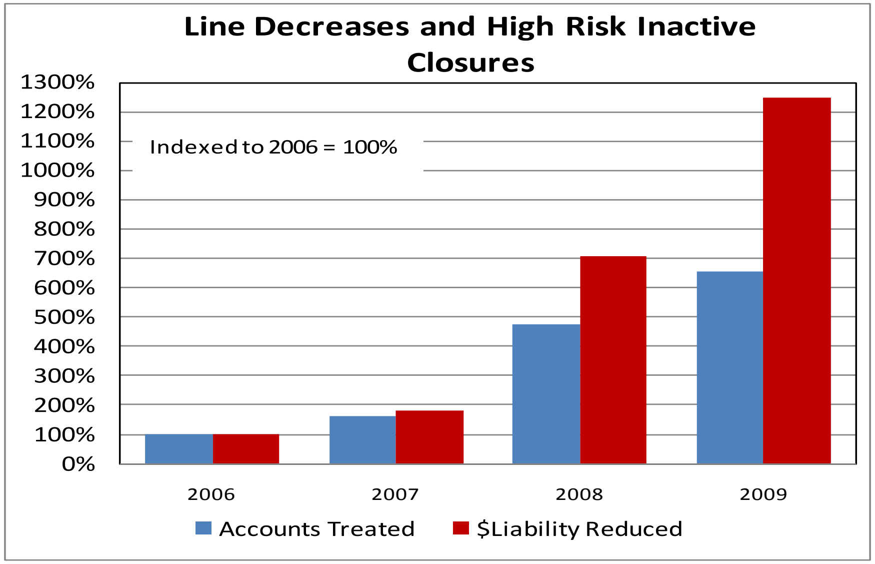
Wells Fargo credit line increases

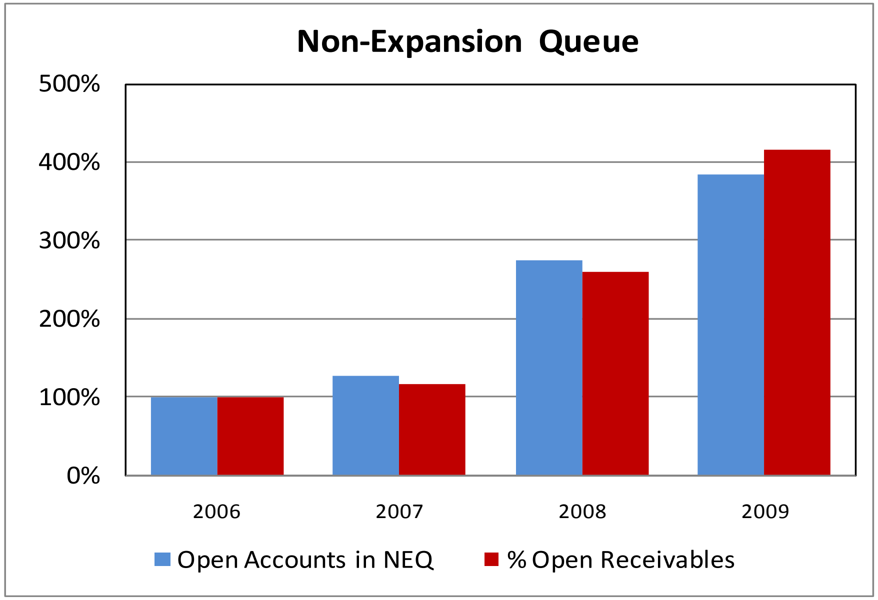
- The chart below depicts the level of credit line increase activity for the Legacy Wells Fargo portfolio since 2006
- The numbers are indexed to the level of activity in 2006 and represent both the number of line increases granted as well as the dollar amount of incremental contingent liability extended



Wells Fargo non-expansion queue and line decreases/closures

- The top chart depicts the level of line decreases and high risk inactive closures since 2006
  - The numbers are indexed to 2006
- The lower chart to the right depicts the size of the Non Expansion Queue for the Legacy Wells Fargo portfolio since 2006
- The numbers are indexed to the level in 2006 and represent both the number of open accounts in NEQ and the percentage of open receivables in NEQ
- NEQ prevents an account from receiving any proactive marketing programs, credit line increases, retention, and over-limit/delinquent authorizations





Wells Fargo’s approach to the payments business

We’re different – both as a company and as a credit card business

- We are a “Relationship Based” business model, which means we:
  - Market credit cards only to credit-qualified new or existing customers who have the capacity to repay
  - Typically offer only one credit card per person
  - Utilize Wells Fargo relationship data for underwriting and account maintenance
  - Do not send direct mail offers to non-customers or advertise credit card products on television
  - Do not currently market co-brand or affinity cards
  - Emphasize customer choice and value in our products and services
  - Teach our team members that the “Customer is at the center of all we do”
- Our goal is to achieve Customer Engagement/Loyalty
  - We strive to be ‘top of wallet’ for our customers by providing them with an integrated payments approach that includes financial management tools, Rewards and Protection

Today's environment: reputation and regulation

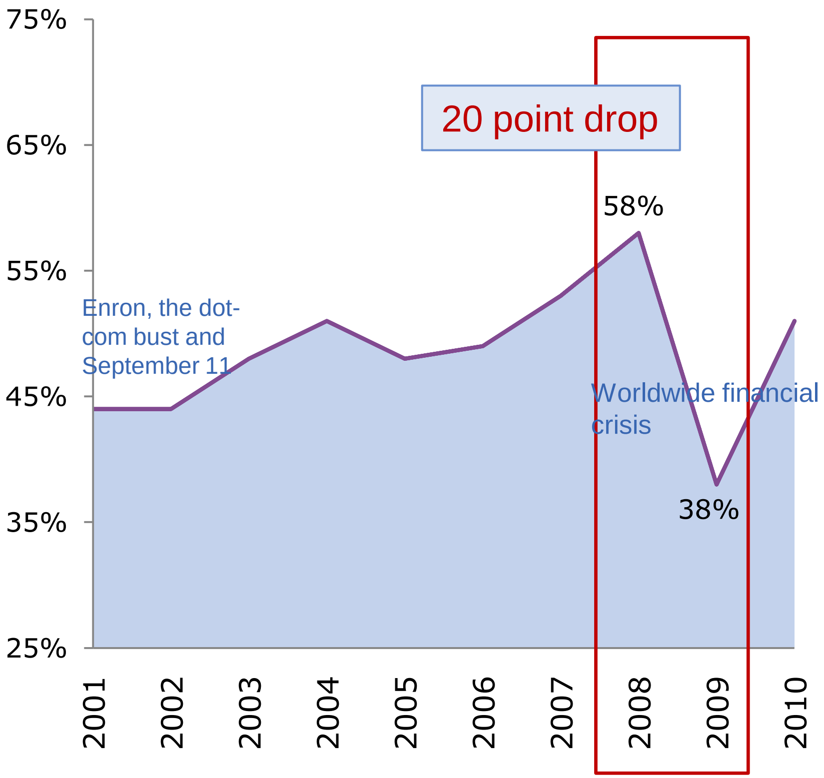
Today's challenges for the industry

- Economy is recovering more slowly than we hoped…we could be in a sideways environment for a number of years
- Consumers continue to face tough decisions about the necessities of life and struggle to achieve their financial goals
- All of us in the industry are on the front line and must play a role in helping people succeed financially
- Support and education for consumers are foundational to getting better personal and societal outcomes
- As an industry we need to focus on rebuilding trust and reputation
- We need to create a vision and action plan to move forward
  - We have an opportunity for regulatory, non profit and industry partnerships

Consumer trust in business and banks is down significantly

Trust in business, 2001-2010

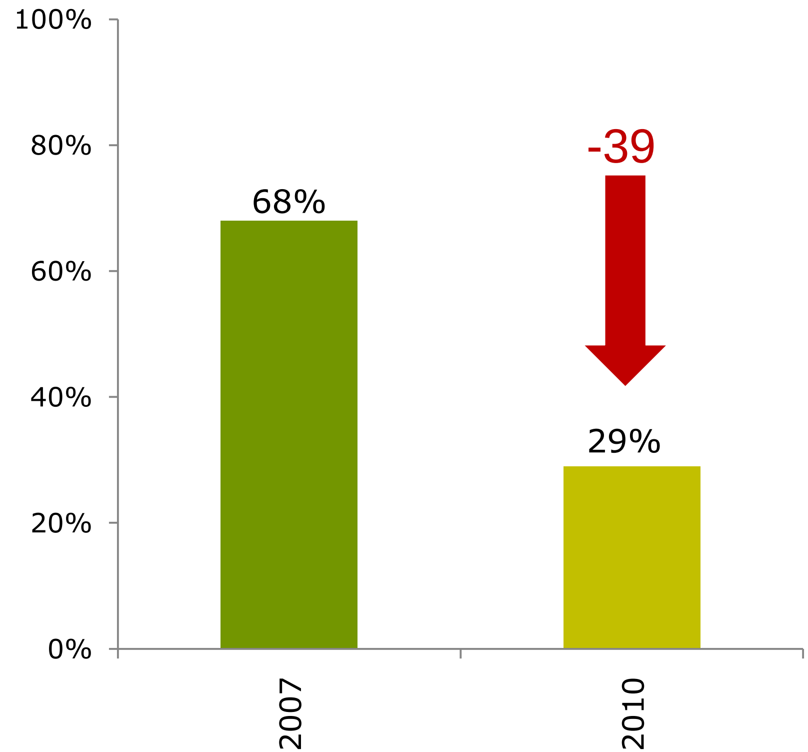
How much do you trust business to do what is right?



Informed public ages 35 to 64

Trust in Banks, 2007 and 2010

How much do you trust banks to do what is right?



Responses 6-9 only on 1-9 scale; 9=highest

Source: 2010 Edelman Trust Barometer

Today’s challenges for the industry

- Rebuilding trust is critical if we are to build confidence and knowledge among consumers to make sound financial decisions
- Edelman Financial Services Trust Barometer found
  - 93% of respondents felt problems exist in industry
  - 63% think financial institutions need more regulation
  - Of 13 industry segments, trust scores fell from 2009 only in financial services
- Popular opinion was/is “banks need to be fixed”
  - The response has been massive regulation
  - Consequences of regulation are still unknown... but will generally result in transformations in type and amount of credit offerings and the sources of revenue for credit providers

How can we rebuild trust as an industry?

- Achieving greater transparency and simplicity
- Constructing products that help people achieve financial success
- Increasing use of technology to enable better outcomes
- Offering more tools to help people manage their finances
  - Increasing focus on financial literacy
  - Increasing personal accountability
  - Assuring informed consumer choice
- We're an industry that thrives on challenge – this is a big one we must achieve together
- Ultimately it's about reviving the U.S. economy
- We all 'win' when consumer trust and confidence propel appropriate consumer spending

Thank you…and I look forward to your questions