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CORPORATE PARTICIPANTS

Timothy J. Sloan
President, Chief Executive Officer & Director, Wells Fargo & Co.

MANAGEMENT DISCUSSION SECTION

Unverified Participant

Okay. So, we're going to move on to the next presentation. So up next, we're delighted to welcome Tim Sloan, who is CEO of Wells Fargo. I think Tim is very well known to many of you here, given his steady track record at Wells Fargo. He's run many of Wells' most important businesses and was most recently COO before taking on the CEO position just over a year ago. Tim is going to give a brief presentation, and then he's going to join me for a fireside chat.

So Tim, thank you very much for joining us.

Timothy J. Sloan

President, Chief Executive Officer & Director, Wells Fargo & Co.

Thank you. Thanks, [ph] Richard (00:30). I appreciate it. Good morning, everybody. Appreciate the opportunity to speak with you this morning and appreciate your interest in Wells Fargo. Just a little disclaimer, the presentation that you're about to see includes certain forward-looking statements regarding our expectation for the future.

A number of these factors, many of which are beyond our control could cause actual results to differ materially from management's current expectations. Please refer to the Appendix for information regarding our forward-looking statements and where you can find more information about our risk factors, information about any non-GAAP financial measures, reference including a reconciliation of those measures to GAAP measures can be found in our SEC filings.

Sorry, I can't get the CFO out of me. We always begin our presentation with the slide you're seeing right now, which is the foundation of everything that we do at Wells Fargo. It's not that slide though, it's that one. That's good, which is our vision of satisfying our customers' financial needs and to help them to succeed financially. It's about building lifelong relationships one customer at a time. The core values of Wells Fargo are as true today as they were 165 years ago when we were founded.

And while our vision remains the same, we've been working hard to transform Wells Fargo into a better bank for our customers, our team members, our shareholders, and for the communities that we do business in. I'm proud of the progress that our team has made in terms of improving our culture, enhancing our business practices, strengthening our risk management and accelerating the pace of our innovation.

We recently simplified our vision and values booklet for our 268,000 team members to focus on the things that are most important, including our unchanging vision. We focused on the foundation of our culture, our primary values that guide every action that we take which includes doing what's right for our customers that's consistent with our vision, our people as a competitive advantage, operating in an ethical way, our commitment to diversity inclusion, and of course our focus on leadership.

Earlier this year, we established six new goals for the company. These goals clearly state our aspirations for the future, prioritize our focus and connect the hard work and effort of each of our team members to our success. We don't want to be a leader in financial services; we want to be the leader in financial services in these areas. First and foremost is customer service and advice. After understanding our customers and their financial goals, we want to provide exceptional service and guidance to help them to succeed financially.

The second is team member engagement. We want to be the employer of choice. Our team members are the most valuable resource that we have at Wells Fargo. One reason I'm confident that we're on the right path is that, in the third quarter our team member attrition at Wells Fargo reached its lowest level in over six years. Within our Community Banking business, attrition was also at its lowest level over the last six year and has improved every quarter in the past year.

Third is innovation. I'll talk a little bit more about that in my presentation, but we've made a lot of progress in providing industry-leading technology to create value for our customers. Fourth is risk management. We're working to set the global standard in managing all forms of risks. We want to serve our customers' needs and protect their assets and their information and their privacy.

Fifth is corporate citizenship. We make a positive contribution to the communities that we do business in through philanthropy, advancing diversity and inclusion, and creating economic opportunity as well as promoting environmental sustainability. We recently completed our annual Community Support campaign. I'm very proud of the fact that our team members donated $85 million to nonprofits that they care most about.

And then lastly and one that, of course, you're all very focused on and you should be, and that's shareholder value. We want to earn the confidence of our shareholders by maximizing long-term value. Our goal is to generate consistent financial performance over time and through the cycles, while maintaining best-in-class shareholder returns. This is achieved through our balanced business model, focus on risk management, efficient execution and because of the quality of our team.

To ensure that our focus is on our customers and their financial needs, we've made a number of very fundamental changes in the retail bank, including new leadership, the elimination of product goals for retail bankers in our branches, as well as in our call centers. We're also very focused on making enterprise-wide changes. We've highlighted many of the steps that we've taken and they're on the slide. For example, we've centralized many of our core functions like risk, compliance and human resources to provide greater role clarity, increased coordination and to strengthen oversight.

We're also seeking to identify and fix any problems that we've had, be transparent about what we find, and then to make things right for our customers. And our board of directors has taken a number of very significant actions to enhance board oversight and governance, including our announcement last week of the election of three new independent directors as part of our succession planning and refreshment process. Included in the announcement last week, the board has named six new directors in 2017.

As part of our priority on rebuilding trust, we've expanded our disclosure in our 10-Q filing, detailing our efforts to identify and address other areas or instances where customers may have experienced financial harm. In July, we announced an ongoing remediation for auto loan customers, who may have been financially harmed due to issues related to our auto CPI policies. We've expanded the time period in which customers may be eligible for CPI remediation back to October 15th of 2005.

Our current estimate is this expansion will increase our cash remediation and account adjustments to approximately $130 million. This is an ongoing remediation that may continue to evolve as we work to make things right for our customers, including as we work with our regulators on our remediation plan. We originally disclosed in our second quarter 10-Q filing that we identified certain issues related to the administrations of GAP refunds. We've identified a need for greater oversight in our GAP refund process; this is in our auto business, and are taking the management of issuing refunds to our customers with GAP products who have loans in certain states.

We're still in the early process of identifying the GAP refunds, including determining whether there are any additional actions are necessary on our part to ensure that our customers are receiving the appropriate refunds when their loans pay off early.

In October, we announced plans to reach out to all home lending customers who paid fees for mortgage rate lock extensions requested from September 16, 2013, through February 28, 2017, and to refund customers who believe that they've paid fees in error. The first customer communications and refunds started going out last month. A total of approximately $98 million in rate lock extension fees were assessed to about 110,000 borrowers during the period in question. Although, we believe that a substantial number of those fees were appropriately charged so that the ultimate amount refund will likely be lower than the $98 million that I mentioned. But because not all fees were actually paid and some fees have already been refunded.

Based on our ongoing review of consumer add-on products, identity theft, debt protection things like that we expect that some remediation will be required. We're also reviewing procedures regarding the freezing of customer deposit accounts after we detect certain fraudulent activity by third parties or account holders.

Let me highlight briefly, our quarterly – our performance in the third quarter, we earned $0.84 of share. That included a $0.20 per share impact of a $1 billion in discrete litigation accrual for previously disclosed pre-financial crisis mortgage related regulatory investigations and this accrual was not tax deductible. And while the accrual impacted our financial performance for the quarter, the commitment of our team members to put customers first and to help them to succeed financially remain strong was demonstrated by average deposits, growing by 4% from a year ago, client assets reaching record levels in Wealth and Investment Management, debit card purchase volume increasing by 5% from a year ago, balance in our general purpose credit card portfolio also growing by 5%, and illustrating the benefit of our GE Capital acquisition, as well as the strong collaboration among our wholesale business as we led more syndicated asset-based loans than any other firm in the third quarter.

We also had very solid credit quality and our capital position remained very strong. One item to note for this quarter, as you may have seen yesterday, we announced the completion of the sale of our Commercial Insurance business, which will result in a pre-tax gain of $845 million in the fourth quarter. This is in addition to the discrete tax benefit that we recorded in the second quarter of this year when we agreed to sell the business.

We're also making investments in a variety of areas to enhance our compliance and risk management, build a better bank to serve our customers, and to strengthen our core infrastructure. And you could see on this slide that there are a number of key areas where we're focused, including cyber regulatory initiatives and data modernization.

In order to support these investments, we're focusing on optimizing the way that we're organized to simplify the operating environment and to build enterprise-wide capabilities. We're systematically looking at our support functions and business operations and are transforming the way that we're organizing in order to reduce expenses and improve team member and customer experience. This includes aggregating like work and then redesigning, automating and standardizing processes.

We expect that these initiatives will reduce expenses by $2 billion annually by the end of 2018, and these savings will be reinvested in our business. We expect an additional $2 billion in expense reductions by the end of 2019, and these savings are projected to go to the bottom line and will be fully recognized in 2020.

It's important to note that these target savings do not include the benefit of the expected run-off of our core deposit intangibles by 2019, which resulted in $640 million in expenses in the first nine months of this year. It also doesn't include the expected completion of the FDIC special assessment by year-end 2018. And it also doesn't include the expense savings due to the sale of businesses we announced including one I just mentioned, Commercial Insurance Brokerage, as well as our Shareowner Services business, which should close in the first quarter. We'll be providing more detail and you've all asked for more detail about these initiatives when we – and our expectation related to expenses in 2018 during our fourth quarter earnings call in January. We formed the Payments, Virtual Solutions and Innovation group led by Avid Modjtabai just over a year ago to help transform our company to serve our customers and accelerate the pace of innovation.

And this slide looks pretty busy because it is, because over the last year, we've been very active in innovating for our customers. The slide demonstrate the volume and the pace in which we've been bringing new capabilities to market. And let me just highlight, for example, first, we launched Intuitive Investor, our new digital advisory offering, which provides low-cost allocation, portfolio selection and rebalancing. It's designed for consumers who prefer to manage their finances themselves, combines digital access to industry-leading strategies with giving the option to our customers of accessing one of our financial advisors.

In the first quarter of next year, we expect to rollout our Digital Mortgage application, which is now in pilot and has been very successful in pilot. It combines the power of Wells Fargo data with the digital interface to create a know-me experience for our customers. And here's how it works, it's simple. You log on to Wells Fargo online, it's normal. And then the mortgage technology generates a series of questions which our customers respond to according to the information that we already know about them. The experience is very intuitive and personalized, asking questions that apply to each applicant's individual needs and not a standard set of questions. It also requires less paper works so that we import information that we already know about the customer from our system.

Being a leader in payments is more than just about facilitating payments. It's also about helping our customers manage the connections they have to their payment accounts, that's why we're integrating Control Tower into our mobile app. It's a centralized hub for customers to view and to control access to their Wells Fargo accounts and information including their debit cards, their credit cards, how they share information with others as well as on their wallets and recurring payments. We've launched some aspects of this already so that we gave our customers the ability to turn on and off their debit cards and we expect to rollout more functionality next year.

And then, finally, the last innovation I want to highlight is called Greenhouse. It's a standalone banking app designed to help customers stay on top of their finances. It provides help with allocating money for bills and day to day spending as well as at-the-moment notifications and insights. It's in pilot now, and we expect to roll it out to customers next year.

And our last slide is just a reminder that over the past year, we've made fundamental business changes to our model, organizational structure, and performance management programs to ensure our focus is on our customers, their financial needs, and our focus on generating strong returns in the future. And while we understand there's always more work to do, I'm confident that we're on the right path to transforming Wells Fargo into a better and stronger bank, and I look forward to taking your questions.

QUESTION AND ANSWER SECTION

Q

So, thanks a lot for the presentation. So, perhaps I can kick off with a couple of questions. Can you start off by talking a little bit about your expectations for the operating environment as we head into 2018? What are the things that you expect to change? What impact do you think corporate tax reform could have? And I guess more specific to you, what are you seeing across your consumer and corporate platforms today?

Timothy J. Sloan
President, Chief Executive Officer & Director, Wells Fargo & Co.

A

It's a great question. I think that we're optimistic about continued growth in the economy. I think we've seen and when we look at the third quarter GDP numbers, unlike prior years where we've had a burst of growth in the first and second quarter, this is the first year in a number of years where we've seen sustained growth in the second half of this year. So, we were optimistic about GDP growth in the fourth quarter.

And then, likewise, the feedback that we're getting from our customers in terms of looking at customer activity on the consumer and the commercial side is that it seems as if that there are some reasonable momentum. And our expectation is that we will have some form of tax reform that will be passed by the end of the year, and that will create a little bit more momentum. Exactly, how much that momentum is, I'm not 100% sure, but could you imagine that increasing whatever the run rate GDP is by 0.5%, I think that's a reasonable assumption. It may not happen on January 1, but it could happen over time.

Q

Okay. So, when you were here last year, I think you talked about three milestones. So, the first was improving shareholder returns. The second was resolving retail sales practices, and the third was accelerating investment in technology. Can you kind of give us an update in terms of where you've got to on each of those three, and I guess more specifically as you look over the next two years, how are your priorities changing?

Timothy J. Sloan
President, Chief Executive Officer & Director, Wells Fargo & Co.

A

Sure. Well, I'll take them in reverse order, and I talked a fair amount already about innovation. When we think about innovation at Wells Fargo, some of the fundamental changes that we've made over the past couple of years has been, one, to centralize all of our innovation activities so that we're prioritizing how we're making investments, so that it's the right investment for our customers and shareholders as opposed to the best investment for any individual business.

And then, secondly, is to make sure that from an innovation standpoint that we're thinking about their customers whether they're consumers, or wealth customers, or commercial customers on an end-to-end basis. So, that whatever innovation that we introduce is connected appropriately. And I think you're seeing the benefits of that focus by the increase in the pace of innovation. And I gave a number of examples, and I didn't give all the examples because we didn't have enough time in terms of what we've already rolled out this year, and then what's in the pipeline for next year. And I think that's really important because there's no question that the industry continues to evolve, the technology is impacting everything that we do, and we as a company need to move faster and make better investment decision. So, progress there.

In terms of our internal review, I think as it relates to the retail sales practices issue, we've completed our underlying review. We're well into remediation and Mary Mack who runs our Community Banking business and her team have done an excellent job of making fundamental changes in that business. But in addition, one of the other things that I promised a year ago is that we were going to take a thorough review of the company. And when you take a thorough review, sometimes you find things and we talked about CPI, we talked about GAP insurance.

We've been very transparent in our Qs in terms of what some of those issues might be. I know that sometimes that can be a little bit painful because it creates a lot of media coverage and the like, but I think in terms of our journey of building a better company and being very transparent about it, that's just the price that we'd pay and we're well on our way in terms of completing the internal reviews.

And then in terms of shareholder return, I'm really proud of the fact that we have increased the pace of – increased our dividend, as well as the pace of our share buybacks. And we returned $4 billion to shareholders in the third quarter and our expectation is to continue to improve that over time.

Q

So, you mentioned the cross-divisional review, I mean, is there going to be a kind of a finite end to that, i.e. a point at which you can say, look, we've gone through everything, we're not really expecting any new major negatives. How are you going to kind of communicate to the market when you've gone through that process and when you think it's finished?

Timothy J. Sloan
President, Chief Executive Officer & Director, Wells Fargo & Co.

A

Yeah. I think actually that we'll never say it's finished because when I look back historically at Wells Fargo, I've been there for a long time. I think one of the mistakes that we made is that when we were in the midst of really good financial performance, we didn't look critically enough on an ongoing basis at all of our businesses. So, that's going to continue. So, it maybe even after we get through what's clearly been a very difficult period of our company's history that as we continue to make improvements that we may find something else. But I think in terms of the focus right now of using the opportunity that we had in terms of the thorough review of sales practices and applying that throughout the rest of the company, we're well through that process.

Q

Okay. So, let's talk a little bit about the efficiency ratio. You're currently at 61%. It's obviously deteriorated for reasons that you've articulated. And if we look at the expense side, in particular, professional fees are obviously elevated partly because of self-practice partly because of some of the investments and tax spending. What's your visibility into when that's going to normalize?

Timothy J. Sloan
President, Chief Executive Officer & Director, Wells Fargo & Co.

A

In just professional services...

Q

Well, just your expenses, more broadly.

Timothy J. Sloan
President, Chief Executive Officer & Director, Wells Fargo & Co.

A

Well, I think our goal and we've been very clear in terms of $2 billion goals and then the other expense reductions that I mentioned outside of that are all going to flow through our business, and they're flowing through our business right now. You don't see the benefit of the first $2 billion because we're reinvesting that for the long term, which I think is the right decision for the company. But my expectation is that you're going to see two things, and that is, first, you're going to see an improvement in our efficiency ratio. 61% [indiscernible] (23:02) it's unacceptable from that perspective. And there is a very big focus on our company of improving efficiency even while we're making all the other changes, but we've got to make sure that we get those changes right. So, we're going to improve the efficiency. And then over time, my expectation is subject to where revenues are going to be, you're going to see expenses come down.

Q

Right. Would you consider giving the market a hard expense number? Do you think that would be worthwhile?

Timothy J. Sloan
President, Chief Executive Officer & Director, Wells Fargo & Co.

A

You're the first person that's ever mentioned that to me, [ph] Richard (23:34), the answer is, yes. I think that as we increase the amount of visibility that we see based upon the changes that we're making that I mentioned in the company, I think we're more comfortable in providing probably a range of what we could imagine expenses to be, because they're always going to be a function of revenue, which is why, historically, we focus on our efficiency ratio. But, look, you're all important – very important stakeholders for us, and you've asked for that, and we're going to listen.

Q

Okay. So, you've talked about getting to...

Timothy J. Sloan
President, Chief Executive Officer & Director, Wells Fargo & Co.

A

And by the way, whatever we say, you have to say, it's the greatest thing you've ever seen too, right? Because I know whatever we put out, somebody's going to say, that's not good enough.

Q

Right. So – I mean, but just conceptually, you've talked about getting to 59%, a number of your peers are getting closer to 55% or the market believes they can get to 55% or lower. I mean, if you take a step back and think about Wells Fargo conceptually, is there any reason why Wells Fargo's efficiency ratio should be different than some of your other large peers? Over the medium-term, I'm not talking next one to two years.

Timothy J. Sloan
President, Chief Executive Officer & Director, Wells Fargo & Co.

A

Well, I think, historically, [ph] Richard (24:48), when you look at our efficiency ratio, particularly of – among some of the larger – our larger competitors, it was best-in-class.

Q

Right.

Timothy J. Sloan
President, Chief Executive Officer & Director, Wells Fargo & Co.

A

And I don't see a reason why over the next few years, we shouldn't return to that. What that number is, I don't know, we'll know then, but I think that we have to have aspirations for ourselves to be best in class.

Q

So, let's talk a little bit about tech spending. I know it's a really important area both to the bank and both to you. I think you're spending roughly $8 billion a year now. Two questions. I mean, the first, are we at the tipping point where some of this new technology could cause you to go back and rethink some of the historical distribution channels that you've got, i.e., could this actually enhance the efficiency, perhaps sooner than you would have thought a year ago?

And secondly, the GAP not just in terms of what Wells is spending, but Wells, JPMorgan, and Bank of America relative to your next largest peer is enormous six or seven times. Has it got to the point where you think it's a competitive advantage in terms of attracting and retaining clients?

Timothy J. Sloan
President, Chief Executive Officer & Director, Wells Fargo & Co.

A

Well, again, I'll take your question in reverse order. I think it is a competitive advantage, if you do it right. Spending a lot of money is not necessarily a virtue unless it's organized and focused in an appropriate way. And again, that's one of the reasons why we centralized all of our innovation activity, so that we're doing it in a much more deliberate and strategic way.

One of the other changes we made and which is why many of the innovation activities you see apply to our payments-related businesses is, centralizing all of our – and realigning all of our payments businesses within the company, because most of our consumer customers think about their relationship in the form of payments and making sure that those are well coordinated so that when you make those investments, it creates more of an advantage. But again, done correctly, I think it's a big advantage over time.

The first part of your question is, is there a sort of a tipping point? Candidly, I'm not a big believer in tipping points. I've been in this industry and I started as a teller, and I remember when they rolled out the first ATM and they said it was going to put branches out of business in 1977 and it didn't. And then when we introduced phone banking, they said it was going to put ATMs and branches out of business and it didn't. And then when Wells Fargo was the first large bank in this country that introduced online banking in the early- to mid-1990s, we said it was going to put everything else out of business, and they didn't. And now we've got mobile, right, and we're saying the same things.

I think the reason it didn't is because that's not what our customers want. Our customers are not all the same person. There are different demographics, there are different incomes, they live in different areas, they access financial services very differently. And I think what we need to do is continue to listen to our customers and deliver our products and services the way that they want. There is a huge difference between the way our kids and – we have five of them, right, access financial services and my parents do, right.

Today, my parents are much more valuable customers to Wells Fargo than our kids are. Someday, I hope our kids will be even more valuable, right. You can't deliver the products and services in the same way to all of them. But at the same time, I think we make a big mistake and I think we could be criticized over the last couple of years for relying a little bit too much on the value of our branch network and not innovating more quickly, right. And that's why you see the pace of innovation pick up.

In the third quarter, we had 2 billion customer interactions at Wells Fargo, 76% of those were mobile. So we need to make sure that we have the best mobile offering in the industry. And last week, Business Insider said, we did, right. At the same time, we've got a little less – we got about 5,800 branches and those are important because over 50 million times a month somebody comes in to one of our branches to have a relationship with Wells Fargo. So we got to be doing all of the above.

Q

Okay. So, can we talk a bit about loan growth? So, I think loan growth has obviously been a lot weaker than many people were expecting. I think for Wells, in particular, you've been running slightly below the industry average; part of that is auto lending. I think your decision to pull back is well understood. But corporate lending has also been a bit weaker than the market. Can you talk a bit about that dynamic and how do you view the risk/reward in the auto market today? I know you talked about growing the portfolio as you head into next year.

Timothy J. Sloan
President, Chief Executive Officer & Director, Wells Fargo & Co.

A

Sure. The two headwinds that we've had on the consumer side from a loan growth standpoint have been: one, in auto, which has been self-imposed. And I think the risk/reward continues to improve in that business for a variety of reasons. I think from a competitive standpoint, it's gotten a little bit more thoughtful. And then given some of the challenges that we've had from a weather standpoint in the country, I think that's impacted the used car prices and car prices in general, which I think is a good thing.

My expectation on the auto side is that you'll see growth in our auto business kind of late next year or maybe beginning or the following year plus or minus. But at one point, we were one of the largest auto lenders in this country and I think that our aspiration would be to return to that. There's no reason that we shouldn't in an appropriate competitive environment. At the same time, we're making fundamental changes in our auto business to improve it. And Laura Schupbach, who runs that business, is doing a terrific job.

The other headwind that we've had is on the home equity side. Recall eight years ago, we were all pretty concerned about the fact that we had $120 billion home equity portfolio. And there was a lot of concern about credit quality. That's actually performed better than we thought. But the pre-2009 portion of that portfolio continues to run down, not because those customers don't like doing business at Wells Fargo. They're just paying off their loans. And the demand for home equity is not as great as it was pre-crisis.

Having said that, I don't think anybody underwrites residential mortgage risk better than Wells Fargo, and we should be the largest home equity loan originator in this country. And so, I think there's real opportunity there. On the mortgage side, it's going to be a little bit transitory based upon rates, but you saw our on-balance mortgage business grow in the third quarter which was great. It's going to slow down a little bit in the fourth quarter, primarily due to seasonality.

On the commercial side, there have been – it's been slower, as you said, this year than I thought. But in addition, we had some idiosyncratic impacts to the book, particularly in the third quarter. We provided some financing to one of our customers that bought our guaranteed student loan portfolio that we sold a few years ago. We provided some financing to one of our customers who we're involved with in the GE acquisition that ran off. And that both of those events kind of occurred in that kind of – or they did occur in the third quarter and that extenuated the decline. My expectation in terms of C&I growth for the fourth quarter is that you're going to see a much better results than what we saw in the third quarter.

Q

And do you think corporate tax reform will impact corporate loan demand heading into next year if that happens?

Timothy J. Sloan

President, Chief Executive Officer & Director, Wells Fargo & Co.

A

I think so, but I think actually there's probably a bigger impact in terms of rate, because the other impact that the entire industry has seen and we sure did in the third quarter, and that is that corporate CFOs and treasurers did a smart thing, in the second and third quarter they looked at where rates were and they said, this is probably the lowest period we're ever going to see in our lives, let's take advantage of it. And so, you saw a lot of refinance activity. I think that will continue, but with rates going higher I think that's going to mean that there'll probably be more financing that occurs in a floating rate basis, both on short term and also a term loan standpoint. So I think it'll be a net positive.

Q

Okay. Can we talk a little bit about your capital returns? I think your payout is about 80%, your dividend payout is around 35%. Governor Quarles has made some comments about improving the transparency of the CCAR process. If some of the restrictions, some of the soft caps removed around dividend payouts, would you rethink the mix in terms of how you're distributing capital to shareholders? And ultimately, what would you like the payout ratio to be from a dividend standpoint?

Timothy J. Sloan
President, Chief Executive Officer & Director, Wells Fargo & Co.

A

Sure. Well, I think one of the challenges as it relates to the mix is not just the soft cap, and we're first large institution that went through that soft cap three or four years ago, as I recall. But it's also just how dividends and there's a difference in terms of how dividends are handled in your CCAR assumptions, as well as different from share buybacks. So that's got to be impacted too.

But step back for a minute. Is it our goal to increase return to our shareholders and do we have an excess amount of capital? The answer to both is yes. And so, I think your expectation, our expectation should be that we will continue to increase the amount – to increase our dividend and also increase our share buybacks, next year CCAR and the year after that, and the year after that.

Q

So, I mean your capital ratios are currently 11.8%. You've talked about a 0.2%.

Timothy J. Sloan
President, Chief Executive Officer & Director, Wells Fargo & Co.

A

Yeah. That's a lot, $1.9 trillion.

Q

And you've talked about 10% being the target. Is 10% still the target?

Timothy J. Sloan
President, Chief Executive Officer & Director, Wells Fargo & Co.

A

Yes.

Q

And how do you that get if balance sheet growth doesn't pick up? How quickly do you think you can get that?

Timothy J. Sloan
President, Chief Executive Officer & Director, Wells Fargo & Co.

A

Well, I don't know because – again, I don't know what the balance sheet is going to look like and what the mix of risk assets might be. But I certainly could imagine getting down to that 10% in the next couple of years; two, three years or something like that. I think it's unlikely to occur in one year.

Q

Okay.

Timothy J. Sloan
President, Chief Executive Officer & Director, Wells Fargo & Co.

A

So I wouldn't plan on that. But I think you should assume that our plan is to continue to increase returns and to turn it up a notch.

Q

So, we have time for one question from the audience, perhaps. Yeah.

Q

Tell us about your plan. So from the Apple App Store, the Wells Fargo mobile banking app is rated three stars, whereas JPMorgan and Bank of America is rated 4.5. Why do you think that is?

Timothy J. Sloan
President, Chief Executive Officer & Director, Wells Fargo & Co.

A

Well, apparently that folks in – that are Apple users, which is what about 10% of the country, don't like the app as much as maybe Business Insider does. It's pretty popular, and most of the independent reviews of our apps has put us at one or two in the entire industry. But we love our relationship with Apple, we were one of the first banks that was involved in Apple Pay. And so, we take that feedback though and we want to have the best.

Unverified Participant

Okay. Well, Tim, thank you very much.

Timothy J. Sloan
President, Chief Executive Officer & Director, Wells Fargo & Co.

Thank you. Thank you very much. Appreciate it.

Unverified Participant

Thank you.