

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-2979

**WELLS FARGO & COMPANY**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State of incorporation)

**No. 41-0449260**  
(I.R.S. Employer Identification No.)

**420 Montgomery Street, San Francisco, California 94104**

(Address of principal executive offices) (Zip code)

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

**Securities registered pursuant to Section 12(b) of the Act:**

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, par value \$1-2/3	WFC	New York Stock Exchange (NYSE)
7.5% Non-Cumulative Perpetual Convertible Class A Preferred Stock, Series L	WFC.PRL	NYSE
Depository Shares, each representing a 1/1000th interest in a share of 6.625% Fixed-to-Floating Rate Non-Cumulative Perpetual Class A Preferred Stock, Series R	WFC.PRR	NYSE
Depository Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series Y	WFC.PRY	NYSE
Depository Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series Z	WFC.PRZ	NYSE
Depository Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series AA	WFC.PRA	NYSE
Depository Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series CC	WFC.PRC	NYSE
Depository Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series DD	WFC.PRD	NYSE
Guarantee of Medium-Term Notes, Series A, due October 30, 2028 of Wells Fargo Finance LLC	WFC/28A	NYSE

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit 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  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 20, 2023  
3,631,639,714

Common stock, \$1-2/3 par value

**FORM 10-Q**  
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## FINANCIAL REVIEW

### Summary Financial Data (1)

(\$ in millions, except ratios and per share amounts)	Quarter ended			Sep 30, 2023 % Change from		Nine months ended		% Change
	Sep 30, 2023	Jun 30, 2023	Sep 30, 2022	Jun 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022	
<b>Selected Income Statement Data</b>								
Total revenue	\$ 20,857	20,533	19,566	2%	7	\$ 62,119	54,334	14%
Noninterest expense	13,113	12,987	14,306	1	(8)	39,776	41,019	(3)
Pre-tax pre-provision profit (PTPP) (2)	7,744	7,546	5,260	3	47	22,343	13,315	68
Provision for credit losses (3)	1,197	1,713	784	(30)	53	4,117	577	614
Wells Fargo net income	5,767	4,938	3,592	17	61	15,696	10,522	49
Wells Fargo net income applicable to common stock	5,450	4,659	3,313	17	65	14,822	9,685	53
<b>Common Share Data</b>								
Diluted earnings per common share	1.48	1.25	0.86	18	72	3.96	2.52	57
Dividends declared per common share	0.35	0.30	0.30	17	17	0.95	0.80	19
Common shares outstanding	3,637.9	3,667.7	3,795.4	(1)	(4)			
Average common shares outstanding	3,648.8	3,699.9	3,796.5	(1)	(4)	3,710.9	3,807.0	(3)
Diluted average common shares outstanding	3,680.6	3,724.9	3,825.1	(1)	(4)	3,741.6	3,838.5	(3)
Book value per common share (4)	\$ 44.37	43.87	41.36	1	7			
Tangible book value per common share (4)(5)	37.43	36.53	34.29	2	9			
<b>Selected Equity Data (period-end)</b>								
Total equity	182,373	181,952	178,478	-	2			
Common stockholders' equity	161,424	160,916	156,983	-	3			
Tangible common equity (5)	136,153	133,990	130,151	2	5			
<b>Performance Ratios</b>								
Return on average assets (ROA) (6)	1.21 %	1.05	0.76			1.12 %	0.74	
Return on average equity (ROE) (7)	13.3	11.4	8.1			12.2	8.0	
Return on average tangible common equity (ROTCE) (5)	15.9	13.7	9.8			14.6	9.6	
Efficiency ratio (8)	63	63	73			64	75	
Net interest margin on a taxable-equivalent basis	3.03	3.09	2.83			3.10	2.46	
<b>Selected Balance Sheet Data (average)</b>								
Loans	\$ 943,193	945,906	945,465	-	-	\$ 945,896	923,520	2
Assets	1,891,883	1,878,253	1,880,689	1	1	1,878,040	1,900,744	(1)
Deposits	1,340,307	1,347,449	1,407,851	(1)	(5)	1,348,090	1,439,033	(6)
<b>Selected Balance Sheet Data (period-end)</b>								
Debt securities	490,726	503,468	502,035	(3)	(2)			
Loans	942,424	947,960	945,906	(1)	-			
Allowance for credit losses for loans	15,064	14,786	13,225	2	14			
Equity securities	56,026	67,471	59,560	(17)	(6)			
Assets	1,909,261	1,876,320	1,877,719	2	2			
Deposits	1,354,010	1,344,584	1,398,151	1	(3)			
Headcount (#) (period-end)	227,363	233,834	239,209	(3)	(5)			
<b>Capital and Other Metrics</b>								
Risk-based capital ratios and components (9):								
Standardized Approach:								
Common Equity Tier 1 (CET1)	11.01 %	10.73	10.33					
Tier 1 capital	12.55	12.25	11.85					
Total capital	15.26	15.00	14.55					
Risk-weighted assets (RWAs) (in billions)	\$ 1,237.1	1,250.7	1,255.6	(1)	(1)			
Advanced Approach:								
Common Equity Tier 1 (CET1)	12.04 %	12.00	11.75					
Tier 1 capital	13.73	13.70	13.48					
Total capital	15.77	15.82	15.72					
Risk-weighted assets (RWAs) (in billions)	\$ 1,130.8	1,118.4	1,104.1	1	2			
Tier 1 leverage ratio	8.32 %	8.28	8.03					
Supplementary Leverage Ratio (SLR)	6.93	6.91	6.65					
Total Loss Absorbing Capacity (TLAC) Ratio (10)	23.98	23.12	23.00					
Liquidity Coverage Ratio (LCR) (11)	123	123	123					

- (1) In first quarter 2023, we adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-12 - Financial Services - Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts*. We adopted ASU 2018-12 with retrospective application, which required revision of prior period financial statements. Prior period risk-based capital and certain other regulatory related metrics were not revised. For additional information, including the financial statement line items impacted by the adoption of ASU 2018-12, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.
- (2) 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.
- (3) Includes provision for credit losses for loans, debt securities, and other financial assets.
- (4) 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.
- (5) Tangible common equity is a non-GAAP financial measure and represents total equity less preferred equity, noncontrolling interests, goodwill, certain identifiable intangible assets (other than mortgage servicing rights) and goodwill and other intangibles on investments in consolidated portfolio companies, 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 management, investors, and others to assess the Company's use of equity. For additional information, including a corresponding reconciliation to generally accepted accounting principles (GAAP) financial measures, see the "Capital Management - Tangible Common Equity" section in this Report.
- (6) Represents Wells Fargo net income divided by average assets.
- (7) Represents Wells Fargo net income applicable to common stock divided by average common stockholders' equity.
- (8) The efficiency ratio is noninterest expense divided by total revenue (net interest income and noninterest income).
- (9) For additional information, see the "Capital Management" section and Note 21 (Regulatory Capital Requirements and Other Restrictions) to Financial Statements in this Report.
- (10) Represents TLAC divided by RWAs, which is our binding TLAC ratio, determined by using the greater of RWAs under the Standardized and Advanced Approaches.
- (11) Represents average high-quality liquid assets divided by average projected net cash outflows, as each is defined under the LCR rule.

*This Quarterly Report, including the Financial Review and the Financial Statements and related Notes, contains forward-looking statements, which may include forecasts of our financial results and condition, expectations for our operations and business, and our assumptions for those forecasts and expectations. Do not unduly rely on forward-looking statements. Actual results may differ materially from our forward-looking statements due to several factors. Factors that could cause our actual results to differ materially from our forward-looking statements are described in this Report, including in the "Forward-Looking Statements" section, and in the "Risk Factors" and "Regulation and Supervision" sections of our Annual Report on Form 10-K for the year ended December 31, 2022 (2022 Form 10-K).*

*When we refer to "Wells Fargo," "the Company," "we," "our," or "us" in this Report, we mean Wells Fargo & Company and Subsidiaries (consolidated). When we refer to the "Parent," we mean Wells Fargo & Company. See the "Glossary of Acronyms" for definitions of terms used throughout this Report.*

## Financial Review

### Overview

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Wells Fargo & Company is a leading financial services company that has approximately \$1.9 trillion in assets, proudly serves one in three U.S. households and more than 10% of small businesses in the U.S., and is a leading middle market banking provider in the U.S. We provide a diversified set of banking, investment and mortgage products and services, as well as consumer and commercial finance, through our four reportable operating segments: Consumer Banking and Lending, Commercial Banking, Corporate and Investment Banking, and Wealth and Investment Management. Wells Fargo ranked No. 47 on *Fortune's* 2023 rankings of America's largest corporations. We ranked fourth in assets and third in the market value of our common stock among all U.S. banks at September 30, 2023.

Wells Fargo's top priority remains building a risk and control infrastructure appropriate for its size and complexity. The Company is subject to a number of consent orders and other regulatory actions, which may require the Company, among other things, to undertake certain changes to its business, operations, products and services, and risk management practices. Addressing these regulatory actions is expected to take multiple years, and we are likely to continue to experience issues or delays along the way in satisfying their requirements. We are also likely to continue to identify more issues as we implement our risk and control infrastructure, which may result in additional regulatory actions. Issues or delays with one regulatory action could affect our progress on others, and regulators have indicated the potential for escalating consequences for banks that do not timely resolve open issues. Failure to satisfy the requirements of a regulatory action on a timely basis could result in additional penalties, business restrictions, limitations on subsidiary capital distributions, increased capital or liquidity requirements, enforcement actions, and other negative consequences, which could be significant. While we still have significant work to do and have not yet satisfied certain aspects of these regulatory actions, the Company is committed to devoting the resources necessary to operate with strong business practices and controls, maintain the highest level of integrity, and have an appropriate culture in place.

#### **Federal Reserve Board Consent Order Regarding Governance Oversight and Compliance and Operational Risk Management**

On February 2, 2018, the Company entered into a consent order with the Board of Governors of the Federal Reserve System (FRB). As required by the consent order, the Company's Board of Directors (Board) submitted to the FRB a plan to further enhance the Board's governance and oversight of the Company, and the Company submitted to the FRB a plan to further improve the

Company's compliance and operational risk management program. The Company continues to engage with the FRB as the Company works to address the consent order provisions. The consent order also requires the Company, following the FRB's acceptance and approval of the plans and the Company's adoption and implementation of the plans, to complete an initial third-party review of the enhancements and improvements provided for in the plans. Until this third-party review is complete and the plans are approved and implemented to the satisfaction of the FRB, the Company's total consolidated assets as defined under the consent order will be limited to the level as of December 31, 2017. Compliance with this asset cap is measured on a two-quarter daily average basis to allow for management of temporary fluctuations. After removal of the asset cap, a second third-party review must also be conducted to assess the efficacy and sustainability of the enhancements and improvements.

#### **Consent Orders with the Consumer Financial Protection Bureau and Office of the Comptroller of the Currency Regarding Compliance Risk Management Program, Automobile Collateral Protection Insurance Policies, and Mortgage Interest Rate Lock Extensions**

On April 20, 2018, the Company entered into consent orders with the Consumer Financial Protection Bureau (CFPB) and the Office of the Comptroller of the Currency (OCC) to pay an aggregate of \$1 billion in civil money penalties to resolve matters regarding the Company's compliance risk management program and past practices involving certain automobile collateral protection insurance (CPI) policies and certain mortgage interest rate lock extensions. As required by the consent orders, the Company submitted to the CFPB and OCC an enterprise-wide compliance risk management plan and a plan to enhance the Company's internal audit program with respect to federal consumer financial law and the terms of the consent orders. In addition, as required by the consent orders, the Company submitted for non-objection plans to remediate customers affected by the automobile collateral protection insurance and mortgage interest rate lock matters, as well as a plan for the management of remediation activities conducted by the Company. The Company continues to work to address the provisions of the consent orders. On September 9, 2021, the OCC assessed a \$250 million civil money penalty against the Company related to insufficient progress in addressing requirements under the OCC's April 2018 consent order and loss mitigation activities in the Company's Home Lending business. On December 20, 2022, the CFPB modified its consent order to clarify how it would terminate.

## Overview (continued)

### Consent Order with the OCC Regarding Loss Mitigation Activities

On September 9, 2021, the Company entered into a consent order with the OCC requiring the Company to improve the execution, risk management, and oversight of loss mitigation activities in its Home Lending business. In addition, the consent order restricts the Company from acquiring certain third-party residential mortgage servicing and limits transfers of certain mortgage loans requiring customer remediation out of the Company's mortgage servicing portfolio until remediation is provided.

### Consent Order with the CFPB Regarding Automobile Lending, Consumer Deposit Accounts, and Mortgage Lending

On December 20, 2022, the Company entered into a consent order with the CFPB requiring the Company to provide customer remediation for multiple matters related to automobile lending, consumer deposit accounts, and mortgage lending; maintain practices designed to ensure auto lending customers receive refunds for the unused portion of certain guaranteed automobile protection agreements; comply with certain business practice requirements related to consumer deposit accounts; and pay a \$1.7 billion civil penalty to the CFPB. The required actions related to many of these matters were already substantially complete at the time we entered into the consent order, and the consent order lays out a path to termination after the Company completes the remainder of the required actions.

### Retail Sales Practices Matters

In September 2016, we announced settlements with the CFPB, the OCC, and the Office of the Los Angeles City Attorney, and entered into related consent orders with the CFPB and the OCC, in connection with allegations that some of our retail customers received products and services they did not request. As a result, it remains a priority to rebuild trust through a comprehensive action plan that includes making things right for our customers, employees, and other stakeholders, and building a better Company for the future. On September 8, 2021, the CFPB consent order regarding retail sales practices expired.

For additional information regarding retail sales practices matters, including related legal and regulatory risk, see the "Risk Factors" section in our 2022 Form 10-K.

### Customer Remediation Activities

Our priority of rebuilding trust has included an effort to identify areas or instances where customers may have experienced financial harm, provide remediation as appropriate, and implement additional operational and control procedures. We are working with our regulatory agencies in this effort.

We have accrued for the probable and estimable costs related to our customer remediation activities, which amounts may change based on additional facts and information, as well as ongoing reviews and communications with our regulators. We had approximately \$1.5 billion and approximately \$2.3 billion of accrued liabilities for customer remediation activities as of September 30, 2023, and December 31, 2022, respectively. As our ongoing reviews continue and as we continue to strengthen our risk and control infrastructure, we have identified and may in the future identify additional items or areas of potential concern. To the extent issues are identified, we will continue to assess any customer harm and provide remediation as appropriate. We have previously disclosed key areas of focus as part of these activities.

For additional information regarding these activities,

including related legal and regulatory risk, see the "Risk Factors" section in our 2022 Form 10-K.

### Recent Developments Debit Card Interchange Fees

On October 25, 2023, the FRB issued a proposed rule that would reduce the amount of debit card interchange fees received by debit card issuers. In addition, the proposed rule would allow for an update to the debit card interchange fee cap every other year based on an analysis of certain costs incurred by debit card issuers. Based on a preliminary assessment, we expect a significant reduction to our debit card interchange fees, which are included in card fees, if the rule is adopted as currently proposed.

### Federal Deposit Insurance Corporation Special Assessment

In May 2023, the Federal Deposit Insurance Corporation (FDIC) proposed a rule to recover by special assessment losses to the FDIC deposit insurance fund as a result of bank failures in the first half of 2023. Under the proposed rule, the FDIC would collect a special assessment based on a calculation using an insured depository institution's estimated amount of uninsured deposits. As currently proposed, the amount of our special assessment may be up to \$1.8 billion (pre-tax). We expect to expense the entire amount upon the FDIC's finalization of the rule, which we expect to occur in fourth quarter 2023. The proposed rule may be changed prior to finalization and any changes may affect the timing or amount of the special assessment.

### Capital Matters

On July 27, 2023, federal banking regulators issued a proposed rule that would impact the way in which risk-based capital requirements are determined for certain banks. The proposed rule would eliminate the current Advanced Approach and replace it with a new expanded risk-based approach for the measurement of risk-weighted assets, including more granular risk weights for credit risk, a new market risk framework, and a new standardized approach for measuring operational risk. The new requirements would be phased in over a three-year period beginning July 1, 2025. The Company expects a significant increase in its risk-weighted assets and a net increase in its capital requirements based on an assessment of the proposed rule. The Company is considering a range of potential actions to address the impact of the proposed rule, including balance sheet and capital optimization strategies.

For additional information about capital planning, see the "Capital Management - Capital Planning and Stress Testing" section in this Report.

### Financial Performance

#### Adoption of Accounting Standards Update 2018-12

In first quarter 2023, we adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-12 - Financial Services - Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts*.

We adopted this ASU with retrospective application, which required revision of prior period financial statements. Prior period risk-based capital and certain other regulatory related metrics were not revised. For additional information, including the financial statement line items impacted by the adoption of ASU 2018-12, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

## Consolidated Financial Highlights

(\$ in millions)	Quarter ended Sep 30,				Nine months ended Sep 30,			
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
<b>Selected income statement data</b>								
Net interest income	\$ 13,105	12,098	1,007	8%	\$ 39,604	31,517	8,087	26%
Noninterest income	7,752	7,468	284	4	22,515	22,817	(302)	(1)
Total revenue	20,857	19,566	1,291	7	62,119	54,334	7,785	14
Net charge-offs	864	399	465	117	2,192	1,049	1,143	109
Change in the allowance for credit losses	333	385	(52)	(14)	1,925	(472)	2,397	508
Provision for credit losses (1)	1,197	784	413	53	4,117	577	3,540	614
Noninterest expense	13,113	14,306	(1,193)	(8)	39,776	41,019	(1,243)	(3)
Income tax expense	811	912	(101)	(11)	2,707	2,280	427	19
Wells Fargo net income	5,767	3,592	2,175	61	15,696	10,522	5,174	49
Wells Fargo net income applicable to common stock	5,450	3,313	2,137	65	14,822	9,685	5,137	53

(1) Includes provision for credit losses for loans, debt securities, and other financial assets.

In third quarter 2023, we generated \$5.8 billion of net income and diluted earnings per common share (EPS) of \$1.48, compared with \$3.6 billion of net income and diluted EPS of \$0.86 in the same period a year ago. Financial performance for third quarter 2023, compared with the same period a year ago, included the following:

- total revenue increased due to higher net interest income and higher noninterest income;
- provision for credit losses reflected increases for commercial real estate loans, primarily office loans, as well as for increases in credit card loan balances, partially offset by decreases for auto loans;
- noninterest expense decreased due to lower operating losses, partially offset by higher personnel expense and technology and equipment expense;
- average loans decreased driven by reductions in our consumer loan portfolio, partially offset by growth in our commercial loan portfolio; and
- average deposits decreased driven by reductions in Consumer Banking and Lending, Commercial Banking, and Wealth and Investment Management, partially offset by growth in Corporate.

In the first nine months of 2023, we generated \$15.7 billion of net income and diluted EPS of \$3.96, compared with \$10.5 billion of net income and diluted EPS of \$2.52 in the same period a year ago. Financial performance for the first nine months of 2023, compared with the same period a year ago, included the following:

- total revenue increased due to higher net interest income, partially offset by lower noninterest income;
- provision for credit losses reflected increases for commercial real estate loans, primarily office loans, as well as for increases in credit card loan balances;
- noninterest expense decreased due to lower operating losses, partially offset by higher personnel, technology and equipment, and advertising expense;
- average loans increased driven by loan growth in both our commercial and consumer loan portfolios; and
- average deposits decreased driven by reductions in all operating segments, partially offset by growth in Corporate.

### Capital and Liquidity

We maintained a strong capital position in the first nine months of 2023, with total equity of \$182.4 billion at September 30, 2023, compared with \$182.2 billion at December 31, 2022. In

addition, capital and liquidity at September 30, 2023, included the following:

- our Common Equity Tier 1 (CET1) ratio was 11.01% under the Standardized Approach (our binding ratio), which continued to exceed the regulatory minimum and buffers of 9.20%;
- our total loss absorbing capacity (TLAC) as a percentage of total risk-weighted assets was 23.98%, compared with the regulatory minimum of 21.50%; and
- our liquidity coverage ratio (LCR) was 123%, which continued to exceed the regulatory minimum of 100%.

See the "Capital Management" and the "Risk Management - Asset/Liability Management - Liquidity Risk and Funding" sections in this Report for additional information regarding our capital and liquidity, including the calculation of our regulatory capital and liquidity amounts.

### Credit Quality

Credit quality reflected the following:

- The allowance for credit losses (ACL) for loans of \$15.1 billion at September 30, 2023, increased \$1.5 billion from December 31, 2022.
- Our provision for credit losses for loans was \$4.1 billion in the first nine months of 2023, compared with \$576 million in the same period a year ago. The ACL for loans and the provision for credit losses for loans reflected increases for commercial real estate loans, primarily office loans, as well as for increases in credit card loan balances.
- The allowance coverage for total loans was 1.60% at September 30, 2023, compared with 1.42% at December 31, 2022.
- Commercial portfolio net loan charge-offs were \$188 million, or 13 basis points of average commercial loans, in third quarter 2023, compared with net loan charge-offs of \$6 million in the same period a year ago, driven by higher losses in our commercial and industrial and commercial real estate portfolios.
- Consumer portfolio net loan charge-offs were \$662 million, or 67 basis points of average consumer loans, in third quarter 2023, compared with net loan charge-offs of \$393 million, or 40 basis points, in the same period a year ago, driven by higher losses in all consumer portfolios, primarily in our credit card portfolio.
- Nonperforming assets (NPAs) of \$8.2 billion at September 30, 2023, increased \$2.4 billion, or 42%, from

## Overview (continued)

December 31, 2022, driven by higher commercial real estate nonaccrual loans, predominantly within the office property type, partially offset by lower residential mortgage nonaccrual loans. NPAs represented 0.87% of total loans at September 30, 2023.

- Criticized loans in the commercial portfolio were \$31.9 billion at September 30, 2023, compared with \$25.1 billion at December 31, 2022, primarily driven by an increase in criticized commercial real estate loans in the office and apartments property types.

## Earnings Performance

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Wells Fargo net income for third quarter 2023 was \$5.8 billion (\$1.48 diluted EPS), compared with \$3.6 billion (\$0.86 diluted EPS) in the same period a year ago. Net income increased in third quarter 2023, compared with the same period a year ago, predominantly due to a \$1.0 billion increase in net interest income and a \$1.2 billion decrease in noninterest expense.

Net income for the first nine months of 2023 was \$15.7 billion (\$3.96 diluted EPS), compared with \$10.5 billion (\$2.52 diluted EPS) in the same period a year ago. Net income increased in the first nine months of 2023, compared with the same period a year ago, predominantly due to a \$8.1 billion increase in net interest income and a \$1.2 billion decrease in noninterest expense, partially offset by a \$3.5 billion increase in provision for credit losses.

### Net Interest Income

Net interest income and net interest margin increased in both the third quarter and first nine months of 2023, compared with the same periods a year ago, due to the impact of higher interest rates on earning assets, partially offset by higher expenses for interest bearing deposits and long-term debt.

Table 1 presents the individual components of net interest income and net interest margin. Net interest income and net interest margin are presented on a taxable-equivalent basis in Table 1 to consistently reflect income from taxable and tax-exempt loans and debt and equity securities based on a 21% federal statutory tax rate for the periods ended September 30, 2023 and 2022.

For additional information about net interest income and net interest margin, see the "Earnings Performance - Net Interest Income" section in our 2022 Form 10-K.

**Table 1: Average Balances, Yields and Rates Paid (Taxable-Equivalent Basis) (1)**

(\$ in millions)	2023			2022		
	Average balance	Interest income/expense	Average interest rates	Average balance	Interest income/expense	Average interest rates
Quarter ended September 30,						
<b>Assets</b>						
Interest-earning deposits with banks	\$ 158,893	1,926	4.81 %	\$ 130,761	699	2.12%
Federal funds sold and securities purchased under resale agreements	68,715	888	5.13	57,432	250	1.73
Debt securities:						
Trading debt securities	109,802	1,060	3.86	91,618	631	2.75
Available-for-sale debt securities	139,511	1,371	3.92	127,821	792	2.47
Held-to-maturity debt securities	273,948	1,822	2.65	305,063	1,704	2.23
Total debt securities	523,261	4,253	3.24	524,502	3,127	2.38
Loans held for sale (2)	5,437	87	6.40	11,458	120	4.18
Loans:						
Commercial and industrial - U.S.	308,862	5,460	7.02	300,097	3,211	4.25
Commercial and industrial - Non-U.S.	73,415	1,312	7.09	81,278	751	3.67
Commercial real estate mortgage	129,206	2,149	6.60	133,720	1,388	4.12
Commercial real estate construction	24,480	498	8.07	21,571	288	4.93
Lease financing	15,564	191	4.90	14,526	137	3.76
Total commercial loans	551,527	9,610	6.92	551,192	5,755	4.14
Residential mortgage - first lien	252,176	2,129	3.38	253,383	2,002	3.16
Residential mortgage - junior lien	11,742	210	7.11	14,226	189	5.28
Credit card	48,889	1,612	13.08	42,407	1,230	11.51
Auto	51,014	615	4.78	54,874	590	4.27
Other consumer	27,845	607	8.65	29,383	413	5.58
Total consumer loans	391,666	5,173	5.26	394,273	4,424	4.47
Total loans (2)	943,193	14,783	6.23	945,465	10,179	4.28
Equity securities	25,019	153	2.42	29,722	156	2.09
Other	8,565	107	4.93	13,577	68	1.97
Total interest-earning assets	\$ 1,733,083	22,197	5.09 %	\$ 1,712,917	14,599	3.39%
Cash and due from banks	27,137	-	-	25,646	-	-
Goodwill	25,174	-	-	25,177	-	-
Other	106,489	-	-	116,949	-	-
Total noninterest-earning assets	\$ 158,800	-	-	167,772	-	-
<b>Total assets</b>	\$ 1,891,883	22,197		1,880,689	14,599	
<b>Liabilities</b>						
Deposits:						
Demand deposits	\$ 414,294	1,846	1.77 %	\$ 421,072	335	0.32%
Savings deposits	366,788	725	0.78	434,023	63	0.06
Time deposits	153,593	1,871	4.83	29,584	77	1.04
Deposits in non-U.S. offices	18,825	166	3.51	17,540	38	0.86
Total interest-bearing deposits	953,500	4,608	1.92	902,219	513	0.23
Short-term borrowings:						
Federal funds purchased and securities sold under agreements to repurchase	75,849	999	5.23	25,648	122	1.88
Other short-term borrowings	14,229	134	3.72	13,799	36	1.06
Total short-term borrowings	90,078	1,133	4.99	39,447	158	1.59
Long-term debt	181,955	3,039	6.67	158,984	1,553	3.90
Other liabilities	32,564	208	2.54	36,217	172	1.89
Total interest-bearing liabilities	\$ 1,258,097	8,988	2.84 %	\$ 1,136,867	2,396	0.84%
Noninterest-bearing demand deposits	386,807	-	-	505,632	-	-
Other noninterest-bearing liabilities	62,151	-	-	55,148	-	-
Total noninterest-bearing liabilities	\$ 448,958	-	-	560,780	-	-
<b>Total liabilities</b>	\$ 1,707,055	8,988		1,697,647	2,396	
Total equity	184,828	-	-	183,042	-	-
<b>Total liabilities and equity</b>	\$ 1,891,883	8,988		1,880,689	2,396	
Interest rate spread on a taxable-equivalent basis (3)			2.25 %			2.55%
Net interest income and net interest margin on a taxable-equivalent basis (3)		\$ 13,209	3.03 %		\$ 12,203	2.83%

(continued on following page)



## Earnings Performance (continued)

(continued from previous page)

(\$ in millions)	2023			2022		
	Average balance	Interest income/expense	Average interest rates	Average balance	Interest income/expense	Average interest rates
Nine months ended September 30,						
2023						
2022						
<b>Assets</b>						
Interest-earning deposits with banks	\$ 134,490	4,543	4.52 %	\$ 151,851	1,116	0.98%
Federal funds sold and securities purchased under resale agreements	68,951	2,404	4.66	60,882	313	0.69
Debt securities:						
Trading debt securities	102,986	2,759	3.57	90,521	1,741	2.57
Available-for-sale debt securities	144,885	4,041	3.72	147,852	2,216	2.00
Held-to-maturity debt securities	277,644	5,431	2.61	294,231	4,619	2.09
Total debt securities	525,515	12,231	3.11	532,604	8,576	2.15
Loans held for sale (2)	6,022	278	6.16	15,237	386	3.38
Loans:						
Commercial and industrial - U.S.	307,971	15,388	6.68	288,420	7,090	3.29
Commercial and industrial - Non-U.S.	74,997	3,695	6.59	80,286	1,675	2.79
Commercial real estate mortgage	130,085	6,174	6.35	130,794	3,201	3.27
Commercial real estate construction	24,383	1,404	7.70	21,058	624	3.96
Lease financing	15,138	541	4.76	14,519	445	4.08
Total commercial loans	552,574	27,202	6.58	535,077	13,035	3.26
Residential mortgage - first lien	253,653	6,326	3.33	248,420	5,852	3.14
Residential mortgage - junior lien	12,342	630	6.82	15,074	522	4.62
Credit card	47,175	4,563	12.93	40,077	3,395	11.33
Auto	51,979	1,815	4.67	55,939	1,760	4.21
Other consumer	28,173	1,734	8.23	28,933	980	4.53
Total consumer loans	393,322	15,068	5.12	388,443	12,509	4.30
Total loans (2)	945,896	42,270	5.97	923,520	25,544	3.70
Equity securities	27,174	517	2.54	31,244	519	2.22
Other	9,900	352	4.75	13,727	97	0.94
Total interest-earning assets	\$ 1,717,948	62,595	4.87 %	\$ 1,729,065	36,551	2.82%
Cash and due from banks	27,539	-	-	25,549	-	-
Goodwill	25,174	-	-	25,179	-	-
Other	107,379	-	-	120,951	-	-
Total noninterest-earning assets	\$ 160,092	-	-	171,679	-	-
<b>Total assets</b>	<b>\$ 1,878,040</b>	<b>62,595</b>		<b>1,900,744</b>	<b>36,551</b>	
<b>Liabilities</b>						
Deposits:						
Demand deposits	\$ 416,981	4,892	1.57 %	\$ 438,676	463	0.14%
Savings deposits	385,171	2,006	0.70	438,370	119	0.04
Time deposits	116,102	3,856	4.44	27,611	122	0.59
Deposits in non-U.S. offices	18,739	420	3.00	19,212	50	0.35
Total interest-bearing deposits	936,993	11,174	1.59	923,869	754	0.11
Short-term borrowings:						
Federal funds purchased and securities sold under agreements to repurchase	60,685	2,226	4.91	22,910	152	0.89
Other short-term borrowings	16,642	438	3.52	13,046	23	0.24
Total short-term borrowings	77,327	2,664	4.61	35,956	175	0.65
Long-term debt	175,156	8,243	6.28	154,691	3,325	2.87
Other liabilities	33,492	594	2.37	34,317	460	1.79
Total interest-bearing liabilities	\$ 1,222,968	22,675	2.48 %	\$ 1,148,833	4,714	0.55%
Noninterest-bearing demand deposits	411,097	-	-	515,164	-	-
Other noninterest-bearing liabilities	59,450	-	-	53,397	-	-
Total noninterest-bearing liabilities	\$ 470,547	-	-	568,561	-	-
<b>Total liabilities</b>	<b>\$ 1,693,515</b>	<b>22,675</b>		<b>1,717,394</b>	<b>4,714</b>	
Total equity	184,525	-	-	183,350	-	-
<b>Total liabilities and equity</b>	<b>\$ 1,878,040</b>	<b>22,675</b>		<b>1,900,744</b>	<b>4,714</b>	
<b>Interest rate spread on a taxable-equivalent basis (3)</b>			<b>2.39 %</b>			<b>2.27%</b>
<b>Net interest margin and net interest income on a taxable-equivalent basis (3)</b>		<b>\$ 39,920</b>	<b>3.10 %</b>		<b>\$ 31,837</b>	<b>2.46%</b>

(1) The average balance amounts represent amortized costs, except for certain held-to-maturity (HTM) debt securities, which exclude unamortized basis adjustments related to the transfer of those securities from available-for-sale (AFS) debt securities. The average interest rates are based on interest income or expense amounts for the period and are annualized. Interest rates and amounts include the effects of hedge and risk management activities associated with the respective asset and liability categories.

(2) Nonaccrual loans and any related income are included in their respective loan categories.

(3) Includes taxable-equivalent adjustments of \$104 million and \$105 million for the quarters ended September 30, 2023 and 2022, respectively, and \$316 million and \$320 million for the first nine months of 2023 and 2022, respectively, predominantly related to tax-exempt income on certain loans and securities.

## Noninterest Income

**Table 2: Noninterest Income**

(\$ in millions)	Quarter ended Sep 30,				Nine months ended Sep 30,			
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
Deposit-related fees	\$ 1,179	1,289	(110)	(9)%	\$ 3,492	4,138	(646)	(16)%
Lending-related fees	372	358	14	4	1,080	1,053	27	3
Investment advisory and other asset-based fees	2,224	2,111	113	5	6,501	6,955	(454)	(7)
Commissions and brokerage services fees	567	562	5	1	1,756	1,641	115	7
Investment banking fees	492	375	117	31	1,194	1,108	86	8
Card fees	1,098	1,119	(21)	(2)	3,229	3,260	(31)	(1)
Net servicing income	80	129	(49)	(38)	292	408	(116)	(28)
Net gains on mortgage loan originations/sales	113	195	(82)	(42)	335	896	(561)	(63)
Mortgage banking	193	324	(131)	(40)	627	1,304	(677)	(52)
Net gains from trading activities	1,265	900	365	41	3,729	1,564	2,165	138
Net gains from debt securities	6	6	-	-	10	151	(141)	(93)
Net losses from equity securities	(25)	(34)	9	26	(476)	(73)	(403)	NM
Lease income	291	322	(31)	(10)	945	982	(37)	(4)
Other	90	136	(46)	(34)	428	734	(306)	(42)
Total	\$ 7,752	7,468	284	4	\$ 22,515	22,817	(302)	(1)

NM - Not meaningful

### Third quarter 2023 vs. third quarter 2022

**Deposit-related fees** decreased reflecting our efforts to help customers avoid overdraft fees.

**Investment advisory and other asset-based fees** increased reflecting higher market valuations.

Fees from the majority of Wealth and Investment Management (WIM) advisory assets are based on a percentage of the market value of the assets at the beginning of the quarter. For additional information on certain client investment assets, see the "Earnings Performance - Operating Segment Results - Wealth and Investment Management - WIM Advisory Assets" section in this Report.

**Investment banking fees** increased due to increased activity across all products.

**Net servicing income** decreased driven by:

- lower servicing fees due to a lower balance of mortgage loans serviced for others, including the impact of mortgage servicing right (MSR) sales;

partially offset by:

- higher income from net favorable hedge results related to MSR valuations.

**Net gains on mortgage loan originations/sales** decreased due to lower residential mortgage origination volumes.

For additional information on servicing income and net gains on mortgage loan originations/sales, see Note 6 (Mortgage Banking Activities) to Financial Statements in this Report.

**Net gains from trading activities** increased driven by higher trading revenue in structured products and equities.

**Net losses from equity securities** decreased reflecting:

- lower impairment of equity securities;
- partially offset by:
- lower realized gains on sales of nonmarketable equity securities.

### First nine months of 2023 vs. first nine months of 2022

**Deposit-related fees** decreased reflecting:

- our efforts to help customers avoid overdraft fees; and
- lower fees on commercial accounts driven by higher earnings credit rates due to an increase in interest rates.

**Investment advisory and other asset-based fees** decreased reflecting lower market valuations.

Fees from the majority of WIM advisory assets are based on a percentage of the market value of the assets at the beginning of the quarter. For additional information on certain client investment assets, see the "Earnings Performance - Operating Segment Results - Wealth and Investment Management - WIM Advisory Assets" section in this Report.

**Commissions and brokerage services fees** increased due to higher service fee rates.

**Net servicing income** decreased driven by:

- lower servicing fees due to a lower balance of mortgage loans serviced for others, including the impact of MSR sales;

partially offset by:

- higher income from net favorable hedge results related to MSR valuations.

**Net gains on mortgage loan originations/sales** decreased due to lower residential mortgage origination volumes.

For additional information on servicing income and net gains on mortgage loan originations/sales, see Note 6 (Mortgage Banking Activities) to Financial Statements in this Report.

## Earnings Performance *(continued)*

**Net gains from trading activities** increased driven by higher trading results across all asset classes.

**Net gains from debt securities** decreased due to lower gains on sales of asset-based securities and municipal bonds in our investment portfolio as a result of decreased sales volumes.

**Net losses from equity securities** increased reflecting:

- lower unrealized and realized gains on nonmarketable equity securities driven by our venture capital and private equity investments;

partially offset by:

- lower impairment of equity securities; and
- higher unrealized gains on marketable equity securities.

**Other income** decreased driven by the change in fair value of liabilities associated with our reinsurance business, which was recognized as a result of our adoption of ASU 2018-12 in first quarter 2023. For additional information on our adoption of ASU 2018-12, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

## Noninterest Expense

**Table 3: Noninterest Expense**

(\$ in millions)	Quarter ended Sep 30,				Nine months ended Sep 30,			
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
Personnel	\$ 8,627	8,212	415	% 5	26,648	25,925	723	% 3
Technology, telecommunications and equipment	975	798	177	22	2,844	2,473	371	15
Occupancy	724	732	(8)	(1)	2,144	2,159	(15)	(1)
Operating losses (1)	329	2,218	(1,889)	(85)	828	3,467	(2,639)	(76)
Professional and outside services	1,310	1,235	75	6	3,843	3,831	12	-
Reserves (2)	172	186	(14)	(8)	529	559	(30)	(5)
Advertising and promotion	215	126	89	71	553	327	226	69
Restructuring charges	-	-	-	-	-	5	(5)	(100)
Other	761	799	(38)	(5)	2,387	2,273	114	5
Total	\$ 13,113	14,306	(1,193)	(8)	39,776	41,019	(1,243)	(3)

(1) Includes expenses for legal actions of \$175 million and \$984 million for third quarter 2023 and 2022, respectively, and \$115 million and \$1.1 billion for the first nine months of 2023 and 2022, respectively, and expenses for customer remediation activities of \$(30) million and \$978 million for third quarter 2023 and 2022, respectively, and \$133 million and \$1.6 billion for the first nine months of 2023 and 2022, respectively.

(2) Represents expenses for assets we lease to customers.

### Third quarter and first nine months of 2023 vs. Third quarter and first nine months of 2022

**Personnel expense** increased driven by:

- higher salaries expense, including higher severance expense; and
  - higher incentive compensation expense;
- partially offset by:
- the impact of efficiency initiatives.

### Technology, telecommunications and equipment expense

increased due to higher expense for the amortization of internally developed software and higher expense for technology contracts.

**Operating losses** decreased driven by:

- lower expense for legal actions, compared with third quarter 2022 that included amounts related to the December 2022 CFPB consent order. For additional information on legal actions, see Note 10 (Legal Actions) to Financial Statements in this Report; and
- lower expense for customer remediation activities, compared with higher expense in 2022 predominantly due to the further refinement of the scope of remediation for historical mortgage lending, automobile lending, and consumer deposit accounts matters. Expenses for customer

remediation activities in the third quarter and first nine months of 2023 were lower primarily related to matters that had lower estimated costs and complexity than historical matters. For additional information on customer remediation activities, see the "Overview" section above.

As previously disclosed, we have outstanding legal actions and customer remediation activities that could impact operating losses in the coming quarters.

For additional information on operating losses, see Note 17 (Revenue and Expenses) to Financial Statements in this Report.

**Advertising and promotion expense** increased due to higher marketing and brand campaign volumes.

**Other expense** increased in the first nine months of 2023, compared with the same period a year ago, driven by higher FDIC deposit assessment expense driven by a higher assessment rate.

We expect to expense the entire amount of the FDIC's special assessment upon finalization of the proposed rule, which would result in a significant increase in our FDIC deposit assessment expense. For additional information on the FDIC's special assessment, see the "Overview - Recent Developments" section above.

## Income Tax Expense

**Table 4: Income Tax Expense**

(\$ in millions)	Quarter ended Sep 30,				Nine months ended Sep 30,			
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
Income before income tax expense	\$ 6,547	4,476	2,071	46%	\$ 18,226	12,738	5,488	43%
Income tax expense	811	912	(101)	(11)	2,707	2,280	427	19
Effective income tax rate (1)	12.3 %	20.2			14.7 %	17.8		

(1) Represents Income tax expense (benefit) divided by Income (loss) before income tax expense (benefit) less Net income (loss) from noncontrolling interests.

The effective income tax rate decreased in the third quarter and first nine months of 2023, compared with the same periods a year ago, primarily due to the impact of discrete tax benefits in third quarter 2023 related to the resolution of prior period tax matters and lower nondeductible accruals.

For additional information on income taxes, see Note 22 (Income Taxes) to Financial Statements in our 2022 Form 10-K.

**Earnings Performance (continued)**

**Operating Segment Results**

Our management reporting is organized into four reportable operating segments: Consumer Banking and Lending; Commercial Banking; Corporate and Investment Banking; and Wealth and Investment Management. All other business activities that are not included in the reportable operating segments have been included in Corporate. For additional information, see Table 5. We define our reportable operating segments by type of product and customer segment, and their results are based on our management reporting process. The management reporting process measures the performance of the reportable operating segments based on the Company's management structure, and the results are regularly reviewed with our Chief Executive Officer and relevant senior management. The management reporting process is based on U.S. GAAP and includes specific adjustments, such as funds transfer pricing for asset/liability management, shared revenue and expenses, and taxable-equivalent adjustments to consistently reflect income from taxable and tax-exempt sources, which allows management to assess performance consistently across the operating segments.

**Funds Transfer Pricing** Corporate treasury manages a funds transfer pricing methodology that considers interest rate risk, liquidity risk, and other product characteristics. Operating segments pay a funding charge for their assets and receive a funding credit for their deposits, both of which are included in net interest income. The net impact of the funding charges or credits is recognized in corporate treasury.

**Revenue and Expense Sharing** When lines of business jointly serve customers, the line of business that is responsible for providing the product or service recognizes revenue or expense with a referral fee paid or an allocation of cost to the other line of business based on established internal revenue-sharing agreements.

When a line of business uses a service provided by another line of business or enterprise function (included in Corporate), expense is generally allocated based on the cost and use of the service provided.

**Taxable-Equivalent Adjustments** Taxable-equivalent adjustments related to tax-exempt income on certain loans and debt securities are included in net interest income, while taxable-equivalent adjustments related to income tax credits for low-income housing and renewable energy investments are included in noninterest income, in each case with corresponding impacts to income tax expense (benefit). Adjustments are included in Corporate, Commercial Banking, and Corporate and Investment Banking and are eliminated to reconcile to the Company's consolidated financial results.

**Allocated Capital** Reportable operating segments are allocated capital under a risk-sensitive framework that is primarily based on aspects of our regulatory capital requirements, and the assumptions and methodologies used to allocate capital are periodically assessed and revised. Effective January 1, 2023, management modified its capital allocation methodology to improve alignment of allocated capital with the binding regulatory constraints of the Company. Management believes that return on allocated capital is a useful financial measure because it enables management, investors, and others to assess a reportable operating segment's use of capital.

**Selected Metrics** We present certain financial and nonfinancial metrics that management uses when evaluating reportable operating segment results. Management believes that these metrics are useful to investors and others to assess the performance, customer growth, and trends of reportable operating segments or lines of business.

**Table 5: Management Reporting Structure**

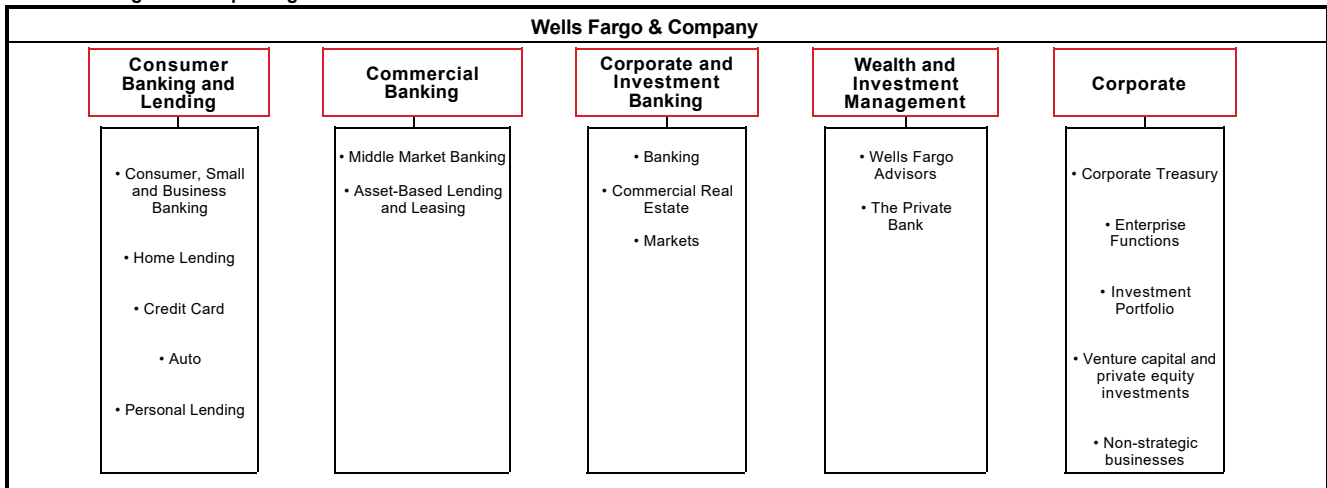


Table 6 and the following discussion present our results by reportable operating segment. For additional information, see Note 16 (Operating Segments) to Financial Statements in this Report.

**Table 6: Operating Segment Results - Highlights**

(in millions)	Consumer Banking and Lending	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate (1)	Reconciling Items (2)	Consolidated Company
<b>Quarter ended September 30, 2023</b>							
Net interest income	\$ 7,633	2,519	2,319	1,007	(269)	(104)	13,105
Noninterest income	1,948	886	2,604	2,695	21	(402)	7,752
Total revenue	9,581	3,405	4,923	3,702	(248)	(506)	20,857
Provision for credit losses	768	52	324	(10)	63	-	1,197
Noninterest expense	5,913	1,543	2,182	3,006	469	-	13,113
Income (loss) before income tax expense (benefit)	2,900	1,810	2,417	706	(780)	(506)	6,547
Income tax expense (benefit)	727	453	601	177	(641)	(506)	811
Net income (loss) before noncontrolling interests	2,173	1,357	1,816	529	(139)	-	5,736
Less: Net income (loss) from noncontrolling interests	-	3	-	-	(34)	-	(31)
<b>Net income (loss)</b>	<b>\$ 2,173</b>	<b>1,354</b>	<b>1,816</b>	<b>529</b>	<b>(105)</b>	<b>-</b>	<b>5,767</b>
<b>Quarter ended September 30, 2022</b>							
Net interest income	\$ 7,102	1,991	2,270	1,088	(248)	(105)	12,098
Noninterest income	2,175	961	1,790	2,577	345	(380)	7,468
Total revenue	9,277	2,952	4,060	3,665	97	(485)	19,566
Provision for credit losses	917	(168)	32	8	(5)	-	784
Noninterest expense	6,758	1,526	1,900	2,796	1,326	-	14,306
Income (loss) before income tax expense (benefit)	1,602	1,594	2,128	861	(1,224)	(485)	4,476
Income tax expense (benefit)	401	409	536	222	(171)	(485)	912
Net income (loss) before noncontrolling interests	1,201	1,185	1,592	639	(1,053)	-	3,564
Less: Net income (loss) from noncontrolling interests	-	3	-	-	(31)	-	(28)
<b>Net income (loss)</b>	<b>\$ 1,201</b>	<b>1,182</b>	<b>1,592</b>	<b>639</b>	<b>(1,022)</b>	<b>-</b>	<b>3,592</b>
<b>Nine months ended September 30, 2023</b>							
Net interest income	\$ 22,556	7,509	7,139	3,060	(344)	(316)	39,604
Noninterest income	5,844	2,572	7,317	7,971	147	(1,336)	22,515
Total revenue	28,400	10,081	14,456	11,031	(197)	(1,652)	62,119
Provision for credit losses	2,509	35	1,509	25	39	-	4,117
Noninterest expense	17,978	4,925	6,486	9,041	1,346	-	39,776
Income (loss) before income tax expense (benefit)	7,913	5,121	6,461	1,965	(1,582)	(1,652)	18,226
Income tax expense (benefit)	1,985	1,281	1,617	492	(1,016)	(1,652)	2,707
Net income (loss) before noncontrolling interests	5,928	3,840	4,844	1,473	(566)	-	15,519
Less: Net income (loss) from noncontrolling interests	-	9	-	-	(186)	-	(177)
<b>Net income (loss)</b>	<b>\$ 5,928</b>	<b>3,831</b>	<b>4,844</b>	<b>1,473</b>	<b>(380)</b>	<b>-</b>	<b>15,696</b>
<b>Nine months ended September 30, 2022</b>							
Net interest income	\$ 19,470	4,932	6,317	2,803	(1,685)	(320)	31,517
Noninterest income	6,877	2,839	4,786	8,324	1,185	(1,194)	22,817
Total revenue	26,347	7,771	11,103	11,127	(500)	(1,514)	54,334
Provision for credit losses	1,340	(491)	(226)	(36)	(10)	-	577
Noninterest expense	19,189	4,535	5,723	8,882	2,690	-	41,019
Income (loss) before income tax expense (benefit)	5,818	3,727	5,606	2,281	(3,180)	(1,514)	12,738
Income tax expense (benefit)	1,454	938	1,420	574	(592)	(1,514)	2,280
Net income (loss) before noncontrolling interests	4,364	2,789	4,186	1,707	(2,588)	-	10,458
Less: Net income (loss) from noncontrolling interests	-	9	-	-	(73)	-	(64)
<b>Net income (loss)</b>	<b>\$ 4,364</b>	<b>2,780</b>	<b>4,186</b>	<b>1,707</b>	<b>(2,515)</b>	<b>-</b>	<b>10,522</b>

(1) All other business activities that are not included in the reportable operating segments have been included in Corporate. For additional information, see the "Corporate" section below.

(2) Taxable-equivalent adjustments related to tax-exempt income on certain loans and debt securities are included in net interest income, while taxable-equivalent adjustments related to income tax credits for low-income housing and renewable energy investments are included in noninterest income, in each case with corresponding impacts to income tax expense (benefit). Adjustments are included in Corporate, Commercial Banking, and Corporate and Investment Banking and are eliminated to reconcile to the Company's consolidated financial results.

## Earnings Performance (continued)

Consumer Banking and Lending offers diversified financial products and services for consumers and small businesses with annual sales generally up to \$10 million. These financial products and services include checking and savings accounts, credit and

debit cards, as well as home, auto, personal, and small business lending. Table 6a and Table 6b provide additional information for Consumer Banking and Lending.

**Table 6a: Consumer Banking and Lending - Income Statement and Selected Metrics**

(\$ in millions, unless otherwise noted)	Quarter ended Sep 30,				Nine months ended Sep 30,			
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
<b>Income Statement</b>								
Net interest income	\$ 7,633	7,102	531	7%	\$ 22,556	19,470	3,086	16%
Noninterest income:								
Deposit-related fees	670	773	(103)	(13)	2,008	2,397	(389)	(16)
Card fees	1,027	1,043	(16)	(2)	3,007	3,042	(35)	(1)
Mortgage banking	105	212	(107)	(50)	397	1,077	(680)	(63)
Other	146	147	(1)	(1)	432	361	71	20
Total noninterest income	1,948	2,175	(227)	(10)	5,844	6,877	(1,033)	(15)
Total revenue	9,581	9,277	304	3	28,400	26,347	2,053	8
Net charge-offs	722	435	287	66	1,932	1,168	764	65
Change in the allowance for credit losses	46	482	(436)	(90)	577	172	405	235
Provision for credit losses	768	917	(149)	(16)	2,509	1,340	1,169	87
Noninterest expense	5,913	6,758	(845)	(13)	17,978	19,189	(1,211)	(6)
Income before income tax expense	2,900	1,602	1,298	81	7,913	5,818	2,095	36
Income tax expense	727	401	326	81	1,985	1,454	531	37
Net income	\$ 2,173	1,201	972	81	\$ 5,928	4,364	1,564	36
<b>Revenue by Line of Business</b>								
Consumer, Small and Business Banking	\$ 6,665	6,232	433	7	\$ 19,727	16,813	2,914	17
Consumer Lending:								
Home Lending	840	973	(133)	(14)	2,550	3,435	(885)	(26)
Credit Card	1,375	1,349	26	2	4,001	3,918	83	2
Auto	360	423	(63)	(15)	1,130	1,303	(173)	(13)
Personal Lending	341	300	41	14	992	878	114	13
Total revenue	\$ 9,581	9,277	304	3	\$ 28,400	26,347	2,053	8
<b>Selected Metrics</b>								
<b>Consumer Banking and Lending:</b>								
Return on allocated capital (1)	19.1 %	9.4			17.5 %	11.6		
Efficiency ratio (2)	62	73			63	73		
Retail bank branches (#, period-end)	4,355	4,612		(6)				
Digital active customers (# in millions, period-end) (3)	34.6	33.6		3				
Mobile active customers (# in millions, period-end) (3)	29.6	28.3		5				
<b>Consumer, Small and Business Banking:</b>								
Deposit spread (4)	2.7 %	2.1			2.6 %	1.8		
Debit card purchase volume (\$ in billions) (5)	\$ 124.5	122.4	2.1	2	\$ 366.7	362.6	4.1	1
Debit card purchase transactions (# in millions) (5)	2,550	2,501	49	2	7,454	7,356	98	1

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(\$ in millions, unless otherwise noted)	Quarter ended Sep 30,				Nine months ended Sep 30,			
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
<b>Home Lending:</b>								
Mortgage banking:								
Net servicing income	\$ 41	81	(40)	(49)%	\$ 187	274	(87)	(32)%
Net gains on mortgage loan originations/sales	64	131	(67)	(51)	210	803	(593)	(74)
Total mortgage banking	\$ 105	212	(107)	(50)	\$ 397	1,077	(680)	(63)
Originations (\$ in billions):								
Retail	\$ 6.4	12.4	(6.0)	(48)	\$ 19.7	56.1	(36.4)	(65)
Correspondent	-	9.1	(9.1)	(100)	1.1	37.4	(36.3)	(97)
Total originations	\$ 6.4	21.5	(15.1)	(70)	\$ 20.8	93.5	(72.7)	(78)
% of originations held for sale (HFS)	40.7 %	59.2			44.4 %	51.2		
Third-party mortgage loans serviced (\$ in billions, period-end) (6)	\$ 591.8	687.4	(95.6)	(14)				
Mortgage servicing rights (MSR) carrying value (period-end)	8,457	9,828	(1,371)	(14)				
Ratio of MSR carrying value (period-end) to third-party mortgage loans serviced (period-end) (6)	1.43 %	1.43						
Home lending loans 30+ days delinquency rate (period-end) (7)(8)	0.29	0.29						
<b>Credit Card:</b>								
Point of sale (POS) volume (\$ in billions)	\$ 35.2	30.7	4.5	15	\$ 99.3	86.8	12.5	14
New accounts (# in thousands)	714	584		22	1,892	1,592		19
Credit card loans 30+ days delinquency rate (period-end)	2.70 %	1.81						
Credit card loans 90+ days delinquency rate (period-end)	1.37	0.85						
<b>Auto:</b>								
Auto originations (\$ in billions)	\$ 4.1	5.4	(1.3)	(24)	\$ 13.9	18.1	(4.2)	(23)
Auto loans 30+ days delinquency rate (period-end) (8)	2.60 %	2.19						
<b>Personal Lending:</b>								
New volume (\$ in billions)	\$ 3.1	3.5	(0.4)	(11)	\$ 9.3	9.4	(0.1)	(1)

- (1) Return on allocated capital is segment net income (loss) applicable to common stock divided by segment average allocated capital. Segment net income (loss) applicable to common stock is segment net income (loss) less allocated preferred stock dividends.
- (2) Efficiency ratio is segment noninterest expense divided by segment total revenue (net interest income and noninterest income).
- (3) Digital and mobile active customers is the number of consumer and small business customers who have logged on via a digital or mobile device, respectively, in the prior 90 days. Digital active customers includes both online and mobile customers.
- (4) Deposit spread is (i) the internal funds transfer pricing credit on segment deposits minus interest paid to customers for segment deposits, divided by (ii) average segment deposits.
- (5) Debit card purchase volume and transactions reflect combined activity for both consumer and business debit card purchases.
- (6) Excludes residential mortgage loans subserviced for others.
- (7) Excludes residential mortgage loans insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA) and loans held for sale (LHFS).
- (8) Excludes nonaccrual loans.

### Third quarter 2023 vs. third quarter 2022

#### Revenue increased driven by:

- higher net interest income driven by higher interest rates and deposit spreads, partially offset by lower deposit balances;
- partially offset by:
  - lower mortgage banking noninterest income driven by lower residential mortgage origination volumes and lower servicing income, including the impact of MSR sales; and
  - lower deposit-related fees reflecting our efforts to help customers avoid overdraft fees.

#### Provision for credit losses decreased due to:

- a \$436 million decrease in the allowance for credit losses driven by a lower allowance for auto loans;
- partially offset by:
  - higher net charge-offs driven by our Credit Card and Personal Lending businesses.

#### Noninterest expense decreased due to:

- lower operating losses driven by lower expense for legal

- actions and customer remediation activities; and
- lower personnel expense driven by the impact of efficiency initiatives, as well as lower revenue-related incentive compensation in Home Lending due to lower production;
- partially offset by:
  - higher operating costs and advertising costs.

### First nine months of 2023 vs. first nine months of 2022

#### Revenue increased driven by:

- higher net interest income driven by higher interest rates and deposit spreads, partially offset by lower deposit balances;
- partially offset by:
  - lower mortgage banking noninterest income due to lower residential mortgage origination volumes and lower servicing income, including the impact of MSR sales; and
  - lower deposit-related fees reflecting our efforts to help customers avoid overdraft fees.

#### Provision for credit losses increased due to:

- a \$405 million increase in the allowance for credit losses



## Earnings Performance (continued)

- driven by higher credit card loan balances, a less favorable economic outlook, and portfolio credit normalization, partially offset by a lower allowance for auto loans; and
- higher net charge-offs driven by our Credit Card, Personal Lending, and Auto businesses.

**Noninterest expense** decreased due to:

- lower operating losses driven by lower expense for legal actions and customer remediation activities; and
  - lower personnel expense driven by the impact of efficiency initiatives, as well as lower revenue-related incentive compensation in Home Lending due to lower production;
- partially offset by:
- higher operating costs, advertising costs, and FDIC assessments.

**Table 6b: Consumer Banking and Lending - Balance Sheet**

(\$ in millions)	Quarter ended Sep 30,				Nine months ended Sep 30,			
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
<b>Selected Balance Sheet Data (average)</b>								
Loans by Line of Business:								
Consumer, Small and Business Banking	\$ 8,983	9,895	(912)	(9)%	\$ 9,186	10,315	(1,129)	(11)%
Consumer Lending:								
Home Lending	218,546	221,870	(3,324)	(1)	220,568	218,015	2,553	1
Credit Card	41,168	35,052	6,116	17	39,539	33,139	6,400	19
Auto	51,578	55,430	(3,852)	(7)	52,569	56,500	(3,931)	(7)
Personal Lending	15,270	13,397	1,873	14	14,863	12,588	2,275	18
<b>Total loans</b>	<b>\$ 335,545</b>	<b>335,644</b>	<b>(99)</b>	<b>-</b>	<b>\$ 336,725</b>	<b>330,557</b>	<b>6,168</b>	<b>2</b>
Total deposits	801,061	888,037	(86,976)	(10)	821,741	889,366	(67,625)	(8)
Allocated capital	44,000	48,000	(4,000)	(8)	44,000	48,000	(4,000)	(8)
<b>Selected Balance Sheet Data (period-end)</b>								
Loans by Line of Business:								
Consumer, Small and Business Banking	\$ 9,115	9,898	(783)	(8)				
Consumer Lending:								
Home Lending	217,955	222,471	(4,516)	(2)				
Credit Card	42,040	35,965	6,075	17				
Auto	50,407	55,116	(4,709)	(9)				
Personal Lending	15,439	13,902	1,537	11				
<b>Total loans</b>	<b>\$ 334,956</b>	<b>337,352</b>	<b>(2,396)</b>	<b>(1)</b>				
Total deposits	798,897	886,991	(88,094)	(10)				

### Third quarter 2023 vs. third quarter 2022

**Total loans (average and period-end)** decreased driven by:

- a decline in loan balances in our Auto business due to lower origination volumes reflecting credit tightening actions and rising interest rates; and
- lower loan balances in Home Lending;

partially offset by:

- higher point of sale volume and the impact of new product launches in our Credit Card business; and
- higher loan balances in our Personal Lending business due to higher origination volumes and slower payment rates.

**Total deposits (average and period-end)** decreased due to consumer deposit outflows on consumer spending, as well as customer migration to higher yielding alternatives.

### First nine months of 2023 vs. first nine months of 2022

**Total loans (average)** increased driven by:

- higher point of sale volume and the impact of new product launches in our Credit Card business;
- higher loan balances in Home Lending; and
- higher loan balances in our Personal Lending business due to higher origination volumes and slower payment rates;

partially offset by:

- a decline in loan balances in our Auto business due to lower origination volumes reflecting credit tightening actions and rising interest rates; and
- a decline in Paycheck Protection Program loans in Consumer, Small and Business Banking.

**Total deposits (average)** decreased due to consumer deposit outflows on consumer spending, as well as customer migration to higher yielding alternatives.

**Commercial Banking** provides financial solutions to private, family owned and certain public companies. Products and services include banking and credit products across multiple

industry sectors and municipalities, secured lending and lease products, and treasury management. Table 6c and Table 6d provide additional information for Commercial Banking.

**Table 6c: Commercial Banking - Income Statement and Selected Metrics**

(\$ in millions)	Quarter ended Sep 30,				Nine months ended Sep 30,			
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
<b>Income Statement</b>								
Net interest income	\$ 2,519	1,991	528	27%	\$ 7,509	4,932	2,577	52%
Noninterest income:								
Deposit-related fees	257	256	1	-	741	894	(153)	(17)
Lending-related fees	133	126	7	6	393	369	24	7
Lease income	153	176	(23)	(13)	489	534	(45)	(8)
Other	343	403	(60)	(15)	949	1,042	(93)	(9)
Total noninterest income	886	961	(75)	(8)	2,572	2,839	(267)	(9)
Total revenue	3,405	2,952	453	15	10,081	7,771	2,310	30
Net charge-offs	37	(3)	40	NM	61	(28)	89	318
Change in the allowance for credit losses	15	(165)	180	109	(26)	(463)	437	94
Provision for credit losses	52	(168)	220	131	35	(491)	526	107
Noninterest expense	1,543	1,526	17	1	4,925	4,535	390	9
Income before income tax expense	1,810	1,594	216	14	5,121	3,727	1,394	37
Income tax expense	453	409	44	11	1,281	938	343	37
Less: Net income from noncontrolling interests	3	3	-	-	9	9	-	-
Net income	\$ 1,354	1,182	172	15	\$ 3,831	2,780	1,051	38
<b>Revenue by Line of Business</b>								
Middle Market Banking	\$ 2,212	1,793	419	23	\$ 6,566	4,498	2,068	46
Asset-Based Lending and Leasing	1,193	1,159	34	3	3,515	3,273	242	7
Total revenue	\$ 3,405	2,952	453	15	\$ 10,081	7,771	2,310	30
<b>Revenue by Product</b>								
Lending and leasing	\$ 1,321	1,333	(12)	(1)	\$ 3,977	3,896	81	2
Treasury management and payments	1,541	1,242	299	24	4,687	2,964	1,723	58
Other	543	377	166	44	1,417	911	506	56
Total revenue	\$ 3,405	2,952	453	15	\$ 10,081	7,771	2,310	30
<b>Selected Metrics</b>								
Return on allocated capital	20.2 %	23.1			19.2 %	18.1		
Efficiency ratio	45	52			49	58		

NM - Not meaningful

### Third quarter 2023 vs. third quarter 2022

**Revenue** increased driven by:

- higher net interest income reflecting higher interest rates and higher loan balances, partially offset by lower deposit balances;
- partially offset by:
- lower other noninterest income due to lower net gains from equity securities, partially offset by higher revenue from renewable energy investments.

**Provision for credit losses** reflected loan growth.

**Noninterest expense** increased due to higher operating costs and personnel expense, partially offset by lower operating losses and the impact of efficiency initiatives.

### First nine months of 2023 vs. first nine months of 2022

**Revenue** increased driven by:

- higher net interest income reflecting higher interest rates and higher loan balances, partially offset by lower deposit balances;
- partially offset by:
- lower deposit-related fees driven by the impact of higher earnings credit rates, which result in lower fees for commercial customers; and
  - lower other noninterest income due to lower net gains from equity securities, partially offset by higher revenue from renewable energy investments.

**Provision for credit losses** reflected loan growth.

**Noninterest expense** increased due to higher operating costs and personnel expense, partially offset by the impact of efficiency initiatives.

## Earnings Performance (continued)

**Table 6d: Commercial Banking - Balance Sheet**

(\$ in millions)	Quarter ended Sep 30,				Nine months ended Sep 30,			
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
<b>Selected Balance Sheet Data (average)</b>								
Loans:								
Commercial and industrial	\$ 164,182	150,365	13,817	9%	\$ 164,461	143,383	21,078	15%
Commercial real estate	45,716	45,121	595	1	45,810	44,988	822	2
Lease financing and other	14,518	13,511	1,007	7	14,090	13,486	604	4
Total loans	\$ 224,416	208,997	15,419	7	\$ 224,361	201,857	22,504	11
Loans by Line of Business:								
Middle Market Banking	\$ 120,509	117,031	3,478	3	\$ 121,442	112,913	8,529	8
Asset-Based Lending and Leasing	103,907	91,966	11,941	13	102,919	88,944	13,975	16
Total loans	\$ 224,416	208,997	15,419	7	\$ 224,361	201,857	22,504	11
Total deposits	160,556	180,231	(19,675)	(11)	165,887	189,664	(23,777)	(13)
Allocated capital	25,500	19,500	6,000	31	25,500	19,500	6,000	31
<b>Selected Balance Sheet Data (period-end)</b>								
Loans:								
Commercial and industrial	\$ 165,094	155,400	9,694	6				
Commercial real estate	45,663	45,540	123	-				
Lease financing and other	15,014	13,645	1,369	10				
Total loans	\$ 225,771	214,585	11,186	5				
Loans by Line of Business:								
Middle Market Banking	\$ 119,354	118,627	727	1				
Asset-Based Lending and Leasing	106,417	95,958	10,459	11				
Total loans	\$ 225,771	214,585	11,186	5				
Total deposits	160,368	172,727	(12,359)	(7)				

### Third quarter 2023 vs. third quarter 2022

**Total loans (average and period-end)** increased driven by new customer growth.

**Total deposits (average and period-end)** decreased due to customer migration to higher yielding alternatives, partially offset by additions of deposits from new and existing customers.

### First nine months of 2023 vs. first nine months of 2022

**Total loans (average)** increased driven by new customer growth and higher line utilization.

**Total deposits (average)** decreased due to customer migration to higher yielding alternatives, partially offset by additions of deposits from new and existing customers.

**Corporate and Investment Banking** delivers a suite of capital markets, banking, and financial products and services to corporate, commercial real estate, government and institutional clients globally. Products and services include corporate banking, investment banking, treasury management, commercial real

estate lending and servicing, equity and fixed income solutions as well as sales, trading, and research capabilities. Table 6e and Table 6f provide additional information for Corporate and Investment Banking.

**Table 6e: Corporate and Investment Banking - Income Statement and Selected Metrics**

(\$ in millions)	Quarter ended Sep 30,				Nine months ended Sep 30,			
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
<b>Income Statement</b>								
Net interest income	\$ 2,319	2,270	49	2%	\$ 7,139	6,317	822	13%
Noninterest income:								
Deposit-related fees	247	255	(8)	(3)	730	828	(98)	(12)
Lending-related fees	206	198	8	4	591	578	13	2
Investment banking fees	545	392	153	39	1,249	1,161	88	8
Net gains from trading activities	1,193	674	519	77	3,531	1,280	2,251	176
Other	413	271	142	52	1,216	939	277	29
Total noninterest income	2,604	1,790	814	45	7,317	4,786	2,531	53
Total revenue	4,923	4,060	863	21	14,456	11,103	3,353	30
Net charge-offs	105	(16)	121	756	205	(58)	263	453
Change in the allowance for credit losses	219	48	171	356	1,304	(168)	1,472	876
Provision for credit losses	324	32	292	913	1,509	(226)	1,735	768
Noninterest expense	2,182	1,900	282	15	6,486	5,723	763	13
Income before income tax expense	2,417	2,128	289	14	6,461	5,606	855	15
Income tax expense	601	536	65	12	1,617	1,420	197	14
Net income	\$ 1,816	1,592	224	14	\$ 4,844	4,186	658	16
<b>Revenue by Line of Business</b>								
Banking:								
Lending	\$ 721	580	141	24	\$ 2,098	1,629	469	29
Treasury Management and Payments	747	670	77	11	2,294	1,631	663	41
Investment Banking	430	336	94	28	1,021	889	132	15
Total Banking	1,898	1,586	312	20	5,413	4,149	1,264	30
Commercial Real Estate	1,376	1,212	164	14	4,020	3,267	753	23
Markets:								
Fixed Income, Currencies, and Commodities (FICC)	1,148	914	234	26	3,566	2,725	841	31
Equities	518	316	202	64	1,352	836	516	62
Credit Adjustment (CVA/DVA) and Other	(12)	17	(29)	NM	73	55	18	33
Total Markets	1,654	1,247	407	33	4,991	3,616	1,375	38
Other	(5)	15	(20)	NM	32	71	(39)	(55)
Total revenue	\$ 4,923	4,060	863	21	\$ 14,456	11,103	3,353	30
<b>Selected Metrics</b>								
Return on allocated capital	15.5 %	16.6			13.9 %	14.6		
Efficiency ratio	44	47			45	52		

NM - Not meaningful

### Third quarter 2023 vs. third quarter 2022

Revenue increased driven by:

- higher net gains from trading activities driven by higher trading revenue in structured products and equities;
- higher investment banking fees due to increased activity across all products;
- higher net interest income reflecting higher interest rates; and
- higher other noninterest income driven by higher foreign exchange revenue, as well as higher revenue in our low-income housing business.

Provision for credit losses increased reflecting a \$171 million increase in the allowance for credit losses driven by commercial real estate office loans, as well as higher net charge-offs.

Noninterest expense increased driven by higher operating costs and personnel expense, partially offset by the impact of efficiency initiatives.

### First nine months of 2023 vs. first nine months of 2022

Revenue increased driven by:

- higher net gains from trading activities driven by higher trading results across all asset classes;

## Earnings Performance (continued)

- higher net interest income reflecting higher interest rates; and
- higher other noninterest income driven by higher foreign exchange revenue.

**Noninterest expense** increased driven by higher operating costs and personnel expense, partially offset by the impact of efficiency initiatives.

**Provision for credit losses** increased reflecting a \$1.5 billion increase in the allowance for credit losses driven by commercial real estate office loans, as well as higher net charge-offs.

**Table 6f: Corporate and Investment Banking - Balance Sheet**

(\$ in millions)	Quarter ended Sep 30,				Nine months ended Sep 30,			
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
<b>Selected Balance Sheet Data (average)</b>								
Loans:								
Commercial and industrial	\$ 191,128	205,185	(14,057)	(7)%	\$ 191,800	199,006	(7,206)	(4)%
Commercial real estate	100,523	101,055	(532)	(1)	100,810	97,551	3,259	3
<b>Total loans</b>	<b>\$ 291,651</b>	<b>306,240</b>	<b>(14,589)</b>	<b>(5)</b>	<b>\$ 292,610</b>	<b>296,557</b>	<b>(3,947)</b>	<b>(1)</b>
Loans by Line of Business:								
Banking	\$ 94,010	109,909	(15,899)	(14)	\$ 96,148	107,200	(11,052)	(10)
Commercial Real Estate	135,639	137,568	(1,929)	(1)	136,302	132,384	3,918	3
Markets	62,002	58,763	3,239	6	60,160	56,973	3,187	6
<b>Total loans</b>	<b>\$ 291,651</b>	<b>306,240</b>	<b>(14,589)</b>	<b>(5)</b>	<b>\$ 292,610</b>	<b>296,557</b>	<b>(3,947)</b>	<b>(1)</b>
Trading-related assets:								
Trading account securities	\$ 122,376	110,919	11,457	10	\$ 117,858	112,351	5,507	5
Reverse repurchase agreements/securities borrowed	62,284	45,486	16,798	37	60,105	49,708	10,397	21
Derivative assets	19,760	28,050	(8,290)	(30)	18,410	28,386	(9,976)	(35)
<b>Total trading-related assets</b>	<b>\$ 204,420</b>	<b>184,455</b>	<b>19,965</b>	<b>11</b>	<b>\$ 196,373</b>	<b>190,445</b>	<b>5,928</b>	<b>3</b>
<b>Total assets</b>	<b>559,647</b>	<b>560,509</b>	<b>(862)</b>	<b>-</b>	<b>552,888</b>	<b>558,773</b>	<b>(5,885)</b>	<b>(1)</b>
<b>Total deposits</b>	<b>157,212</b>	<b>156,830</b>	<b>382</b>	<b>-</b>	<b>158,337</b>	<b>163,578</b>	<b>(5,241)</b>	<b>(3)</b>
<b>Allocated capital</b>	<b>44,000</b>	<b>36,000</b>	<b>8,000</b>	<b>22</b>	<b>44,000</b>	<b>36,000</b>	<b>8,000</b>	<b>22</b>
<b>Selected Balance Sheet Data (period-end)</b>								
Loans:								
Commercial and industrial	\$ 190,547	198,253	(7,706)	(4)				
Commercial real estate	99,783	101,440	(1,657)	(2)				
<b>Total loans</b>	<b>\$ 290,330</b>	<b>299,693</b>	<b>(9,363)</b>	<b>(3)</b>				
Loans by Line of Business:								
Banking	\$ 93,723	103,809	(10,086)	(10)				
Commercial Real Estate	133,939	137,077	(3,138)	(2)				
Markets	62,668	58,807	3,861	7				
<b>Total loans</b>	<b>\$ 290,330</b>	<b>299,693</b>	<b>(9,363)</b>	<b>(3)</b>				
Trading-related assets:								
Trading account securities	\$ 120,547	113,488	7,059	6				
Reverse repurchase agreements/securities borrowed	64,240	44,194	20,046	45				
Derivative assets	21,231	28,545	(7,314)	(26)				
<b>Total trading-related assets</b>	<b>\$ 206,018</b>	<b>186,227</b>	<b>19,791</b>	<b>11</b>				
<b>Total assets</b>	<b>557,642</b>	<b>550,695</b>	<b>6,947</b>	<b>1</b>				
<b>Total deposits</b>	<b>162,776</b>	<b>154,550</b>	<b>8,226</b>	<b>5</b>				

### Third quarter 2023 vs. third quarter 2022

**Total loans (average and period-end)** decreased driven by lower originations.

**Total trading-related assets (average and period-end)** increased reflecting:

- increased volume of reverse repurchase agreements; and
- higher trading account securities driven by higher mortgage-backed securities; partially offset by:

- lower trading-related derivative assets due to declines in derivative balances for commodities and equities.

**Total deposits (average and period-end)** increased driven by additions of deposits from new and existing customers.

### First nine months of 2023 vs. first nine months of 2022

**Total loans (average)** decreased driven by lower originations.

**Total trading-related assets (average)** increased reflecting:

- increased volume of reverse repurchase agreements; and
  - higher trading account securities driven by higher mortgage-backed securities;
- partially offset by:
- lower trading-related derivative assets due to declines in derivative balances for commodities and equities.

**Total deposits (average)** decreased due to customer migration to higher yielding alternatives, partially offset by additions of deposits from new and existing customers.

**Wealth and Investment Management** provides personalized wealth management, brokerage, financial planning, lending, private banking, trust and fiduciary products and services to affluent, high-net worth and ultra-high-net worth clients. We operate through financial advisors in our brokerage and wealth offices, consumer bank branches, independent offices, and digitally through WellsTrade® and Intuitive Investor®. Table 6g and Table 6h provide additional information for Wealth and Investment Management (WIM).

**Table 6g: Wealth and Investment Management**

(\$ in millions, unless otherwise noted)	Quarter ended Sep 30,				Nine months ended Sep 30,			
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
<b>Income Statement</b>								
Net interest income	\$ 1,007	1,088	(81)	(7)%	\$ 3,060	2,803	257	9%
Noninterest income:								
Investment advisory and other asset-based fees	2,164	2,066	98	5	6,335	6,848	(513)	(7)
Commissions and brokerage services fees	492	486	6	1	1,527	1,399	128	9
Other	39	25	14	56	109	77	32	42
<b>Total noninterest income</b>	<b>2,695</b>	<b>2,577</b>	<b>118</b>	<b>5</b>	<b>7,971</b>	<b>8,324</b>	<b>(353)</b>	<b>(4)</b>
Total revenue	3,702	3,665	37	1	11,031	11,127	(96)	(1)
Net charge-offs	1	(1)	2	200	(1)	(5)	4	80
Change in the allowance for credit losses	(11)	9	(20)	NM	26	(31)	57	184
Provision for credit losses	(10)	8	(18)	NM	25	(36)	61	169
Noninterest expense	3,006	2,796	210	8	9,041	8,882	159	2
Income before income tax expense	706	861	(155)	(18)	1,965	2,281	(316)	(14)
Income tax expense	177	222	(45)	(20)	492	574	(82)	(14)
<b>Net income</b>	<b>\$ 529</b>	<b>639</b>	<b>(110)</b>	<b>(17)</b>	<b>\$ 1,473</b>	<b>1,707</b>	<b>(234)</b>	<b>(14)</b>
<b>Selected Metrics</b>								
Return on allocated capital	32.8 %	28.4			30.8 %	25.5		
Efficiency ratio	81	76			82	80		
Client assets (\$ in billions, period-end):								
Advisory assets	\$ 825	756	69	9				
Other brokerage assets and deposits	1,123	1,003	120	12				
<b>Total client assets</b>	<b>\$ 1,948</b>	<b>1,759</b>	<b>189</b>	<b>11</b>				
<b>Selected Balance Sheet Data (average)</b>								
Total loans	\$ 82,195	85,472	(3,277)	(4)	\$ 82,948	85,386	(2,438)	(3)
Total deposits	107,500	158,367	(50,867)	(32)	115,418	172,516	(57,098)	(33)
Allocated capital	6,250	8,750	(2,500)	(29)	6,250	8,750	(2,500)	(29)
<b>Selected Balance Sheet Data (period-end)</b>								
Total loans	\$ 82,331	85,180	(2,849)	(3)				
Total deposits	103,255	148,890	(45,635)	(31)				

NM- Not meaningful

### Third quarter 2023 vs. third quarter 2022

**Revenue** increased driven by:

- higher investment advisory and other asset-based fees due to higher market valuations;

partially offset by:

- lower net interest income reflecting lower deposit and loan balances, partially offset by higher interest rates.

**Noninterest expense** increased driven by:

- higher personnel expense driven by higher revenue-related incentive compensation; and
- higher operating costs;

partially offset by:

- the impact of efficiency initiatives.

**Total deposits (average and period-end)** decreased due to customer migration to higher yielding alternatives.

### First nine months of 2023 vs. first nine months of 2022

**Revenue** decreased driven by:

- lower investment advisory and other asset-based fees due to lower market valuations and net outflows of advisory assets;

partially offset by:

- higher net interest income reflecting higher interest rates, partially offset by lower deposit balances; and

## Earnings Performance (continued)

- higher commissions and brokerage services fees due to higher service fee rates.

**Provision for credit losses** included a \$57 million increase in the allowance for credit losses reflecting a less favorable economic outlook and portfolio credit normalization.

**Noninterest expense** increased driven by:

- higher operating costs;
- partially offset by:
  - lower personnel expense driven by lower revenue-related incentive compensation; and
  - the impact of efficiency initiatives.

**Total deposits (average)** decreased due to customer migration to higher yielding alternatives.

**WIM Advisory Assets** In addition to transactional accounts, WIM offers advisory account relationships to brokerage

customers. Fees from advisory accounts are based on a percentage of the market value of the assets as of the beginning of the quarter, which vary across the account types based on the distinct services provided, and are affected by investment performance as well as asset inflows and outflows. Advisory accounts include assets that are financial advisor-directed and separately managed by third-party managers as well as certain client-directed brokerage assets where we earn a fee for advisory and other services, but do not have investment discretion.

WIM also manages personal trust and other assets for high net worth clients, with fee income earned based on a percentage of the market value of these assets. Table 6h presents advisory assets activity by WIM line of business. Management believes that advisory assets is a useful metric because it allows management, investors, and others to assess how changes in asset amounts may impact the generation of certain asset-based fees.

For both third quarter 2023 and 2022, the average fee rate by account type ranged from 50 to 120 basis points.

**Table 6h: WIM Advisory Assets**

(in billions)	Quarter ended					Nine months ended				
	Balance, beginning of period	Inflows (1)	Outflows (2)	Market impact (3)	Balance, end of period	Balance, beginning of period	Inflows (1)	Outflows (2)	Market impact (3)	Balance, end of period
<b>September 30, 2023</b>										
Client-directed (4)	\$ 177.4	8.2	(8.3)	(5.3)	172.0	\$ 165.2	24.6	(25.8)	8.0	172.0
Financial advisor-directed (5)	243.7	10.0	(9.4)	(4.2)	240.1	222.9	28.9	(28.7)	17.0	240.1
Separate accounts (6)	188.5	5.9	(6.1)	(5.7)	182.6	176.5	17.6	(19.0)	7.5	182.6
Mutual fund advisory (7)	81.9	1.9	(3.0)	(2.4)	78.4	78.6	5.7	(9.2)	3.3	78.4
<b>Total Wells Fargo Advisors</b>	<b>\$ 691.5</b>	<b>26.0</b>	<b>(26.8)</b>	<b>(17.6)</b>	<b>673.1</b>	<b>\$ 643.2</b>	<b>76.8</b>	<b>(82.7)</b>	<b>35.8</b>	<b>673.1</b>
<b>The Private Bank (8)</b>	<b>158.0</b>	<b>5.8</b>	<b>(8.0)</b>	<b>(4.1)</b>	<b>151.7</b>	<b>153.6</b>	<b>19.2</b>	<b>(26.2)</b>	<b>5.1</b>	<b>151.7</b>
<b>Total WIM advisory assets</b>	<b>\$ 849.5</b>	<b>31.8</b>	<b>(34.8)</b>	<b>(21.7)</b>	<b>824.8</b>	<b>\$ 796.8</b>	<b>96.0</b>	<b>(108.9)</b>	<b>40.9</b>	<b>824.8</b>
<b>September 30, 2022</b>										
Client-directed (4)	\$ 167.0	7.1	(8.7)	(7.4)	158.0	\$ 205.6	23.4	(28.9)	(42.1)	158.0
Financial advisor-directed (5)	218.6	9.6	(11.1)	(8.0)	209.1	255.5	32.0	(32.3)	(46.1)	209.1
Separate accounts (6)	171.6	5.5	(5.7)	(7.3)	164.1	203.3	19.1	(19.9)	(38.4)	164.1
Mutual fund advisory (7)	82.2	1.8	(3.2)	(4.5)	76.3	102.1	7.1	(11.2)	(21.7)	76.3
<b>Total Wells Fargo Advisors</b>	<b>\$ 639.4</b>	<b>24.0</b>	<b>(28.7)</b>	<b>(27.2)</b>	<b>607.5</b>	<b>\$ 766.5</b>	<b>81.6</b>	<b>(92.3)</b>	<b>(148.3)</b>	<b>607.5</b>
<b>The Private Bank (8)</b>	<b>160.4</b>	<b>6.1</b>	<b>(12.0)</b>	<b>(5.7)</b>	<b>148.8</b>	<b>198.0</b>	<b>20.6</b>	<b>(37.2)</b>	<b>(32.6)</b>	<b>148.8</b>
<b>Total WIM advisory assets</b>	<b>\$ 799.8</b>	<b>30.1</b>	<b>(40.7)</b>	<b>(32.9)</b>	<b>756.3</b>	<b>\$ 964.5</b>	<b>102.2</b>	<b>(129.5)</b>	<b>(180.9)</b>	<b>756.3</b>

(1) Inflows include new advisory account assets, contributions, dividends and interest.

(2) Outflows include closed advisory account assets, withdrawals and client management fees.

(3) Market impact reflects gains and losses on portfolio investments.

(4) Investment advice and other services are provided to the client, but decisions are made by the client and the fees earned are based on a percentage of the advisory account assets, not the number and size of transactions executed by the client.

(5) Professionally managed portfolios with fees earned based on respective strategies and as a percentage of certain client assets.

(6) Professional advisory portfolios managed by third-party asset managers. Fees are earned based on a percentage of certain client assets.

(7) Program with portfolios constructed of load-waived, no-load, and institutional share class mutual funds. Fees are earned based on a percentage of certain client assets.

(8) Discretionary and non-discretionary portfolios held in personal trusts, investment agency, or custody accounts with fees earned based on a percentage of client assets.

**Corporate** includes corporate treasury and enterprise functions, net of allocations (including funds transfer pricing, capital, liquidity and certain expenses), in support of the reportable operating segments, as well as our investment portfolio and venture capital and private equity investments. Corporate also includes certain lines of business that management has

determined are no longer consistent with the long-term strategic goals of the Company as well as results for previously divested businesses. In third quarter 2023, we sold investments in certain private equity funds, which had a minimal impact to net income. Table 6i and Table 6j provide additional information for Corporate.

**Table 6i: Corporate - Income Statement**

(\$ in millions)	Quarter ended Sep 30,				Nine months ended Sep 30,			
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
<b>Income Statement</b>								
Net interest income	\$ (269)	(248)	(21)	(8)%	\$ (344)	(1,685)	1,341	80%
Noninterest income	21	345	(324)	(94)	147	1,185	(1,038)	(88)
Total revenue	(248)	97	(345)	NM	(197)	(500)	303	61
Net charge-offs	(1)	(16)	15	94	(5)	(28)	23	82
Change in the allowance for credit losses	64	11	53	482	44	18	26	144
Provision for credit losses	63	(5)	68	NM	39	(10)	49	490
Noninterest expense	469	1,326	(857)	(65)	1,346	2,690	(1,344)	(50)
Loss before income tax benefit	(780)	(1,224)	444	36	(1,582)	(3,180)	1,598	50
Income tax benefit	(641)	(171)	(470)	NM	(1,016)	(592)	(424)	(72)
Less: Net loss from noncontrolling interests (1)	(34)	(31)	(3)	(10)	(186)	(73)	(113)	NM
Net loss	\$ (105)	(1,022)	917	90	\$ (380)	(2,515)	2,135	85

NM - Not meaningful

(1) Reflects results attributable to noncontrolling interests predominantly associated with the Company's consolidated venture capital investments.

### Third quarter 2023 vs. third quarter 2022

**Revenue** decreased driven by:

- lower other noninterest income reflecting assumption changes related to the valuation of our Visa B common stock exposure; and
- lower venture capital revenue.

**Noninterest expense** decreased driven by lower operating losses due to lower expense for legal actions.

### First nine months of 2023 vs. first nine months of 2022

**Revenue** increased driven by:

- higher net interest income reflecting higher interest rates; partially offset by:
- lower unrealized and realized gains on nonmarketable equity securities from our venture capital and private equity investments, partially offset by lower impairment of equity securities and higher unrealized gains on marketable equity securities;
- lower other noninterest income reflecting assumption changes related to the valuation of our Visa B common stock exposure, as well as the change in fair value of liabilities associated with our reinsurance business, which was recognized as a result of our adoption of ASU 2018-12 in first quarter 2023. For additional information on our adoption of ASU 2018-12, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in

this Report; and

- lower net gains from debt securities due to lower gains on sales of asset-based securities and municipal bonds in our investment portfolio as a result of decreased sales volumes.

**Noninterest expense** decreased driven by:

- lower operating losses due to lower expense for legal actions; and
- the impact of previously divested businesses.

Corporate includes our rail car leasing business, which had long-lived operating lease assets, net of accumulated depreciation, of \$4.5 billion and \$4.7 billion as of September 30, 2023, and December 31, 2022, respectively. The average age of our rail cars is 22 years and the rail cars are typically leased to customers under short-term leases of 3 to 5 years. Our four largest concentrations, which represented 67% of our rail car fleet as of September 30, 2023, were rail cars used for the transportation of cement/sand, agricultural grain, plastics, and coal products. We may incur impairment charges in the future based on changing economic and market conditions affecting the long-term demand and utility of specific types of rail cars. Our assumptions for impairment are sensitive to estimated utilization and rental rates as well as the estimated economic life of the leased asset. For additional information on the accounting for impairment of operating lease assets, see Note 1 (Summary of Significant Accounting Policies) and Note 8 (Leasing Activity) to Financial Statements in our 2022 Form 10-K.



## Earnings Performance (continued)

**Table 6j: Corporate - Balance Sheet**

(\$ in millions)	Quarter ended Sep 30,				Nine months ended Sep 30,			
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
<b>Selected Balance Sheet Data (average)</b>								
Cash and due from banks, and interest-earning deposits with banks	\$ 164,900	134,725	30,175	22%	\$ 138,449	152,875	(14,426)	(9)%
Available-for-sale debt securities (1)	119,745	110,575	9,170	8	126,304	131,607	(5,303)	(4)
Held-to-maturity debt securities (1)	266,012	297,335	(31,323)	(11)	269,885	288,265	(18,380)	(6)
Equity securities	15,784	15,423	361	2	15,544	15,620	(76)	-
Total loans	9,386	9,112	274	3	9,252	9,163	89	1
Total assets	623,339	617,712	5,627	1	610,047	648,967	(38,920)	(6)
Total deposits	113,978	24,386	89,592	367	86,707	23,909	62,798	263
<b>Selected Balance Sheet Data (period-end)</b>								
Cash and due from banks, and interest-earning deposits with banks	\$ 194,653	141,743	52,910	37				
Available-for-sale debt securities (1)	115,005	104,726	10,279	10				
Held-to-maturity debt securities (1)	264,248	297,530	(33,282)	(11)				
Equity securities	15,496	15,581	(85)	(1)				
Total loans	9,036	9,096	(60)	(1)				
Total assets	641,455	615,382	26,073	4				
Total deposits	128,714	34,993	93,721	268				

(1) In first quarter 2023, we reclassified HTM debt securities with a fair value of \$23.2 billion to AFS debt securities in connection with the adoption of ASU 2022-01 - Derivatives and Hedging (Topic 815): *Fair Value Hedging - Portfolio Layer Method*. For additional information, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

### Third quarter 2023 vs. third quarter 2022

**Total assets (average and period-end)** increased reflecting an increase in cash and due from banks, and interest-earning deposits with banks that are managed by corporate treasury driven by an increase in issuances of certificates of deposit (CDs) and long-term debt.

**Total deposits (average and period-end)** increased driven by issuances of CDs.

### First nine months of 2023 vs. first nine months of 2022

**Total assets (average)** decreased reflecting:

- a decrease in cash and due from banks, and interest-earning deposits with banks that are managed by corporate treasury as a result of an increase in loans originated in the operating segments and a decrease in deposits in the operating segments, partially offset by an increase in issuances of CDs and long-term debt; and
- sales of and net unrealized losses on AFS debt securities.

**Total deposits (average)** increased driven by issuances of CDs.

## Balance Sheet Analysis

At September 30, 2023, our assets totaled \$1.91 trillion, up \$28.2 billion from December 31, 2022.

The following discussion provides additional information about the major components of our consolidated balance sheet. See the “Capital Management” section in this Report for information on changes in our equity.

### Available-for-Sale and Held-to-Maturity Debt Securities

**Table 7: Available-for-Sale and Held-to-Maturity Debt Securities**

(\$ in millions)	September 30, 2023				December 31, 2022			
	Amortized cost, net (1)	Net unrealized gains (losses)	Fair value	Weighted average expected maturity (yrs)	Amortized cost, net (1)	Net unrealized gains (losses)	Fair value	Weighted average expected maturity (yrs)
Available-for-sale (2)	\$ 137,265	(10,828)	126,437	5.3	\$ 121,725	(8,131)	113,594	5.4
Held-to-maturity (3)	267,214	(50,287)	216,927	8.7	297,059	(41,538)	255,521	8.1
Total	\$ 404,479	(61,115)	343,364	n/a	\$ 418,784	(49,669)	369,115	n/a

- (1) Represents amortized cost of the securities, net of the allowance for credit losses of \$0 and \$6 million related to available-for-sale debt securities and \$87 million and \$85 million related to held-to-maturity debt securities at September 30, 2023, and December 31, 2022, respectively.  
(2) Available-for-sale debt securities are carried on our consolidated balance sheet at fair value.  
(3) Held-to-maturity debt securities are carried on our consolidated balance sheet at amortized cost, net of the allowance for credit losses.

Table 7 presents a summary of our portfolio of investments in available-for-sale (AFS) and held-to-maturity (HTM) debt securities. See the “Balance Sheet Analysis - Available-for-Sale and Held-to-Maturity Debt Securities” section in our 2022 Form 10-K for information on our investment management objectives and practices and the “Risk Management - Asset/Liability Management” section in this Report for information on liquidity and interest rate risk.

The amortized cost, net of the allowance for credit losses, of AFS and HTM debt securities decreased from December 31, 2022. Purchases of AFS and HTM debt securities were more than offset by portfolio runoff and sales of AFS debt securities.

In addition, we transferred AFS debt securities with a fair value of \$3.7 billion to HTM debt securities in the first nine months of 2023 due to actions taken to reposition the overall portfolio for capital management purposes. Debt securities transferred from AFS to HTM in the first nine months of 2023 had \$320 million of pre-tax unrealized losses at the time of the transfers.

Additionally, in first quarter 2023, we also reclassified HTM debt securities with an aggregate fair value of \$23.2 billion and amortized cost of \$23.9 billion to AFS debt securities in connection with the adoption of ASU 2022-01, Derivatives and Hedging (Topic 815): *Fair Value Hedging - Portfolio Layer Method*. For additional information on our adoption of ASU 2022-01, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

The total net unrealized losses on AFS and HTM debt securities increased from December 31, 2022 due to changes in interest rates.

At September 30, 2023, 99% of the combined AFS and HTM debt securities portfolio was rated AA- or above. Ratings are based on external ratings where available and, where not available, based on internal credit grades. See Note 3 (Available-for-Sale and Held-to-Maturity Debt Securities) to Financial Statements in this Report for additional information on AFS and HTM debt securities, including a summary of debt securities by security type.

## Balance Sheet Analysis (continued)

### Loan Portfolios

Table 8 provides a summary of total outstanding loans by portfolio segment. Commercial loans decreased from December 31, 2022, due to decreases in both the commercial and industrial and commercial real estate loan portfolios as

paydowns exceeded originations and advances. Consumer loans decreased from December 31, 2022, as increases in the credit card portfolio were more than offset by decreases in all other consumer loan portfolios, primarily the residential mortgage loan portfolio.

**Table 8: Loan Portfolios**

(\$ in millions)	Sep 30, 2023	Dec 31, 2022	\$ Change	% Change
Commercial	\$ 551,051	557,516	(6,465)	(1)%
Consumer	391,373	398,355	(6,982)	(2)
Total loans	\$ 942,424	955,871	(13,447)	(1)

Average loan balances and a comparative detail of average loan balances is included in Table 1 under "Earnings Performance - Net Interest Income" earlier in this Report. Additional information on total loans outstanding by portfolio segment and class of financing receivable is included in the "Risk Management - Credit Risk Management" section in this Report. Period-end balances and other loan related information are in Note 5 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

See the "Balance Sheet Analysis - Loan Portfolios" section in our 2022 Form 10-K for additional information regarding contractual loan maturities and the distribution of loans to changes in interest rates.

partially offset by:

- higher time deposits driven by issuances of certificates of deposit (CDs).

Table 9 provides additional information regarding deposit balances. Information regarding the impact of deposits on net interest income and a comparison of average deposit balances is provided in the "Earnings Performance - Net Interest Income" section and Table 1 earlier in this Report. In response to higher interest rates, our average deposit cost in third quarter 2023 increased to 1.36%, compared with 0.46% in fourth quarter 2022.

### Deposits

Deposits decreased from December 31, 2022, reflecting:

- customer migration to higher yielding alternatives; and
- consumer deposit outflows on consumer spending;

**Table 9: Deposits**

(\$ in millions)	Sep 30, 2023	% of total deposits	Dec 31, 2022	% of total deposits	\$ Change	% Change
Noninterest-bearing demand deposits	\$ 384,330	28 %	\$ 458,010	33%	(73,680)	(16)%
Interest-bearing demand deposits	416,962	31	428,877	31	(11,915)	(3)
Savings deposits	355,826	26	410,139	30	(54,313)	(13)
Time deposits	174,480	13	66,197	5	108,283	164
Interest-bearing deposits in non-U.S. offices	22,412	2	20,762	1	1,650	8
Total deposits	\$ 1,354,010	100 %	\$ 1,383,985	100%	(29,975)	(2)

## Off-Balance Sheet Arrangements

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In the ordinary course of business, we engage in financial transactions that are not recorded on our consolidated balance sheet, or may be recorded on our consolidated balance sheet in amounts that are different from the full contract or notional amount of the transaction. Our off-balance sheet arrangements include unfunded credit commitments, transactions with unconsolidated entities, guarantees, commitments to purchase debt and equity securities, derivatives, and other commitments. These transactions are designed to (1) meet the financial needs of customers, (2) manage our credit, market or liquidity risks, and/or (3) diversify our funding sources.

### Unfunded Credit Commitments

Unfunded credit commitments are legally binding agreements to lend to customers with terms covering usage of funds, contractual interest rates, expiration dates, and any required collateral. The maximum credit risk for these commitments will generally be lower than the contractual amount because these commitments may expire without being used or may be cancelled at the customer's request. Our credit risk monitoring activities include managing the amount of commitments, both to individual customers and in total, and the size and maturity structure of these commitments. For additional information, see Note 5 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

### Transactions with Unconsolidated Entities

In the normal course of business, we enter into various types of on- and off-balance sheet transactions with special purpose entities (SPEs), which are corporations, trusts, limited liability companies or partnerships that are established for a limited purpose. Generally, SPEs are formed in connection with securitization transactions and are considered variable interest entities (VIEs). For additional information, see Note 13 (Securitizations and Variable Interest Entities) to Financial Statements in this Report.

### Guarantees and Other Arrangements

Guarantees are contracts that contingently require us to make payments to a guaranteed party based on an event or a change in an underlying asset, liability, rate or index. Guarantees are generally in the form of standby and direct pay letters of credit, written options, recourse obligations, exchange and clearing house guarantees, indemnifications, and other types of similar arrangements. For additional information, see Note 14 (Guarantees and Other Commitments) to Financial Statements in this Report.

### Commitments to Purchase Debt and Equity Securities

We enter into commitments to purchase securities under resale agreements. We also may enter into commitments to purchase debt and equity securities to provide capital for customers' funding, liquidity or other future needs. For additional information, see Note 14 (Guarantees and Other Commitments) to Financial Statements in this Report.

### Derivatives

We use derivatives to manage exposure to market risk, including interest rate risk, credit risk and foreign currency risk, and to assist customers with their risk management objectives. Derivatives are recorded on our consolidated balance sheet at fair value, and volume can be measured in terms of the notional amount, which is generally not exchanged, but is used only as the basis on which interest and other payments are determined. The notional amount is not recorded on our consolidated balance sheet and is not, when viewed in isolation, a meaningful measure of the risk profile of the instruments. For additional information, see Note 11 (Derivatives) to Financial Statements in this Report.

## Risk Management

Wells Fargo manages a variety of risks that can significantly affect our financial performance and our ability to meet the expectations of our customers, shareholders, regulators and other stakeholders.

For additional information about how we manage risk, see the "Risk Management" section in our 2022 Form 10-K. The discussion that follows supplements our discussion of the management of certain risks contained in the "Risk Management" section in our 2022 Form 10-K.

### Credit Risk Management

We define credit risk as the risk of loss associated with a borrower or counterparty default (failure to meet obligations in accordance with agreed upon terms). Credit risk exists with many of the Company's assets and exposures such as debt security holdings, certain derivatives, and loans.

The Board's Risk Committee has primary oversight responsibility for credit risk. A Credit Subcommittee of the Risk Committee assists the Risk Committee in providing oversight of credit risk. At the management level, Corporate Credit Risk, which is part of Independent Risk Management, has oversight responsibility for credit risk. Corporate Credit Risk reports to the Chief Risk Officer and supports periodic reports related to credit risk provided to the Board's Risk Committee or its Credit Subcommittee.

**Loan Portfolio** Our loan portfolios represent the largest component of assets on our consolidated balance sheet for which we have credit risk. Table 10 presents our total loans outstanding by portfolio segment and class of financing receivable.

**Table 10: Total Loans Outstanding by Portfolio Segment and Class of Financing Receivable**

(in millions)	Sep 30, 2023	Dec 31, 2022
Commercial and industrial	\$ 382,527	386,806
Commercial real estate	152,486	155,802
Lease financing	16,038	14,908
Total commercial	551,051	557,516
Residential mortgage	263,174	269,117
Credit card	49,851	46,293
Auto	49,865	53,669
Other consumer	28,483	29,276
Total consumer	391,373	398,355
Total loans	\$ 942,424	955,871

We manage our credit risk by establishing what we believe are sound credit policies for underwriting new business, while monitoring and reviewing the performance of our existing loan portfolios. We employ various credit risk management and monitoring activities to mitigate risks associated with multiple risk factors affecting loans we hold including:

- Loan concentrations and related credit quality;
- Counterparty credit risk;
- Economic and market conditions;
- Legislative or regulatory mandates;
- Changes in interest rates;
- Merger and acquisition activities; and
- Reputation risk.

In addition, the Company will continue to integrate climate considerations into its credit risk management activities.

Our credit risk management oversight process is governed centrally, but provides for direct management and accountability by our lines of business. Our overall credit process includes comprehensive credit policies, disciplined credit underwriting, frequent and detailed risk measurement and modeling, extensive credit training programs, and a continual loan review and audit process.

A key to our credit risk management is adherence to a well-controlled underwriting process, which we believe is appropriate for the needs of our customers as well as investors who purchase the loans or securities collateralized by the loans.

**Credit Quality Overview** Table 11 provides credit quality trends.

**Table 11: Credit Quality Overview**

(\$ in millions)	Sep 30, 2023	Dec 31, 2022
<b>Nonaccrual loans</b>		
Commercial loans	\$ 4,586	1,823
Consumer loans	3,416	3,803
<b>Total nonaccrual loans</b>	\$ 8,002	5,626
Nonaccrual loans as a % of total loans	0.85 %	0.59
<b>Allowance for credit losses (ACL) for loans</b>	\$ 15,064	13,609
<b>ACL for loans as a % of total loans</b>	1.60 %	1.42
	Quarter ended September 30,	
	2023	2022
<b>Net loan charge-offs as a % of:</b>		
Average commercial loans	0.13 %	-
Average consumer loans	0.67	0.40
	Nine months ended September 30,	
	2023	2022
Average commercial loans	0.11 %	-
Average consumer loans	0.60	0.36

Additional information on our loan portfolios and our credit quality trends follows.

**Significant Loan Portfolio Reviews** Our credit risk monitoring process is designed to enable early identification of developing risk and to support our determination of an appropriate allowance for credit losses. The following discussion provides additional characteristics and analysis of our significant portfolios. See Note 5 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report for more analysis and credit metric information for each of the following portfolios.

### COMMERCIAL AND INDUSTRIAL LOANS AND LEASE FINANCING

For purposes of portfolio risk management, we aggregate commercial and industrial loans and lease financing according to market segmentation and standard industry codes. We generally subject commercial and industrial loans and lease financing to individual risk assessment using our internal borrower and collateral quality ratings. Our ratings are aligned to regulatory definitions of pass and criticized categories with criticized segmented among special mention, substandard, doubtful, and loss categories.

We had \$13.9 billion of the commercial and industrial loans and lease financing portfolio internally classified as criticized in accordance with regulatory guidance at September 30, 2023, compared with \$12.6 billion at December 31, 2022. The increase was driven by the technology, telecom and media, and retail industries, partially offset by the equipment, machinery and parts manufacturing industry.

The majority of our commercial and industrial loans and lease financing portfolio is secured by short-term assets, such as accounts receivable, inventory and debt securities, as well as

long-lived assets, such as equipment and other business assets. Generally, the primary source of repayment for this portfolio is the operating cash flows of customers, with the collateral securing this portfolio representing a secondary source of repayment.

The portfolio decreased at September 30, 2023, compared with December 31, 2022, as a result of paydowns and decreased loan draws. Table 12 provides our commercial and industrial loans and lease financing by industry. The industry categories are based on the North American Industry Classification System.

**Table 12: Commercial and Industrial Loans and Lease Financing by Industry**

(\$ in millions)	September 30, 2023				December 31, 2022			
	Nonaccrual loans	Loans outstanding balance	% of total loans	Total commitments (1)	Nonaccrual loans	Loans outstanding balance	% of total loans	Total commitments (1)
Financials except banks	\$ 10	147,362	16 %	\$ 234,838	44	147,171	15%	\$ 229,822
Technology, telecom and media	29	26,817	3	63,062	31	27,767	3	66,340
Real estate and construction	58	25,321	3	55,292	73	24,478	3	56,393
Retail	72	20,913	2	50,035	47	19,487	2	49,334
Equipment, machinery and parts manufacturing	109	25,847	3	48,634	83	23,675	2	47,507
Materials and commodities	168	14,640	2	38,513	86	16,610	2	39,667
Food and beverage manufacturing	3	15,655	2	33,874	17	17,393	2	33,951
Oil, gas and pipelines	3	10,559	1	32,189	55	9,991	1	31,077
Health care and pharmaceuticals	20	14,985	2	30,199	21	14,861	2	30,294
Auto related	7	14,167	2	29,523	10	13,168	1	27,451
Commercial services	36	10,800	1	26,058	50	11,418	1	26,693
Utilities	1	8,099	*	24,876	18	9,457	*	26,899
Diversified or miscellaneous	3	7,673	*	20,567	2	8,161	*	21,498
Entertainment and recreation	19	13,212	1	19,806	28	13,085	1	18,741
Transportation services	140	8,972	*	16,393	237	8,389	*	16,064
Insurance and fiduciaries	1	4,964	*	16,033	1	4,691	*	15,592
Banks	-	11,799	1	12,733	-	14,403	2	16,537
Government and education	29	5,675	*	12,135	25	6,482	*	12,590
Agribusiness	8	5,965	*	11,810	24	6,180	*	11,457
Other (2)	7	5,140	*	12,637	13	4,847	*	12,301
<b>Total</b>	<b>\$ 723</b>	<b>398,565</b>	<b>42 %</b>	<b>\$ 789,207</b>	<b>865</b>	<b>401,714</b>	<b>42%</b>	<b>\$ 790,208</b>

\* Less than 1%.

(1) Total commitments consist of loans outstanding plus unfunded credit commitments, excluding issued letters of credit. Effective first quarter 2023, unfunded credit commitments exclude discretionary amounts where our approval or consent is required prior to any loan funding or commitment increase. Prior period balances have been revised to conform with the current period presentation. For additional information on issued letters of credit, see Note 14 (Guarantees and Other Commitments) to Financial Statements in this Report.

(2) No other single industry had total loans in excess of \$3.0 billion at September 30, 2023, and \$3.4 billion at December 31, 2022, respectively.

## Risk Management - Credit Risk Management (continued)

Table 12a provides further loan segmentation for our largest industry category, financials except banks. This category includes loans to investment firms, financial vehicles, nonbank creditors, rental and leasing companies, securities firms, and investment banks. These loans are generally secured and have features to

help manage credit risk, such as structural credit enhancements, collateral eligibility requirements, contractual re-margining of collateral supporting the loans, and loan amounts limited to a percentage of the value of the underlying assets considering underlying credit risk, asset duration, and ongoing performance.

**Table 12a: Financials Except Banks Industry Category**

(\$ in millions)	September 30, 2023				December 31, 2022			
	Nonaccrual loans	Loans outstanding balance	% of total loans	Total commitments (1)	Nonaccrual loans	Loans outstanding balance	% of total loans	Total commitments (1)
Asset managers and funds (2)	\$ -	51,630	6 %	\$ 96,902	1	52,254	5%	\$ 97,998
Commercial finance (3)	2	53,362	6	81,544	31	53,269	5	76,016
Consumer finance (4)	-	19,287	2	30,831	4	17,028	2	29,047
Real estate finance (5)	8	23,083	2	25,561	8	24,620	3	26,761
<b>Total</b>	<b>\$ 10</b>	<b>147,362</b>	<b>16 %</b>	<b>\$ 234,838</b>	<b>44</b>	<b>147,171</b>	<b>15%</b>	<b>\$ 229,822</b>

- (1) Total commitments consist of loans outstanding plus unfunded credit commitments. Effective first quarter 2023, unfunded credit commitments exclude discretionary amounts where our approval or consent is required prior to any loan funding or commitment increase. Prior period balances have been revised to conform with the current period presentation. For additional information on issued letters of credit, see Note 14 (Guarantees and Other Commitments) to Financial Statements in this Report.
- (2) Includes loans for subscription or capital calls and loans to prime brokerage customers and securities firms.
- (3) Includes asset-based lending and leasing, including loans to special purpose entities, loans to commercial leasing entities, structured lending facilities to commercial loan managers, and also includes collateralized loan obligations (CLOs) in loan form, all of which were rated AA or above, of \$7.7 billion and \$7.8 billion at September 30, 2023, and December 31, 2022, respectively.
- (4) Includes originators or servicers of financial assets collateralized by consumer loans such as auto loans and leases, and credit cards.
- (5) Includes originators or servicers of financial assets collateralized by commercial or residential real estate loans.

Our commercial and industrial loans and lease financing portfolio included non-U.S. loans of \$74.2 billion and \$79.7 billion at September 30, 2023, and December 31, 2022, respectively.

Significant industry concentrations of non-U.S. loans at September 30, 2023, and December 31, 2022, respectively, included:

- \$41.6 billion and \$45.7 billion in the financials except banks industry;
- \$11.8 billion and \$14.1 billion in the banks industry; and
- \$1.7 billion and \$1.2 billion in the oil, gas and pipelines industry.

**COMMERCIAL REAL ESTATE (CRE)** Our CRE loan portfolio is comprised of CRE mortgage and CRE construction loans. The total CRE loan portfolio decreased \$3.3 billion from December 31, 2022, as paydowns exceeded originations and advances. The portfolio is diversified both geographically and by property type. The largest geographic concentrations of CRE loans are in California, New York, Florida, and Texas, which represented a combined 48% of the total CRE portfolio. The largest property type concentrations are apartments at 27% and office at 21% of the portfolio. Unfunded credit commitments were \$8.2 billion and \$8.8 billion at September 30, 2023, and December 31, 2022, respectively, for CRE mortgage loans and \$14.6 billion and \$20.7 billion, respectively, for CRE construction loans.

We generally subject CRE loans to individual risk assessment using our internal borrower and collateral quality ratings. We had \$16.7 billion of CRE mortgage loans classified as criticized at

September 30, 2023, compared with \$11.3 billion at December 31, 2022, and \$1.3 billion of CRE construction loans classified as criticized at September 30, 2023, compared with \$1.1 billion at December 31, 2022. The increase in criticized CRE loans was predominantly driven by the office and apartments property types. The credit quality of the office property type continued to be adversely affected as weakened demand for office space continued to drive higher vacancy rates and deteriorating operating performance. We continue to closely monitor this portfolio. At September 30, 2023, nearly one-third of the CRE loans in the office property type had recourse to a guarantor, typically through a repayment guarantee, in addition to the related collateral. Loans in California and New York represented approximately 40% of the office property type at September 30, 2023.

Table 13 provides our CRE loans by state and property type.

**Table 13: CRE Loans by State and Property Type**

(\$ in millions)	September 30, 2023				December 31, 2022						
	Real estate mortgage		Real estate construction		Total commercial real estate						
	Nonaccrual loans	Loans outstanding balance	Nonaccrual loans	Loans outstanding balance	Nonaccrual loans	Loans outstanding balance	Loans as % of total loans	Total commitments (1)	Loans outstanding balance	Total commitments (1)	
<b>By state:</b>											
California	\$ 1,298	27,786	-	4,187	1,298	31,973	3%	\$ 36,006	34,285	39,594	
New York	625	13,974	-	2,483	625	16,457	2	18,609	17,294	19,360	
Florida	64	10,436	-	2,069	64	12,505	1	14,926	11,418	14,690	
Texas	19	10,635	-	1,422	19	12,057	1	13,870	12,807	14,941	
Georgia	31	4,904	-	1,024	31	5,928	*	6,969	5,428	6,651	
North Carolina	47	4,222	-	1,280	47	5,502	*	6,444	5,227	6,650	
Washington	341	4,144	-	1,309	341	5,453	*	6,358	5,603	6,868	
Arizona	13	4,569	-	568	13	5,137	*	5,990	5,302	6,288	
New Jersey	7	2,689	-	1,594	7	4,283	*	5,178	4,119	5,660	
Massachusetts	66	2,867	39	1,391	105	4,258	*	5,172	4,094	5,324	
Other (2)	1,287	42,007	26	6,926	1,313	48,933	5	55,749	50,225	59,294	
<b>Total</b>	<b>\$ 3,798</b>	<b>128,233</b>	<b>65</b>	<b>24,253</b>	<b>3,863</b>	<b>152,486</b>	<b>16%</b>	<b>\$ 175,271</b>	<b>155,802</b>	<b>185,320</b>	
<b>By property:</b>											
Apartments	\$ 8	30,318	-	10,359	8	40,677	4%	\$ 49,573	39,743	51,567	
Office (3)	2,790	28,846	-	3,355	2,790	32,201	3	35,242	36,144	40,827	
Industrial/warehouse	29	20,017	-	4,372	29	24,389	3	27,470	20,634	24,546	
Hotel/motel	217	11,981	-	845	217	12,826	1	14,396	12,751	13,758	
Retail (excl shopping center)	270	11,087	2	100	272	11,187	1	11,848	11,753	12,486	
Shopping center	183	8,373	-	389	183	8,762	*	9,304	9,534	10,131	
Institutional	224	4,311	24	1,950	248	6,261	*	7,137	7,725	9,178	
Mixed use properties	66	4,448	39	718	105	5,166	*	5,989	5,887	7,139	
Collateral pool	-	2,821	-	46	-	2,867	*	3,272	3,062	3,662	
Storage facility	-	2,627	-	188	-	2,815	*	3,028	2,929	3,201	
Other	11	3,404	-	1,931	11	5,335	*	8,012	5,640	8,825	
<b>Total</b>	<b>\$ 3,798</b>	<b>128,233</b>	<b>65</b>	<b>24,253</b>	<b>3,863</b>	<b>152,486</b>	<b>16 %</b>	<b>\$ 175,271</b>	<b>155,802</b>	<b>185,320</b>	

\* Less than 1%.

(1) Total commitments consist of loans outstanding plus unfunded credit commitments, excluding issued letters of credit. For additional information on issued letters of credit, see Note 14 (Guarantees and Other Commitments) to Financial Statements in this Report.

(2) Includes 40 states and non-U.S. loans. No state in Other had loans in excess of \$4.3 billion and \$4.1 billion at September 30, 2023, and December 31, 2022, respectively. Non-U.S. loans were \$6.9 billion and \$7.6 billion at September 30, 2023, and December 31, 2022, respectively.

(3) In second quarter 2023, we reclassified certain CRE loans to better align with regulatory reporting guidance, which resulted in a decrease in loans outstanding of approximately \$2.0 billion to the office property type.



## Risk Management - Credit Risk Management (continued)

**NON-U.S. LOANS** Our classification of non-U.S. loans is based on whether the borrower's primary address is outside of the United States. At September 30, 2023, non-U.S. loans totaled \$81.3 billion, representing approximately 9% of our total consolidated loans outstanding, compared with \$87.5 billion, or approximately 9% of our total consolidated loans outstanding, at December 31, 2022. Non-U.S. loans were approximately 4% and 5% of our total consolidated assets at September 30, 2023, and December 31, 2022, respectively.

**COUNTRY RISK EXPOSURE** Our country risk monitoring process incorporates centralized monitoring of economic, political, social, legal, and transfer risks in countries where we do or plan to do business, along with frequent dialogue with our customers, counterparties and regulatory agencies. We establish exposure limits for each country through a centralized oversight process based on customer needs, and through consideration of the relevant and distinct risk of each country. We monitor exposures closely and adjust our country limits in response to changing conditions. We evaluate our individual country risk exposure based on our assessment of a borrower's ability to repay, which gives consideration for allowable transfers of risk, such as guarantees and collateral, and may be different from the reporting based on a borrower's primary address.

Our largest single country exposure outside the U.S. at September 30, 2023, was the United Kingdom, which totaled

\$28.4 billion, or approximately 1% of our total assets, and included \$4.2 billion of sovereign claims. Our United Kingdom sovereign claims arise from deposits we have placed with the Bank of England pursuant to regulatory requirements in support of our London branch.

Table 14 provides information regarding our top 20 exposures by country (excluding the U.S.), based on our assessment of risk, which gives consideration to the country of any guarantors and/or underlying collateral. With respect to Table 14:

- Lending and deposits exposure includes outstanding loans, unfunded credit commitments (excluding discretionary amounts where our approval or consent is required prior to any loan funding or commitment increase), and deposits with non-U.S. banks. These balances are presented prior to the deduction of allowance for credit losses or collateral received under the terms of the credit agreements, if any.
- Securities exposure represents debt and equity securities of non-U.S. issuers. Long and short positions are netted, and net short positions are reflected as negative exposure.
- Derivatives and other exposure represents foreign exchange contracts, derivative contracts, securities resale agreements, and securities lending agreements.

**Table 14: Select Country Exposures**

(in millions)	September 30, 2023								
	Lending and deposits		Securities		Derivatives and other		Total exposure		Total
	Sovereign	Non-sovereign	Sovereign	Non-sovereign	Sovereign	Non-sovereign	Sovereign	Non-sovereign (1)	
<b>Top 20 country exposures:</b>									
United Kingdom	\$ 4,202	22,441	-	628	9	1,080	4,211	24,149	28,360
Canada	8	16,733	32	174	143	374	183	17,281	17,464
Japan	8,230	693	-	42	2	193	8,232	928	9,160
Cayman Islands	-	7,428	-	-	-	389	-	7,817	7,817
Luxembourg	-	6,755	-	52	-	244	-	7,051	7,051
France	33	4,009	263	187	533	50	829	4,246	5,075
Ireland	5	4,723	-	135	-	199	5	5,057	5,062
Bermuda	-	3,678	-	15	-	95	-	3,788	3,788
Germany	-	2,925	(33)	235	-	222	(33)	3,382	3,349
Guernsey	-	3,118	-	-	-	7	-	3,125	3,125
Netherlands	-	2,341	-	158	-	58	-	2,557	2,557
South Korea	-	2,061	(50)	367	5	5	(45)	2,433	2,388
China	8	1,459	(73)	448	162	13	97	1,920	2,017
Australia	-	1,500	-	438	-	55	-	1,993	1,993
Chile	-	1,589	-	193	-	1	-	1,783	1,783
Brazil	-	1,467	-	(7)	-	3	-	1,463	1,463
Belgium	-	1,193	-	(5)	-	18	-	1,206	1,206
Norway	-	1,087	-	2	-	20	-	1,109	1,109
Switzerland	-	808	-	53	-	217	-	1,078	1,078
India	-	1,087	(48)	(2)	-	-	(48)	1,085	1,037
<b>Total top 20 country exposures</b>	<b>\$ 12,486</b>	<b>87,095</b>	<b>91</b>	<b>3,113</b>	<b>854</b>	<b>3,243</b>	<b>13,431</b>	<b>93,451</b>	<b>106,882</b>

(1) Total non-sovereign exposure comprised \$42.4 billion exposure to financial institutions and \$51.1 billion to non-financial corporations at September 30, 2023.

**RESIDENTIAL MORTGAGE LOANS** Our residential mortgage loan portfolio is comprised of 1-4 family first and junior lien mortgage loans. Residential mortgage - first lien loans comprised 96% of the total residential mortgage loan portfolio at September 30, 2023, compared with 95% at December 31, 2022.

The residential mortgage loan portfolio includes loans with adjustable-rate features. We monitor the risk of default as a result of interest rate increases on adjustable-rate mortgage (ARM) loans, which may be mitigated by product features that limit the amount of the increase in the contractual interest rate. The default risk of these loans is considered in our ACL for loans. ARM loans were 7% of total loans at both September 30, 2023, and December 31, 2022, with an initial reset date in 2025 or later for the majority of this portfolio at September 30, 2023. We do not offer option ARM products, nor do we offer variable-rate mortgage products with fixed payment amounts, commonly referred to within the financial services industry as negative amortizing mortgage loans.

The residential mortgage - junior lien portfolio consists of residential mortgage lines of credit and loans that are subordinate in rights to an existing lien on the same property. These lines and loans may have draw periods, interest-only payments, balloon payments, adjustable rates and similar features. The outstanding balance of residential mortgage lines of credit was \$15.6 billion at September 30, 2023, compared with \$18.3 billion at December 31, 2022. The unfunded credit commitments for these lines of credit totaled \$30.1 billion at September 30, 2023, compared with \$35.5 billion at December 31, 2022. For additional information on our residential loan portfolio, see the "Risk Management - Credit Risk Management - Residential Mortgage Loans" section in our 2022 Form 10-K.

We monitor changes in real estate values and underlying economic or market conditions for all geographic areas of our

residential mortgage portfolio as part of our credit risk management process. Our periodic review of this portfolio includes original appraisals adjusted for the change in Home Price Index (HPI) or estimates from automated valuation models (AVMs) to support property values. For additional information about our use of appraisals and AVMs, see Note 5 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report and the "Risk Management - Credit Risk Management - Residential Mortgage Loans" section in our 2022 Form 10-K.

Part of our credit monitoring includes tracking delinquency, current Fair Isaac Corporation (FICO) credit scores and loan/combined loan to collateral values (LTV/CLTV) on the entire residential mortgage loan portfolio. CLTV represents the ratio of the total loan balance of first and junior lien mortgages (including unused line amounts for credit line products) to property collateral value. For additional information regarding credit quality indicators, see Note 5 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

We continue to modify residential mortgage loans to assist homeowners and other borrowers experiencing financial difficulties. For additional information on loan modifications, see Note 5 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report and the "Risk Management - Credit Risk Management - Residential Mortgage Loans" section in our 2022 Form 10-K.

**Residential Mortgage - First Lien Portfolio** Our residential mortgage - first lien portfolio decreased \$4.1 billion from December 31, 2022, due to loan paydowns, partially offset by originations.

Table 15 shows certain delinquency and loss information for the residential mortgage - first lien portfolio and lists the top five states by outstanding balance.

**Table 15: Residential Mortgage - First Lien Portfolio Performance**

(\$ in millions)	Outstanding balance		% of total loans		% of loans 30 days or more past due		Net loan charge-off rate quarter ended (1)	
	Sep 30, 2023	Dec 31, 2022	Sep 30, 2023	Dec 31, 2022	Sep 30, 2023	Dec 31, 2022	Sep 30, 2023	Dec 31, 2022
California (2)	\$ 110,432	110,877	11.72 %	11.60	0.36	0.45	0.01	-
New York	31,495	31,753	3.34	3.32	0.70	0.80	(0.03)	(0.02)
Washington	10,689	10,523	1.13	1.10	0.27	0.30	(0.02)	0.02
New Jersey	10,248	10,416	1.09	1.09	1.04	1.24	0.03	(0.01)
Florida	10,210	10,535	1.08	1.10	1.07	1.13	(0.06)	(0.14)
Other (3)	70,773	72,843	7.51	7.62	0.81	0.93	0.02	-
Total	243,847	246,947	25.87	25.83	0.59	0.69	-	(0.01)
Government insured/guaranteed loans (4)	7,831	8,860	0.83	0.93				
Total first lien mortgage portfolio	\$ 251,678	255,807	26.70 %	26.76				

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

(2) Our residential mortgage loans to borrowers in California are located predominantly within the larger metropolitan areas, with no single California metropolitan area consisting of more than 4% of total loans.

(3) Consists of 45 states; no state in Other had loans in excess of \$7.5 billion and \$7.7 billion at September 30, 2023, and December 31, 2022, respectively.

(4) Represents loans, substantially all of which were purchased from Government National Mortgage Association (GNMA) loan securitization pools, where the repayment of the loans is predominantly insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA). For additional information on GNMA loan securitization pools, see the "Risk Management - Credit Risk Management - Mortgage Banking Activities" section in this Report.

## Risk Management - Credit Risk Management (continued)

**Residential Mortgage - Junior Lien Portfolio** Our residential mortgage - junior lien portfolio decreased \$1.8 billion from December 31, 2022, driven by loan paydowns.

Table 16 shows certain delinquency and loss information for the residential mortgage - junior lien portfolio and lists the top five states by outstanding balance.

**Table 16: Residential Mortgage - Junior Lien Portfolio Performance**

(\$ in millions)	Outstanding balance		% of total loans		% of loans 30 days or more past due		Net loan charge-off rate quarter ended (1)	
	Sep 30, 2023	Dec 31, 2022	Sep 30, 2023	Dec 31, 2022	Sep 30, 2023	Dec 31, 2022	Sep 30, 2023	Dec 31, 2022
California	\$ 3,159	3,550	0.34 %	0.37	1.56	2.02	(0.12)	(0.16)
New Jersey	1,171	1,383	0.12	0.14	2.94	2.76	(0.24)	0.21
Florida	967	1,165	0.10	0.12	2.33	2.69	(0.26)	(0.92)
Pennsylvania	708	832	0.08	0.09	2.74	2.76	(0.02)	(0.01)
New York	688	794	0.07	0.08	2.83	2.86	0.17	0.05
Other (2)	4,803	5,586	0.51	0.58	2.02	2.05	(0.41)	(0.36)
Total junior lien mortgage portfolio	\$ 11,496	13,310	1.22 %	1.38	2.11	2.27	(0.24)	(0.25)

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

(2) Consists of 45 states; no state in Other had loans in excess of \$680 million and \$790 million at September 30, 2023, and December 31, 2022, respectively.

**CREDIT CARD, AUTO, AND OTHER CONSUMER LOANS** Table 17 shows the outstanding balance of our credit card, auto, and other consumer loan portfolios. For information regarding credit quality indicators for these portfolios, see Note 5 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

**Table 17: Credit Card, Auto, and Other Consumer Loans**

(\$ in millions)	September 30, 2023		December 31, 2022	
	Outstanding balance	% of total loans	Outstanding balance	% of total loans
Credit card	\$ 49,851	5.29 %	\$ 46,293	4.84 %
Auto	49,865	5.29	53,669	5.61
Other consumer (1)	28,483	3.02	29,276	3.06
Total	\$ 128,199	13.60 %	\$ 129,238	13.51 %

(1) Includes \$18.3 billion and \$19.4 billion at September 30, 2023, and December 31, 2022, respectively, of commercial and consumer securities-based loans originated by the WIM operating segment.

**Credit Card** The increase in the outstanding balance at September 30, 2023, compared with December 31, 2022, was primarily due to higher purchase volume and new account growth.

**Auto** The decrease in the outstanding balance at September 30, 2023, compared with December 31, 2022, was due to lower origination volumes reflecting credit tightening actions and continued price competition.

**Other Consumer** The decrease in the outstanding balance at September 30, 2023, compared with December 31, 2022, was due to a decline in securities-based lending.

**NONPERFORMING ASSETS (NONACCRUAL LOANS AND FORECLOSED ASSETS)** For information about when we generally place loans on nonaccrual status, see Note 1 (Summary of Significant

Accounting Policies) to Financial Statements in our 2022 Form 10-K. Table 18 summarizes nonperforming assets (NPAs).

**Table 18: Nonperforming Assets (Nonaccrual Loans and Foreclosed Assets)**

(\$ in millions)	Sep 30, 2023	Dec 31, 2022
<b>Nonaccrual loans:</b>		
Commercial and industrial	\$ 638	746
Commercial real estate	3,863	958
Lease financing	85	119
<b>Total commercial</b>	<b>4,586</b>	<b>1,823</b>
Residential mortgage (1)	3,258	3,611
Auto	126	153
Other consumer	32	39
<b>Total consumer</b>	<b>3,416</b>	<b>3,803</b>
<b>Total nonaccrual loans</b>	<b>\$ 8,002</b>	<b>5,626</b>
<b>As a percentage of total loans</b>	<b>0.85 %</b>	<b>0.59</b>
<b>Foreclosed assets:</b>		
Government insured/guaranteed (2)	\$ 14	22
Non-government insured/guaranteed	163	115
<b>Total foreclosed assets</b>	<b>177</b>	<b>137</b>
<b>Total nonperforming assets</b>	<b>\$ 8,179</b>	<b>5,763</b>
<b>As a percentage of total loans</b>	<b>0.87 %</b>	<b>0.60</b>

- (1) Residential mortgage loans predominantly insured by the FHA or guaranteed by the VA are not placed on nonaccrual status because they are insured or guaranteed.  
(2) Consistent with regulatory reporting requirements, foreclosed real estate resulting from government insured/guaranteed loans are classified as nonperforming. Both principal and interest related to these foreclosed real estate assets are collectible because the loans were predominantly insured by the FHA or guaranteed by the VA. Receivables related to the foreclosure of certain government guaranteed real estate mortgage loans are excluded from this table and included in accounts receivable in Other assets. For additional information on the classification of certain government-guaranteed mortgage loans upon foreclosure, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2022 Form 10-K.

Commercial nonaccrual loans increased \$2.8 billion from December 31, 2022, driven by an increase in commercial real estate nonaccrual loans, predominantly within the office property type. For additional information on commercial nonaccrual loans, see the “Risk Management - Credit Risk Management - Commercial and Industrial Loans and Lease Financing” and “Risk Management - Credit Risk Management - Commercial Real Estate” sections in this Report.

Consumer nonaccrual loans decreased \$387 million from December 31, 2022, due to lower residential mortgage nonaccrual loans.

## Risk Management - Credit Risk Management (continued)

Table 19 provides an analysis of the changes in nonaccrual loans. Typically, changes to nonaccrual loans period-over-period represent inflows for loans that are placed on nonaccrual status in accordance with our policies, offset by reductions for loans

that are paid down, charged off, sold, foreclosed, or are no longer classified as nonaccrual as a result of continued performance and an improvement in the borrower's financial condition and loan repayment capabilities.

**Table 19: Analysis of Changes in Nonaccrual Loans**

(in millions)	Quarter ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
<b>Commercial nonaccrual loans</b>				
Balance, beginning of period	\$ 3,429	1,719	\$ 1,823	2,376
Inflows	2,001	388	4,808	744
Outflows:				
Returned to accruing	(87)	(89)	(294)	(371)
Foreclosures	(48)	(1)	(48)	(20)
Charge-offs	(208)	(57)	(538)	(148)
Payments, sales and other	(501)	(257)	(1,165)	(878)
Total outflows	(844)	(404)	(2,045)	(1,417)
Balance, end of period	4,586	1,703	4,586	1,703
<b>Consumer nonaccrual loans</b>				
Balance, beginning of period	3,457	4,274	3,803	4,836
Inflows	326	374	1,009	1,376
Outflows:				
Returned to accruing	(131)	(496)	(589)	(1,411)
Foreclosures	(26)	(24)	(77)	(59)
Charge-offs	(40)	(55)	(122)	(199)
Payments, sales and other	(170)	(189)	(608)	(659)
Total outflows	(367)	(764)	(1,396)	(2,328)
Balance, end of period	3,416	3,884	3,416	3,884
Total nonaccrual loans	\$ 8,002	5,587	\$ 8,002	5,587

We considered the risk of losses on nonaccrual loans in developing our allowance for loan losses. We believe exposure to losses on nonaccrual loans is mitigated by the following factors at September 30, 2023:

- 99% of total commercial nonaccrual loans are secured, the majority of which are secured by real estate.
- 91% of commercial nonaccrual loans were current on interest and 76% of commercial nonaccrual loans were current on both principal and interest, but were on nonaccrual status because the full or timely collection of interest or principal had become uncertain.

- 99% of total consumer nonaccrual loans are secured, of which 95% are secured by real estate and 98% have a CLTV ratio of 80% or less.
- \$515 million of the \$658 million of consumer loans in bankruptcy or discharged in bankruptcy, and classified as nonaccrual, were current.

Table 20 provides a summary of foreclosed assets and an analysis of changes in foreclosed assets.

**Table 20: Foreclosed Assets**

(in millions)	Sep 30, 2023		Dec 31, 2022	
<b>Summary by loan segment</b>				
Government insured/guaranteed		\$ 14		22
Commercial		118		65
Consumer		45		50
Total foreclosed assets		\$ 177		137
<b>Analysis of changes in foreclosed assets</b>				
(in millions)	Quarter ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Balance, beginning of period	\$ 133	130	\$ 137	112
Net change in government insured/guaranteed (1)	(2)	1	(8)	4
Additions to foreclosed assets (2)	175	104	433	305
Reductions from sales and write-downs	(129)	(110)	(385)	(296)
Balance, end of period	\$ 177	125	\$ 177	125

- (1) Foreclosed government insured/guaranteed loans are temporarily transferred to and held by us as servicer, until reimbursement is received from the FHA or the VA.  
(2) Includes loans moved into foreclosed assets from nonaccrual status and repossessed autos.

**TROUBLED DEBT RESTRUCTURINGS (TDRs)** In January 2023, we adopted ASU 2022-02, which eliminated the accounting and reporting guidance for TDRs. For additional information, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

At December 31, 2022, TDRs totaled \$9.2 billion. The amount of our TDRs for COVID-related loan modification programs would have otherwise been higher without the TDR relief provided by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the *Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with*

*Customers Affected by the Coronavirus (Revised)* (Interagency Statement). Customers who are unable to resume making their contractual loan payments upon exiting from these programs may require further assistance and may receive or be eligible to receive modifications. For additional information on customer accommodations, including loan modifications, in response to the COVID-19 pandemic, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2022 Form 10-K.

**NET CHARGE-OFFS** Table 21 presents net loan charge-offs.

**Table 21: Net Loan Charge-offs**

(\$ in millions)	Quarter ended September 30,				Nine months ended September 30,			
	2023		2022		2023		2022	
	Net loan charge-offs	% of avg. loans (1)	Net loan charge-offs	% of avg. loans (1)	Net loan charge-offs	% of avg. loans (1)	Net loan charge-offs	% of avg. loans (1)
Commercial and industrial	\$ 93	0.10 %	\$ 13	0.01%	\$ 255	0.09 %	\$ 17	0.01%
Commercial real estate	93	0.24	(12)	(0.03)	189	0.16	(21)	(0.02)
Lease financing	2	0.07	5	0.15	7	0.06	4	0.04
Total commercial	188	0.13	6	-	451	0.11	-	-
Residential mortgage	(4)	(0.01)	(14)	(0.02)	(27)	(0.01)	(51)	(0.03)
Credit card	420	3.41	202	1.90	1,160	3.29	577	1.93
Auto	138	1.07	121	0.87	348	0.90	285	0.68
Other consumer	108	1.55	84	1.13	286	1.36	237	1.10
Total consumer	662	0.67	393	0.40	1,767	0.60	1,048	0.36
Total	\$ 850	0.36 %	\$ 399	0.17%	\$ 2,218	0.31 %	\$ 1,048	0.15%

(1) Net loan charge-offs (recoveries) as a percentage of average loans are annualized.

The increase in commercial net loan charge-offs in third quarter 2023, compared with the same period a year ago, was driven by higher losses in our commercial and industrial and commercial real estate portfolios.

The increase in consumer net loan charge-offs in third quarter 2023, compared with the same period a year ago, was driven by higher losses in all consumer portfolios, primarily in our credit card portfolio.

**ALLOWANCE FOR CREDIT LOSSES** We maintain an allowance for credit losses (ACL) for loans, which is management's estimate of the expected lifetime credit losses in the loan portfolio and unfunded credit commitments, at the balance sheet date, excluding loans and unfunded credit commitments carried at fair value or held for sale. Additionally, we maintain an ACL for debt securities classified as either AFS or HTM, other financial assets measured at amortized cost, including deposits with banks, net investments in leases, and other off-balance sheet credit exposures.

The process for establishing the ACL for loans takes into consideration many factors, including historical and forecasted loss trends, loan-level credit quality ratings and loan grade-specific characteristics. The process involves subjective and complex judgments. In addition, we review a variety of credit metrics and trends. These credit metrics and trends, however, do not solely determine the amount of the allowance as we use several analytical tools. For additional information on our ACL, see the "Critical Accounting Policies - Allowance for Credit Losses" section and Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2022 Form 10-K. For additional information on our ACL for loans, see Note 5 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report, and for additional information on our ACL for debt securities, see Note 3 (Available-for-Sale and Held-to-Maturity Debt Securities) to Financial Statements in this Report.

Table 22 presents the allocation of the ACL for loans by loan portfolio segment and class.

## Risk Management - Credit Risk Management (continued)

**Table 22: Allocation of the ACL for Loans**

(\$ in millions)	Sep 30, 2023				Dec 31, 2022	
	ACL	ACL as % of loan class	Loans as % of total loans	ACL	ACL as % of loan class	Loans as % of total loans
Commercial and industrial	\$ 4,269	1.12 %	40	\$ 4,507	1.17%	40
Commercial real estate	3,842	2.52	16	2,231	1.43	16
Lease financing	199	1.24	2	218	1.46	2
Total commercial	8,310	1.51	58	6,956	1.25	58
Residential mortgage (1)	718	0.27	28	1,096	0.41	28
Credit card	4,021	8.07	5	3,567	7.71	5
Auto	1,264	2.53	5	1,380	2.57	6
Other consumer	751	2.64	4	610	2.08	3
Total consumer	6,754	1.73	42	6,653	1.67	42
Total	\$ 15,064	1.60 %	100	\$ 13,609	1.42%	100
Components:						
Allowance for loan losses			\$ 14,554			12,985
Allowance for unfunded credit commitments			510			624
Allowance for credit losses			\$ 15,064			13,609
Ratio of allowance for loan losses to total net loan charge-offs (2)			4.32x			8.08
Ratio of allowance for loan losses to total nonaccrual loans			1.82			2.31
Allowance for loan losses as a percentage of total loans			1.54 %			1.36

(1) Includes negative allowance for expected recoveries of amounts previously charged off.  
(2) Total net loan charge-offs are annualized for the quarter ended September 30, 2023.

The ratios for the allowance for loan losses and the ACL for loans presented in Table 22 may fluctuate from period to period due to such factors as the mix of loan types in the portfolio, borrower credit strength, and the value and marketability of collateral.

The ACL for loans increased \$1.5 billion, or 11%, from December 31, 2022, reflecting increases for commercial real estate loans, primarily office loans, as well as for increases in credit card loan balances, partially offset by a decrease for residential mortgage loans related to the adoption of ASU 2022-02, Financial Instruments - Credit Losses (Topic 326): *Troubled Debt Restructurings and Vintage Disclosures*. For additional information on ASU 2022-02, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report. The detail of the changes in the ACL for loans by portfolio segment (including charge-offs and recoveries by loan class) is included in Note 5 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

We consider multiple economic scenarios to develop our estimate of the ACL for loans, which generally include a base scenario, along with an optimistic (upside) and one or more pessimistic (downside) scenarios. We weighted the base scenario and the downside scenarios in our estimate of the ACL for loans at September 30, 2023. The base scenario assumed elevated inflation and economic contraction in the near term, reflecting declining property values and increased unemployment rates from historically low levels. The downside scenarios assumed a more substantial economic contraction due to declining property values, high inflation, and lower business and consumer confidence.

Additionally, we consider qualitative factors that represent the risk of limitations inherent in our processes and assumptions such as economic environmental factors, modeling assumptions and performance, and other subjective factors, including industry trends and emerging risk assessments.

The forecasted key economic variables used in our estimate of the ACL for loans at September 30, 2023, and June 30, 2023, are presented in Table 23.

**Table 23: Forecasted Key Economic Variables**

	4Q 2023	2Q 2024	4Q 2024
Weighted blend of economic scenarios:			
U.S. unemployment rate (1):			
September 30, 2023	3.8 %	4.6	5.6
June 30, 2023	4.2	5.2	5.9
U.S. real GDP (2):			
September 30, 2023	(0.5)	(1.5)	0.3
June 30, 2023	(1.5)	(0.8)	1.0
Home price index (3):			
September 30, 2023	(1.6)	(6.1)	(6.8)
June 30, 2023	(4.3)	(5.9)	(6.4)
Commercial real estate asset prices (3):			
September 30, 2023	(7.2)	(13.8)	(10.3)
June 30, 2023	(12.4)	(12.6)	(7.2)

(1) Quarterly average.  
(2) Percent change from the preceding period, seasonally adjusted annualized rate.  
(3) Percent change year over year of national average; outlook differs by geography and property type.

Future amounts of the ACL for loans will be based on a variety of factors, including loan balance changes, portfolio credit quality and mix changes, and changes in general economic conditions and expectations (including for unemployment and real GDP), among other factors.

We believe the ACL for loans of \$15.1 billion at September 30, 2023, was appropriate to cover expected credit losses, including unfunded credit commitments, at that date. The entire allowance is available to absorb credit losses from the total loan portfolio. The ACL for loans is subject to change and reflects existing factors as of the date of determination, including economic or market conditions and ongoing internal and external examination processes. Due to the sensitivity of the ACL for loans to changes in the economic and business environment, it is possible that we will incur incremental credit losses not anticipated as of the balance sheet date. Our process for determining the ACL is discussed in the "Critical Accounting Policies - Allowance for Credit Losses" section and Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2022 Form 10-K.

**MORTGAGE BANKING ACTIVITIES** We sell residential and commercial mortgage loans to various parties. In connection with our sales and securitization of residential mortgage loans, we have established a mortgage repurchase liability. For information on our repurchase liability, see the "Risk Management - Credit Risk Management - Mortgage Banking Activities" section in our 2022 Form 10-K.

In addition to servicing loans in our portfolio, we act as servicer and/or master servicer of residential and commercial mortgage loans included in GSE mortgage securitizations, GNMA-guaranteed mortgage securitizations of FHA-insured/VA-guaranteed mortgages and private label mortgage securitizations, as well as for unsecuritized loans owned by institutional investors.

As a servicer, we are required to advance certain delinquent payments of principal and interest on mortgage loans we service. The amount and timing of reimbursement for advances of delinquent payments vary by investor and the applicable servicing agreements. See Note 6 (Mortgage Banking Activities) to Financial Statements in this Report for additional information about residential and commercial servicing rights, servicer advances and servicing fees.

In accordance with applicable servicing guidelines, upon transfer as servicer, we have the option to repurchase loans from certain loan securitizations, which generally becomes exercisable based on delinquency status such as when three scheduled loan payments are past due. When we have the unilateral option to repurchase a loan, we recognize the loan and a corresponding liability on our balance sheet regardless of our intent to repurchase the loan. We may repurchase these loans for cash and as a result, our total consolidated assets do not change.

Loans repurchased from GNMA securitization pools that regain current status or are otherwise modified in accordance with applicable servicing guidelines may be included in future GNMA loan securitization pools. At September 30, 2023, and December 31, 2022, these loans, which we have repurchased or have the unilateral option to repurchase, were \$8.0 billion and \$9.8 billion, respectively, which included \$7.6 billion and \$8.6 billion, respectively, in loans held for investment, with the remainder in loans held for sale. See Note 13 (Securitizations and Variable Interest Entities) to Financial Statements in this Report for additional information about our involvement with mortgage loan securitizations.

For additional information about the risks related to our servicing activities, see the "Risk Management - Credit Risk Management - Mortgage Banking Activities" section in our 2022 Form 10-K. For additional information on mortgage banking activities, see Note 6 (Mortgage Banking Activities) to Financial Statements in this Report.

## Asset/Liability Management

Asset/liability management involves evaluating, monitoring and managing interest rate risk, market risk, liquidity and funding. For information on our oversight of asset/liability risks, see the "Risk Management - Asset/Liability Management" section in our 2022 Form 10-K.

**INTEREST RATE RISK** Interest rate risk is the risk that market fluctuations in interest rates, credit spreads, or foreign exchange can cause a loss of the Company's earnings and capital stemming from mismatches in the Company's asset and liability cash flows primarily arising from customer-related activities such as lending and deposit-taking. We are subject to interest rate risk because:

- assets and liabilities may mature or reprice at different times. If assets reprice faster than liabilities and interest rates are generally rising, earnings will initially increase or when interest rates are generally falling, earnings will initially decrease;
- assets and liabilities may reprice at the same time but by different amounts;
- short-term and long-term market interest rates may change by different amounts. For example, the shape of the yield curve may affect yield for new loans and funding costs differently;
- the remaining maturity for various assets or liabilities may shorten or lengthen as interest rates change. For example, if long-term mortgage interest rates increase sharply, mortgage-related products may pay down at a slower rate than anticipated, which could impact portfolio income; or
- interest rates may have a direct or indirect effect on loan demand, collateral values, credit losses, mortgage origination volume, and the fair value of MSRs and other financial instruments.

We assess interest rate risk by comparing outcomes under various net interest income simulations using many interest rate scenarios that differ in the direction of interest rate changes, the degree of change over time, the speed of change and the projected shape of the yield curve. These simulations require assumptions regarding drivers of earnings and balance sheet composition such as loan originations, prepayment rates on loans and debt securities, deposit flows and mix, as well as pricing strategies.

Our most recent simulations, as presented in Table 24, estimate net interest income sensitivity over the next 12 months using instantaneous movements across the yield curve with both lower and higher interest rates relative to our base scenario. Steeper and flatter scenarios measure non-parallel changes in the yield curve, with long-term interest rates defined as all tenors three years and longer and short-term interest rates defined as all tenors less than three years. Where applicable, U.S. dollar interest rates are floored at 0.00%. The following describes the simulation assumptions for the scenarios presented in Table 24:

- Simulations are dynamic and reflect anticipated changes to our assets and liabilities.
- Other macroeconomic variables that could be correlated with the changes in interest rates are held constant.
- Mortgage prepayment and origination assumptions vary across scenarios and reflect only the impact of the higher or lower interest rates.



## Risk Management - Asset/Liability Management (continued)

- Our base scenario deposit forecast incorporates mix changes consistent with the base interest rate trajectory. Deposit mix is modeled to be the same in the base scenario and the alternative scenarios. In higher interest rate scenarios, customer deposit activity that shifts balances into higher yielding products could impact expected net interest income.
- The interest rate sensitivity of deposits is modeled using the historical behavior of our deposits portfolio and reflects the expectations of deposit products repricing as market interest rates change (referred to as deposit betas). Our actual experience in base and alternative scenarios may differ from expectations due to the lag or acceleration of deposit repricing, changes in consumer behavior, and other factors.
- We hold the size of the projected debt and equity securities portfolios constant across scenarios.

**Table 24: Net Interest Income Sensitivity Over the Next 12 Months Using Instantaneous Movements**

(\$ in billions)	Sep 30, 2023	Dec 31, 2022
<b>Parallel shift:</b>		
+100 bps shift in interest rates	\$ 2.1	2.3
-100 bps shift in interest rates	(2.1)	(1.7)
<b>Steeper yield curve:</b>		
+100 bps shift in long-term interest rates	1.1	0.8
-100 bps shift in short-term interest rates	(1.1)	(1.0)
<b>Flatter yield curve:</b>		
+100 bps shift in short-term interest rates	1.0	1.5
-100 bps shift in long-term interest rates	(1.0)	(0.7)

The changes in our interest rate sensitivity from December 31, 2022, to September 30, 2023, in Table 24 reflected updates to our base scenario, including expectations for balance sheet composition and interest rates. Our interest rate sensitivity indicates that we would expect to benefit from higher interest rates as our assets would reprice faster and to a greater degree than our liabilities, while in the case of lower interest rates, our assets would reprice downward and to a greater degree than our liabilities resulting in lower net interest income. The magnitude of the benefit, if any, from higher interest rates may vary from our simulations, including because future deposit pricing and balances may be different from our current expectations.

The sensitivity results above do not capture noninterest income or expense impacts. Our interest rate sensitive noninterest income and expense are impacted by mortgage banking activities that may have sensitivity impacts that move in the opposite direction of our net interest income. See the "Risk Management - Asset/Liability Management - Mortgage Banking Interest Rate and Market Risk" section in our 2022 Form 10-K for additional information.

Interest rate sensitive noninterest income is also impacted by changes in earnings credit for noninterest-bearing deposits that reduce treasury management deposit-related service fees on commercial accounts, and by trading assets. In addition, the impact to net interest income does not include the fair value changes of trading securities, which, along with the effects of related economic hedges, are recorded in noninterest income. In addition to changes in interest rates, net interest income and noninterest income from trading securities may be impacted by the actual composition of the trading portfolio. For additional

information on our trading assets and liabilities, see Note 2 (Trading Activities) to Financial Statements in this Report.

We use the debt securities portfolio and exchange-traded and over-the-counter (OTC) interest rate derivatives to manage our interest rate exposures. As interest rates increase, changes in the fair value of AFS debt securities may negatively affect accumulated other comprehensive income (AOCI), which lowers the amount of our regulatory capital. AOCI also includes unrealized gains or losses related to the transfer of debt securities from AFS to HTM, which are subsequently amortized into earnings over the life of the security with no further impact from interest rate changes. See Note 1 (Summary of Significant Accounting Policies) and Note 3 (Available-for-Sale and Held-to-Maturity Debt Securities) to Financial Statements in this Report for additional information on the debt securities portfolios. We use derivatives for asset/liability management in the following main ways:

- to convert the cash flows from selected asset and/or liability instruments/portfolios including certain interest-earning deposits, commercial loans and long-term debt, from floating-rate payments to fixed-rate payments, or vice versa;
- to reduce AOCI sensitivity of our AFS debt securities portfolio; and
- to economically hedge our mortgage origination pipeline, funded mortgage loans, and MSRs.

Derivatives used to hedge our interest rate risk exposures are presented in Note 11 (Derivatives) to Financial Statements in this Report.

**MORTGAGE BANKING INTEREST RATE AND MARKET RISK** We originate and service mortgage loans, which subjects us to various risks, including market, interest rate, credit, and liquidity risks that can be substantial. Based on market conditions and other factors, we reduce credit and liquidity risks by selling or securitizing mortgage loans. We determine whether mortgage loans will be held for investment or held for sale at the time of commitment, but may change our intent to hold loans for investment or sale as part of our corporate asset/liability management activities. We may also retain securities in our investment portfolio at the time we securitize mortgage loans.

Changes in interest rates may impact mortgage banking noninterest income, including origination and servicing fees, and the fair value of our residential MSRs, LHFS, and derivative loan commitments (interest rate "locks") extended to mortgage applicants. Interest rate changes will generally impact our mortgage banking noninterest income on a lagging basis due to the time it takes for the market to reflect a shift in customer demand, as well as the time required for processing a new application, providing the commitment, and securitizing and selling the loan. The amount and timing of the impact will depend on the magnitude, speed and duration of the changes in interest rates. For additional information on mortgage banking, including key assumptions and the sensitivity of the fair value of MSRs, see the "Risk Management - Asset/Liability Management - Mortgage Banking Interest Rate and Market Risk" section and Note 6 (Mortgage Banking Activities), Note 14 (Derivatives), and Note 15 (Fair Values of Assets and Liabilities) to Financial Statements in our 2022 Form 10-K.

**MARKET RISK** Market risk is the risk of possible economic loss from adverse changes in market risk factors such as interest rates, credit spreads, foreign exchange rates, equity and commodity prices, and the risk of possible loss due to

counterparty exposure. This applies to implied volatility risk, basis risk, and market liquidity risk. It includes price risk in the trading book, mortgage servicing rights and the hedge effectiveness risk associated with mortgage loans held at fair value, and impairment of private equity investments. For information on our oversight of market risk, see the "Risk Management - Asset/Liability Management - Market Risk" section in our 2022 Form 10-K.

**MARKET RISK - TRADING ACTIVITIES** We engage in trading activities to accommodate the investment and risk management activities of our customers and to execute economic hedging to manage certain balance sheet risks. These trading activities predominantly occur within our CIB businesses and, to a lesser extent, other businesses of the Company. Debt securities held for trading, equity securities held for trading, trading loans, and trading derivatives are financial instruments used in our trading activities, and all are carried at fair value. Income earned on the financial instruments used in our trading activities include net interest income, changes in fair value, and realized gains and losses. Net interest income earned from our trading activities is reflected in the interest income and interest expense components of our consolidated statement of income. Changes in fair value of the financial instruments used in our trading

activities are reflected in net gains from trading activities. For additional information on the financial instruments used in our trading activities and the income from these trading activities, see Note 2 (Trading Activities) to Financial Statements in this Report.

Value-at-risk (VaR) is a statistical risk measure used to estimate the potential loss from adverse moves in the financial markets. The Company uses VaR metrics complemented with sensitivity analysis and stress testing in measuring and monitoring market risk. For additional information on our monitoring activities, sensitivity analysis and stress testing, see the "Risk Management - Asset/Liability Management - Market Risk - Trading Activities" section in our 2022 Form 10-K.

Trading VaR is the measure used to provide insight into the market risk exhibited by the Company's trading positions. The Company calculates Trading VaR for risk management purposes to establish and monitor line of business and Company-wide risk limits. Trading VaR is calculated based on all trading positions on our consolidated balance sheet.

Table 25 shows the Company's Trading General VaR by risk category. The decrease in average Company Trading General VaR for the quarter ended September 30, 2023, compared with the same period a year ago, was primarily driven by changes in portfolio composition.

**Table 25: Trading 1-Day 99% General VaR by Risk Category**

(in millions)	Quarter ended											
	September 30, 2023				June 30, 2023				September 30, 2022			
	Period end	Average	Low	High	Period end	Average	Low	High	Period end	Average	Low	High
<b>Company Trading General VaR Risk Categories</b>												
Credit	\$ 35	41	31	52	50	39	21	51	37	33	26	41
Interest rate	24	35	20	53	42	44	29	65	32	28	22	34
Equity	22	20	17	25	19	19	13	24	24	23	19	28
Commodity	2	3	2	4	4	4	3	6	6	6	4	9
Foreign exchange	1	1	0	1	1	1	0	4	1	1	1	2
Diversification benefit (1)	(56)	(66)			(78)	(72)			(64)	(54)		
Company Trading General VaR	\$ 28	34			38	35			36	37		

(1) The period-end VaR was less than the sum of the VaR components described above due to portfolio diversification. The diversification effect arises because the risks are not perfectly correlated causing a portfolio of positions to usually be less risky than the sum of the risks of the positions alone. The diversification benefit is not meaningful for low and high metrics since they may occur on different days.

**MARKET RISK - EQUITY SECURITIES** We are directly and indirectly affected by changes in the equity markets. We make and manage equity investments in various businesses, such as start-up companies and emerging growth companies. We also invest in funds that make similar private equity investments. For additional information, see the "Risk Management - Asset/Liability Management - Market Risk - Equity Securities" section in our 2022 Form 10-K.

As part of our business to support our customers, we trade public equities, listed/over-the-counter equity derivatives, and convertible bonds. We have parameters that govern these activities. We also have marketable equity securities that include investments relating to our venture capital activities. For additional information, see Note 4 (Equity Securities) to Financial Statements in this Report.

Changes in equity market prices may also indirectly affect our net income by (1) the value of third-party assets under management and, hence, fee income, (2) borrowers whose ability to repay principal and/or interest may be affected by the stock market, or (3) brokerage activity, related commission income and other business activities. Each business line monitors and manages these indirect risks.

**LIQUIDITY RISK AND FUNDING** Liquidity risk is the risk arising from the inability of the Company to meet obligations when they come due, or roll over funds at a reasonable cost, without incurring heightened costs. In the ordinary course of business, we enter into contractual obligations that may require future cash payments, including funding for customer loan requests, customer deposit maturities and withdrawals, debt service, leases for premises and equipment, and other cash commitments. Liquidity risk also considers the stability of deposits, including the risk of losing uninsured or non-operational deposits. The objective of effective liquidity management is to ensure that we can meet our contractual obligations and other cash commitments efficiently under both normal operating conditions and under periods of Wells Fargo-specific and/or market stress.

To help achieve this objective, the Board establishes liquidity guidelines that require sufficient asset-based liquidity to cover potential funding requirements and to avoid over-dependence on volatile, less reliable funding markets. These guidelines are monitored on a monthly basis by the management-level Corporate Asset/Liability Committee and on a quarterly basis by the Board. These guidelines are established and monitored for

## Risk Management - Asset/Liability Management (continued)

both the Company and the Parent on a stand-alone basis so that the Parent is a source of strength for its banking subsidiaries. For additional information on liquidity risk and funding management, see the "Risk Management - Liquidity Risk and Funding" section in our 2022 Form 10-K.

**Liquidity Standards** We are subject to a rule issued by the FRB, OCC and FDIC that establishes a quantitative minimum liquidity requirement consistent with the liquidity coverage ratio (LCR) established by the Basel Committee on Banking Supervision (BCBS). The rule requires a covered banking organization to hold high-quality liquid assets (HQLA) in an amount equal to or greater than its projected net cash outflows during a 30-day stress period. Our HQLA under the rule predominantly consists of central bank deposits, government debt securities, and mortgage-backed securities of federal agencies. The LCR applies to the Company and to our insured depository institutions (IDIs) with total assets of \$10 billion or more. In addition, rules issued by the FRB impose enhanced liquidity risk management standards on large bank holding companies (BHCs), such as Wells Fargo.

**Table 26: Liquidity Coverage Ratio**

(in millions, except ratio)	Average for quarter ended		
	Sep 30, 2023	Jun 30, 2023	Sep 30, 2022
HQLA (1):			
Eligible cash	\$ 154,258	121,126	125,576
Eligible securities (2)	191,606	227,955	238,678
Total HQLA	345,864	349,081	364,254
Projected net cash outflows (3)	280,468	283,609	296,495
LCR	123 %	123	123

(1) Excludes excess HQLA at certain subsidiaries that are not transferable to other Wells Fargo entities.

(2) Net of applicable haircuts required under the LCR rule.

(3) Projected net cash outflows are calculated by applying a standardized set of outflow and inflow assumptions, defined by the LCR rule, to various exposures and liability types, such as deposits and unfunded loan commitments, which are prescribed based on a number of factors, including the type of customer and the nature of the account.

**Liquidity Sources** We maintain liquidity in the form of cash, interest-earning deposits with banks, and unencumbered high-quality, liquid debt securities. These assets make up our primary sources of liquidity. Our primary sources of liquidity are substantially the same in composition as HQLA under the LCR rule; however, our primary sources of liquidity will generally

We are also subject to a rule issued by the FRB, OCC and FDIC that establishes a stable funding requirement, known as the net stable funding ratio (NSFR), which requires a covered banking organization, such as Wells Fargo, to maintain a minimum amount of stable funding, including common equity, long-term debt and most types of deposits, in relation to its assets, derivative exposures and commitments over a one-year horizon period. The NSFR applies to the Company and to our IDIs with total assets of \$10 billion or more. As of September 30, 2023, we were compliant with the NSFR requirement.

**Liquidity Coverage Ratio** As of September 30, 2023, the Company, Wells Fargo Bank, N.A., and Wells Fargo National Bank West exceeded the minimum LCR requirement of 100%. Table 26 presents the Company's quarterly average values for the daily-calculated LCR and its components calculated pursuant to the LCR rule requirements. The LCR represents average HQLA divided by average projected net cash outflows, as each is defined under the LCR rule.

exceed HQLA calculated under the LCR rule due to the applicable haircuts to HQLA and the exclusion of excess HQLA at our subsidiary IDIs required under the LCR rule. Our primary sources of liquidity are presented in Table 27 at fair value, which also includes encumbered securities that are not included as available HQLA in the calculation of the LCR.

**Table 27: Primary Sources of Liquidity**

(in millions)	September 30, 2023			December 31, 2022		
	Total	Encumbered	Unencumbered	Total	Encumbered	Unencumbered
Interest-earning deposits with banks (1)	\$ 185,901	-	185,901	124,561	-	124,561
Debt securities of U.S. Treasury and federal agencies	48,347	10,649	37,698	59,570	12,080	47,490
Federal agency mortgage-backed securities	224,014	22,660	201,354	230,881	34,151	196,730
Total	\$ 458,262	33,309	424,953	415,012	46,231	368,781

(1) Excludes time deposits, which are included in interest-earning deposits with banks in our consolidated balance sheet.

Our interest-earning deposits with banks are mainly on deposit with the Federal Reserve. We believe the debt securities included in Table 27 provide quick and reliable sources of liquidity through sales or by pledging to obtain financing, regardless of market conditions. Debt securities within our HTM portfolio are not intended for sale but may be pledged to obtain financing.

As of September 30, 2023, we had approximately \$451.6 billion of available borrowing capacity at various Federal Home Loan Banks and the Federal Reserve Discount Window, based on collateral pledged. Although available, we do not view this borrowing capacity as a primary source of liquidity.

In addition, liquidity is also available through the sale or financing of other debt securities, including trading and/or AFS debt securities, as well as through the sale, securitization, or financing of loans, to the extent such debt securities and loans are not encumbered.

**Funding Sources** The Parent acts as a source of funding for the Company through the issuance of long-term debt and equity. WFC Holdings, LLC (the "IHC") is an intermediate holding company and subsidiary of the Parent, which provides funding support for the ongoing operational requirements of the Parent

and certain of its direct and indirect subsidiaries. For additional information on the IHC, see the "Regulatory Matters - 'Living Will' Requirements and Related Matters" section in our 2023 Second Quarter Report on Form 10-Q. Additional subsidiary funding is provided by deposits, short-term borrowings and long-term debt.

Deposits have historically provided a sizable source of relatively low-cost funds. Deposits were 144% and 145% of total loans at September 30, 2023, and December 31, 2022, respectively.

Table 28 presents a summary of our short-term borrowings, which generally mature in less than 30 days. The balances of

federal funds purchased and securities sold under agreements to repurchase may vary over time due to client activity, our own demand for financing, and our overall mix of liabilities. For additional information on the classification of our short-term borrowings, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2022 Form 10-K. We pledge certain financial instruments that we own to collateralize repurchase agreements and other securities financings. For additional information, see the "Pledged Assets" section of Note 15 (Pledged Assets and Collateral) to Financial Statements in this Report.

**Table 28: Short-Term Borrowings**

(in millions)	Sep 30, 2023	Dec 31, 2022
Federal funds purchased and securities sold under agreements to repurchase	\$ 80,889	30,623
Other short-term borrowings (1)	12,441	20,522
<b>Total</b>	<b>\$ 93,330</b>	<b>51,145</b>

(1) Includes \$0.0 billion and \$7.0 billion of Federal Home Loan Bank (FHLB) advances at September 30, 2023, and December 31, 2022, respectively.

We access domestic and international capital markets for long-term funding through issuances of registered debt securities, private placements and asset-backed secured funding. We issue long-term debt in a variety of maturities and currencies to achieve cost-efficient funding and to maintain an appropriate maturity profile. Proceeds from securities issued were used for general corporate purposes unless otherwise specified in the applicable prospectus or prospectus supplement, and we expect the proceeds from securities issued in the future will be used for

the same purposes. Depending on market conditions and our liquidity position, we may redeem or repurchase, and subsequently retire, our outstanding debt securities in privately negotiated or open market transactions, by tender offer, or otherwise. We issued \$6.0 billion of long-term debt in October 2023. Table 29 provides the aggregate carrying value of long-term debt maturities (based on contractual payment dates) for the remainder of 2023 and the following years thereafter, as of September 30, 2023.

**Table 29: Maturity of Long-Term Debt**

(in millions)	September 30, 2023						Total
	Remaining 2023	2024	2025	2026	2027	Thereafter	
<b>Wells Fargo &amp; Company (Parent Only)</b>							
Senior notes	\$ 2,055	8,520	14,150	23,473	7,434	62,248	117,880
Subordinated notes	74	716	951	2,600	2,306	10,776	17,423
Junior subordinated notes	-	-	-	-	352	773	1,125
<b>Total long-term debt - Parent</b>	<b>2,129</b>	<b>9,236</b>	<b>15,101</b>	<b>26,073</b>	<b>10,092</b>	<b>73,797</b>	<b>136,428</b>
<b>Wells Fargo Bank, N.A. and other bank entities (Bank)</b>							
Senior notes (1)	4,001	17,508	3,561	2,659	3	14,132	41,864
Subordinated notes	-	-	146	-	27	2,987	3,160
Junior subordinated notes	-	-	-	-	411	-	411
Other bank debt (2)	1,334	1,862	912	622	407	2,230	7,367
<b>Total long-term debt - Bank</b>	<b>5,335</b>	<b>19,370</b>	<b>4,619</b>	<b>3,281</b>	<b>848</b>	<b>19,349</b>	<b>52,802</b>
<b>Other consolidated subsidiaries</b>							
Senior notes	2	82	400	220	-	101	805
<b>Total long-term debt - Other consolidated subsidiaries</b>	<b>2</b>	<b>82</b>	<b>400</b>	<b>220</b>	<b>-</b>	<b>101</b>	<b>805</b>
<b>Total long-term debt</b>	<b>\$ 7,466</b>	<b>28,688</b>	<b>20,120</b>	<b>29,574</b>	<b>10,940</b>	<b>93,247</b>	<b>190,035</b>

(1) Includes \$36.0 billion of FHLB advances.

(2) Primarily relates to unfunded commitments for low-income housing tax credit (LIHTC) investments. For additional information, see Note 16 (Securitized and Variable Interest Entities) to Financial Statements in our 2022 Form 10-K.

## Risk Management - Asset/Liability Management (continued)

**Credit Ratings** Investors in the long-term capital markets, as well as other market participants, generally will consider, among other factors, a company's debt rating in making investment decisions. Rating agencies base their ratings on many quantitative and qualitative factors, including capital adequacy, liquidity, asset quality, business mix, the level and quality of earnings, and rating agency assumptions regarding the probability and extent of federal financial assistance or support for certain large financial institutions. Adverse changes in these factors could result in a reduction of our credit rating; however, our debt securities do not contain credit rating covenants.

There were no actions undertaken by the rating agencies with regard to our credit ratings during third quarter 2023.

See the "Risk Factors" section in our 2022 Form 10-K for additional information regarding our credit ratings and the potential impact a credit rating downgrade would have on our liquidity and operations as well as Note 11 (Derivatives) to Financial Statements in this Report for information regarding additional collateral and funding obligations required for certain derivative instruments in the event our credit ratings were to fall below investment grade.

The credit ratings of the Parent and Wells Fargo Bank, N.A., as of September 30, 2023, are presented in Table 30.

**Table 30: Credit Ratings as of September 30, 2023**

	Wells Fargo & Company		Wells Fargo Bank, N.A.	
	Senior debt	Short-term borrowings	Long-term deposits	Short-term borrowings
Moody's	A1	P-1	Aa1	P-1
S&P Global Ratings	BBB+	A-2	A+	A-1
Fitch Ratings	A+	F1	AA	F1+
DBRS Morningstar	AA (low)	R-1 (middle)	AA	R-1 (high)

## Capital Management

We have an active program for managing capital through a comprehensive process for assessing the Company's overall capital adequacy. Our objective is to maintain capital at an amount commensurate with our risk profile and risk tolerance objectives, and to meet both regulatory and market expectations. We primarily fund our capital needs through the retention of earnings net of both dividends and share repurchases, as well as through the issuance of preferred stock and long- and short-term debt. Retained earnings at September 30, 2023, increased \$11.3 billion from December 31, 2022, predominantly as a result of \$15.7 billion of Wells Fargo net income, partially offset by \$4.4 billion of common and preferred stock dividends. During the first nine months of 2023, we issued \$1.0 billion of common stock, substantially all of which was issued in connection with employee compensation and benefits. In the first nine months of 2023, we repurchased 220 million shares of common stock at a cost of \$9.6 billion. For additional information about capital planning, see the "Capital Planning and Stress Testing" section below.

In July 2023, we issued \$1.725 billion of our Preferred Stock, Series EE. In September 2023, we redeemed all of our Preferred Stock, Series Q.

### Regulatory Capital Requirements

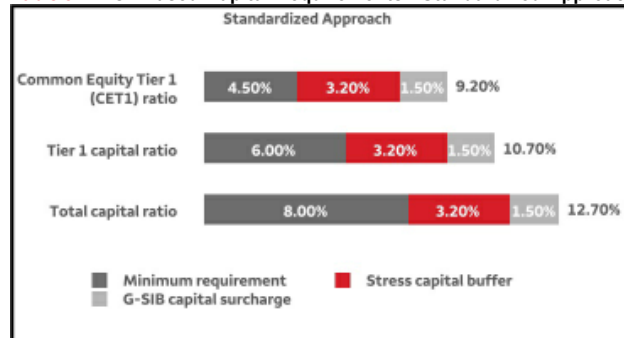
The Company and each of our IDIs are subject to various regulatory capital adequacy requirements administered by the FRB and the OCC. Risk-based capital rules establish risk-adjusted ratios relating regulatory capital to different categories of assets and off-balance sheet exposures as discussed below.

**RISK-BASED CAPITAL AND RISK-WEIGHTED ASSETS** The Company is subject to rules issued by federal banking regulators to implement Basel III capital requirements for U.S. banking organizations. The rules contain two frameworks for calculating capital requirements, a Standardized Approach and an Advanced Approach applicable to certain institutions, including Wells Fargo, and we must calculate our risk-based capital ratios under both approaches. The Company is required to satisfy the risk-based capital ratio requirements to avoid restrictions on capital distributions and discretionary bonus payments.

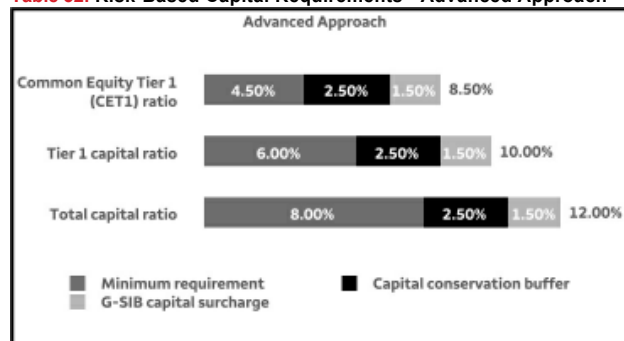
On July 27, 2023, federal banking regulators issued a proposed rule that would impact the way in which risk-based capital requirements are determined for certain banks. The proposed rule would eliminate the current Advanced Approach and replace it with a new expanded risk-based approach for the measurement of risk-weighted assets, including more granular risk weights for credit risk, a new market risk framework, and a new standardized approach for measuring operational risk. The new requirements would be phased in over a three-year period beginning July 1, 2025. The Company expects a significant increase in its risk-weighted assets and a net increase in its capital requirements based on an assessment of the proposed rule. The Company is considering a range of potential actions to address the impact of the proposed rule, including balance sheet and capital optimization strategies.

Table 31 and Table 32 present the risk-based capital requirements applicable to the Company under the Standardized Approach and Advanced Approach, respectively, as of September 30, 2023.

**Table 31: Risk-Based Capital Requirements - Standardized Approach**



**Table 32: Risk-Based Capital Requirements - Advanced Approach**



In addition to the risk-based capital requirements described in Table 31 and Table 32, if the FRB determines that a period of excessive credit growth is contributing to an increase in systemic risk, a countercyclical buffer of up to 2.50% could be added to the risk-based capital ratio requirements under federal banking regulations. The countercyclical buffer in effect at September 30, 2023, was 0.00%.

The capital conservation buffer is applicable to certain institutions, including Wells Fargo, under the Advanced Approach and is intended to absorb losses during times of economic or financial stress.

The stress capital buffer is calculated based on the decrease in a BHC's risk-based capital ratios under the severely adverse scenario in the FRB's annual supervisory stress test and related Comprehensive Capital Analysis and Review (CCAR), plus four quarters of planned common stock dividends. Because the stress capital buffer is calculated annually based on data that can differ over time, our stress capital buffer, and thus our risk-based capital ratio requirements under the Standardized Approach, are subject to change in future periods. Our stress capital buffer for the period October 1, 2022, through September 30, 2023, was 3.20%. Our stress capital buffer for the period October 1, 2023, through September 30, 2024, is 2.90%.

## Capital Management (continued)

As a global systemically important bank (G-SIB), we are also subject to the FRB's rule implementing an additional capital surcharge between 1.00-4.50% on the risk-based capital requirements of G-SIBs. Under the rule, we must annually calculate our surcharge under two methods and use the higher of the two surcharges. The first method (method one) considers our size, interconnectedness, cross-jurisdictional activity, substitutability, and complexity, consistent with the methodology developed by the BCBS and the Financial Stability Board (FSB). The second method (method two) uses similar inputs, but replaces substitutability with use of short-term wholesale funding and will generally result in higher surcharges than under method one. Because the G-SIB capital surcharge is calculated annually based on data that can differ over time, the amount of the surcharge is subject to change in future years. If our annual calculation results in a decrease to our G-SIB capital surcharge, the decrease takes effect the next calendar year. If our annual calculation results in an increase to our G-SIB capital

surcharge, the increase takes effect in two calendar years. Our G-SIB capital surcharge will continue to be 1.50% in 2023. On July 27, 2023, the FRB issued a proposed rule that would impact the methodology used to calculate the G-SIB capital surcharge.

Under the risk-based capital rules, on-balance sheet assets and credit equivalent amounts of derivatives and off-balance sheet items are assigned to one of several broad risk categories according to the obligor, or, if relevant, the guarantor or the nature of any collateral. The aggregate dollar amount in each risk category is then multiplied by the risk weight associated with that category. The resulting weighted values from each of the risk categories are aggregated for determining total risk-weighted assets (RWAs).

The tables that follow provide information about our risk-based capital and related ratios as calculated under Basel III capital rules. Table 33 summarizes our CET1, Tier 1 capital, total capital, RWAs and capital ratios.

**Table 33: Capital Components and Ratios**

(\$ in millions)		Standardized Approach			Advanced Approach		
		Required Capital Ratios (1)	Sep 30, 2023	Dec 31, 2022	Required Capital Ratios (1)	Sep 30, 2023	Dec 31, 2022
Common Equity Tier 1	(A)	\$	136,164	133,527		136,164	133,527
Tier 1 capital	(B)		155,219	152,567		155,219	152,567
Total capital	(C)		188,766	186,747		178,367	177,258
Risk-weighted assets	(D)		1,237,122	1,259,889		1,130,775	1,112,307
Common Equity Tier 1 capital ratio	(A)/(D)	9.20 %	11.01 *	10.60	8.50	12.04	12.00
Tier 1 capital ratio	(B)/(D)	10.70	12.55 *	12.11	10.00	13.73	13.72
Total capital ratio	(C)/(D)	12.70	15.26 *	14.82	12.00	15.77	15.94

\* Denotes the binding ratio under the Standardized and Advanced Approaches at September 30, 2023.

(1) Represents the minimum ratios required to avoid restrictions on capital distributions and discretionary bonus payments at September 30, 2023.

Table 34 provides information regarding the calculation and composition of our risk-based capital under the Standardized and Advanced Approaches.

**Table 34: Risk-Based Capital Calculation and Components**

(in millions)	Sep 30, 2023	Dec 31, 2022
Total equity (1)	\$ 182,373	182,213
Effect of accounting policy change (1)	-	338
Total equity (as reported)	182,373	181,875
Adjustments:		
Preferred stock	(19,448)	(19,448)
Additional paid-in capital on preferred stock	157	173
Noncontrolling interests	(1,658)	(1,986)
Total common stockholders' equity	\$ 161,424	160,614
Adjustments:		
Goodwill	(25,174)	(25,173)
Certain identifiable intangible assets (other than MSRs)	(132)	(152)
Goodwill and other intangibles on investments in consolidated portfolio companies (included in other assets) (2)	(878)	(2,427)
Applicable deferred taxes related to goodwill and other intangible assets (3)	913	890
CECL transition provision (4)	120	180
Other	(109)	(405)
Common Equity Tier 1 under the Standardized and Advanced Approaches	\$ 136,164	133,527
Preferred stock	19,448	19,448
Additional paid-in capital on preferred stock	(157)	(173)
Other	(236)	(235)
Total Tier 1 capital under the Standardized and Advanced Approaches	(A) \$ 155,219	152,567
Long-term debt and other instruments qualifying as Tier 2	19,091	20,503
Qualifying allowance for credit losses (5)	14,921	13,959
Other	(465)	(282)
Total Tier 2 capital under the Standardized Approach	(B) \$ 33,547	34,180
Total qualifying capital under the Standardized Approach	(A)+(B) \$ 188,766	186,747
Long-term debt and other instruments qualifying as Tier 2	19,091	20,503
Qualifying allowance for credit losses (5)	4,522	4,470
Other	(465)	(282)
Total Tier 2 capital under the Advanced Approach	(C) \$ 23,148	24,691
Total qualifying capital under the Advanced Approach	(A)+(C) \$ 178,367	177,258

- (1) In first quarter 2023, we adopted ASU 2018-12. We adopted this ASU with retrospective application, which required revision of prior period financial statements. Prior period risk-based capital and certain other regulatory related metrics were not revised. For additional information, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.
- (2) In third quarter 2023, we sold investments in certain private equity funds. As a result, we have removed the related goodwill and other intangible assets on investments in consolidated portfolio companies.
- (3) Determined by applying the combined federal statutory rate and composite state income tax rates to the difference between book and tax basis of the respective goodwill and intangible assets at period-end.
- (4) In second quarter 2020, the Company elected to apply a modified transition provision issued by federal banking regulators related to the impact of the current expected credit loss accounting standard (CECL) on regulatory capital. The rule permits certain banking organizations to exclude from regulatory capital the initial adoption impact of CECL, plus 25% of the cumulative changes in the allowance for credit losses (ACL) under CECL for each period until December 31, 2021, followed by a three-year phase-out period in which the benefit is reduced by 25% in year one, 50% in year two and 75% in year three.
- (5) Differences between the approaches are driven by the qualifying amounts of ACL includable in Tier 2 capital. Under the Advanced Approach, eligible credit reserves represented by the amount of qualifying ACL in excess of expected credit losses (using regulatory definitions) is limited to 0.60% of Advanced credit RWAs, whereas the Standardized Approach includes ACL in Tier 2 capital up to 1.25% of Standardized credit RWAs. Under both approaches, any excess ACL is deducted from the respective total RWAs.

Table 35 provides the composition of our RWAs under the Standardized and Advanced Approaches.

**Table 35: Risk-Weighted Assets**

(in millions)	Standardized Approach		Advanced Approach (1)	
	Sep 30, 2023	Dec 31, 2022	Sep 30, 2023	Dec 31, 2022
Risk-weighted assets (RWAs):				
Credit risk	\$ 1,192,380	1,218,006	766,120	757,436
Market risk	44,742	41,883	44,742	41,883
Operational risk	-	-	319,913	312,988
Total RWAs	\$ 1,237,122	1,259,889	1,130,775	1,112,307

- (1) RWAs calculated under the Advanced Approach utilize a risk-sensitive methodology, which relies upon the use of internal credit models based upon our experience with internal rating grades. Advanced Approach also includes an operational risk component, which reflects the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.



## Capital Management (continued)

Table 36 provides an analysis of changes in CET1.

**Table 36: Analysis of Changes in Common Equity Tier 1**

(in millions)	
Common Equity Tier 1 at December 31, 2022	\$ 133,527
Cumulative effect from change in accounting policy (1)	323
Net income applicable to common stock	14,822
Common stock dividends	(3,529)
Common stock issued, repurchased, and stock compensation-related items	(8,630)
Changes in accumulated other comprehensive income (loss)	(2,513)
Goodwill	(1)
Certain identifiable intangible assets (other than MSRs)	20
Goodwill and other intangibles on investments in consolidated portfolio companies (included in other assets) (2)	1,549
Applicable deferred taxes related to goodwill and other intangible assets (3)	23
CECL transition provision (4)	(60)
Other (5)	633
<b>Change in Common Equity Tier 1</b>	<b>2,637</b>
<b>Common Equity Tier 1 at September 30, 2023</b>	<b>\$ 136,164</b>

- (1) Effective January 1, 2023, we adopted ASU 2022-02, Financial Instruments - Credit Losses (Topic 326): *Troubled Debt Restructurings and Vintage Disclosures*. For additional information, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.
- (2) In third quarter 2023, we sold investments in certain private equity funds. As a result, we have removed the related goodwill and other intangible assets on investments in consolidated portfolio companies.
- (3) Determined by applying the combined federal statutory rate and composite state income tax rates to the difference between book and tax basis of the respective goodwill and intangible assets at period-end.
- (4) In second quarter 2020, the Company elected to apply a modified transition provision issued by federal banking regulators related to the impact of CECL on regulatory capital. The rule permits certain banking organizations to exclude from regulatory capital the initial adoption impact of CECL, plus 25% of the cumulative changes in the allowance for credit losses (ACL) under CECL for each period until December 31, 2021, followed by a three-year phase-out period in which the benefit is reduced by 25% in year one, 50% in year two and 75% in year three.
- (5) Includes \$338 million related to our first quarter 2023 adoption of ASU 2018-12. For additional information, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

Table 37 presents net changes in the components of RWAs under the Standardized and Advanced Approaches.

**Table 37: Analysis of Changes in RWAs**

(in millions)	Standardized Approach	Advanced Approach
Risk-weighted assets (RWAs) at December 31, 2022	\$ 1,259,889	1,112,307
Net change in credit risk RWAs	(25,626)	8,684
Net change in market risk RWAs	2,859	2,859
Net change in operational risk RWAs	-	6,925
Total change in RWAs	(22,767)	18,468
<b>RWAs at September 30, 2023</b>	<b>\$ 1,237,122</b>	<b>1,130,775</b>

**TANGIBLE COMMON EQUITY** We also evaluate our business based on certain ratios that utilize tangible common equity. Tangible common equity is a non-GAAP financial measure and represents total equity less preferred equity, noncontrolling interests, goodwill, certain identifiable intangible assets (other than MSRs) and goodwill and other intangibles on investments in consolidated portfolio companies, net of applicable deferred taxes. The ratios are (i) tangible book value per common share, which represents tangible common equity divided by common shares outstanding; and (ii) return on average tangible common

equity (ROTCE), which represents our annualized earnings as a percentage of tangible common equity. The methodology of determining tangible common equity may differ among companies. Management believes that tangible book value per common share and return on average tangible common equity, which utilize tangible common equity, are useful financial measures because they enable management, investors, and others to assess the Company's use of equity.

Table 38 provides a reconciliation of these non-GAAP financial measures to GAAP financial measures.

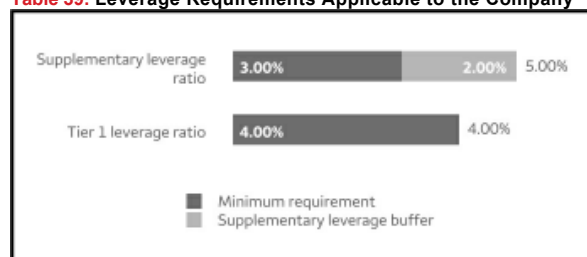
**Table 38: Tangible Common Equity**

		Balance at period-end			Quarter ended			Average balance	
		Sep 30, 2023	Jun 30, 2023	Sep 30, 2022	Sep 30, 2023	Jun 30, 2023	Sep 30, 2022	Sep 30, 2023	Sep 30, 2022
(in millions, except ratios)									
Total equity		\$ 182,373	181,952	178,478	184,828	184,443	183,042	184,525	183,350
Adjustments:									
Preferred stock (1)		(19,448)	(19,448)	(20,057)	(20,441)	(19,448)	(20,057)	(19,782)	(20,057)
Additional paid-in capital on preferred stock (1)		157	173	136	171	173	135	172	135
Unearned ESOP shares (1)		-	-	646	-	-	646	-	646
Noncontrolling interests		(1,658)	(1,761)	(2,220)	(1,775)	(1,924)	(2,258)	(1,905)	(2,370)
Total common stockholders' equity (A)		161,424	160,916	156,983	162,783	163,244	161,508	163,010	161,704
Adjustments:									
Goodwill		(25,174)	(25,175)	(25,172)	(25,174)	(25,175)	(25,177)	(25,174)	(25,179)
Certain identifiable intangible assets (other than MSRs)		(132)	(145)	(171)	(137)	(140)	(181)	(141)	(199)
Goodwill and other intangibles on investments in consolidated portfolio companies (included in other assets) (2)		(878)	(2,511)	(2,378)	(2,539)	(2,487)	(2,359)	(2,489)	(2,352)
Applicable deferred taxes related to goodwill and other intangible assets (3)		913	905	889	910	903	886	902	855
Tangible common equity (B)		\$ 136,153	133,990	130,151	135,843	136,345	134,677	136,108	134,829
Common shares outstanding (C)		3,637.9	3,667.7	3,795.4	N/A	N/A	N/A	N/A	N/A
Net income applicable to common stock (D)		N/A	N/A	N/A	\$ 5,450	4,659	3,313	\$ 14,822	9,685
Book value per common share (A)/(C)		\$ 44.37	43.87	41.36	N/A	N/A	N/A	N/A	N/A
Tangible book value per common share (B)/(C)		37.43	36.53	34.29	N/A	N/A	N/A	N/A	N/A
Return on average common stockholders' equity (ROE) (D)/(A)		N/A	N/A	N/A	13.28 %	11.45	8.14	12.16 %	8.01
Return on average tangible common equity (ROTCE) (D)/(B)		N/A	N/A	N/A	15.92	13.71	9.76	14.56	9.60

- (1) In fourth quarter 2022, we redeemed all outstanding shares of our Employee Stock Ownership Plan (ESOP) Cumulative Convertible Preferred Stock in exchange for shares of the Company's common stock. For additional information, see Note 11 (Preferred Stock) to Financial Statements in our 2022 Form 10-K.  
(2) In third quarter 2023, we sold investments in certain private equity funds. As a result, we have removed the related goodwill and other intangible assets on investments in consolidated portfolio companies.  
(3) Determined by applying the combined federal statutory rate and composite state income tax rates to the difference between book and tax basis of the respective goodwill and intangible assets at period-end.

**LEVERAGE REQUIREMENTS** As a BHC, we are required to maintain a supplementary leverage ratio (SLR) to avoid restrictions on capital distributions and discretionary bonus payments and maintain a minimum Tier 1 leverage ratio. Table 39 presents the leverage requirements applicable to the Company as of September 30, 2023.

**Table 39: Leverage Requirements Applicable to the Company**



## Capital Management (continued)

In addition, our IDIs are required to maintain an SLR of at least 6.00% to be considered well capitalized under applicable regulatory capital adequacy rules and maintain a minimum Tier 1 leverage ratio of 4.00%.

Table 40 presents information regarding the calculation and components of the Company's SLR and Tier 1 leverage ratio. At September 30, 2023, each of our IDIs exceeded their applicable SLR requirements.

**Table 40: Leverage Ratios for the Company**

(\$ in millions)	Quarter ended September 30, 2023	
Tier 1 capital	(A)	\$ 155,219
Total average assets		1,892,002
Less: Goodwill and other permitted Tier 1 capital deductions (net of deferred tax liabilities)		27,209
Total adjusted average assets		1,864,793
Plus adjustments for off-balance sheet exposures:		
Derivatives (1)		54,367
Repo-style transactions (2)		4,022
Other (3)		315,842
Total off-balance sheet exposures		374,231
Total leverage exposure	(B)	\$ 2,239,024
Supplementary leverage ratio	(A)/(B)	6.93%
Tier 1 leverage ratio (4)		8.32%

- (1) Adjustment represents derivatives and collateral netting exposures as defined for supplementary leverage ratio determination purposes.
- (2) Adjustment represents counterparty credit risk for repo-style transactions where Wells Fargo & Company is the principal counterparty facing the client.
- (3) Adjustment represents credit equivalent amounts of other off-balance sheet exposures not already included as derivatives and repo-style transactions exposures.
- (4) The Tier 1 leverage ratio consists of Tier 1 capital divided by total average assets, excluding goodwill and certain other items as determined under the rule.

**TOTAL LOSS ABSORBING CAPACITY** As a G-SIB, we are required to have a minimum amount of equity and unsecured long-term debt for purposes of resolvability and resiliency, often referred to as Total Loss Absorbing Capacity (TLAC). U.S. G-SIBs are required to have a minimum amount of TLAC (consisting of CET1 capital and additional Tier 1 capital issued directly by the top-tier or covered BHC plus eligible external long-term debt) to avoid restrictions on capital distributions and discretionary bonus payments as well as a minimum amount of eligible unsecured long-term debt. The components used to calculate our minimum TLAC and eligible unsecured long-term debt requirements as of September 30, 2023, are presented in Table 41.

**Table 41: Components Used to Calculate TLAC and Eligible Unsecured Long-Term Debt Requirements**

TLAC requirement	
Greater of:	
18.00% of RWAs	7.50% of total leverage exposure (the denominator of the SLR calculation)
+	+
TLAC buffer (equal to 2.50% of RWAs + method one G-SIB capital surcharge + any countercyclical buffer)	External TLAC leverage buffer (equal to 2.00% of total leverage exposure)
<b>Minimum amount of eligible unsecured long-term debt</b>	
Greater of:	
6.00% of RWAs	4.50% of total leverage exposure
+	
Greater of method one and method two G-SIB capital surcharge	

In August 2023, the FRB proposed rules that would, among other things, modify the calculation of eligible long-term debt that counts towards the TLAC requirements, which would reduce our TLAC ratios.

Table 42 provides our TLAC and eligible unsecured long-term debt and related ratios.

**Table 42: TLAC and Eligible Unsecured Long-Term Debt**

(\$ in millions)	September 30, 2023			
	TLAC (1)	Regulatory Minimum (2)	Eligible Unsecured Long-term Debt	Regulatory Minimum
Total eligible amount	\$ 296,668		136,722	
Percentage of RWAs (3)	23.98%	21.50	11.05	7.50
Percentage of total leverage exposure	13.25	9.50	6.11	4.50

- (1) TLAC ratios are calculated using the CECL transition provision issued by federal banking regulators.
- (2) Represents the minimum required to avoid restrictions on capital distributions and discretionary bonus payments.
- (3) Our minimum TLAC and eligible unsecured long-term debt requirements are calculated based on the greater of RWAs determined under the Standardized and Advanced Approaches.

**OTHER REGULATORY CAPITAL AND LIQUIDITY MATTERS** For information regarding the U.S. implementation of the Basel III LCR and NSFR, see the "Risk Management - Asset/ Liability Management - Liquidity Risk and Funding - Liquidity Standards" section in this Report.

Our principal U.S. broker-dealer subsidiaries, Wells Fargo Securities, LLC, and Wells Fargo Clearing Services, LLC, are subject to regulations to maintain minimum net capital requirements. As of September 30, 2023, these broker-dealer subsidiaries were in compliance with their respective regulatory minimum net capital requirements.

### Capital Planning and Stress Testing

Our planned long-term capital structure is designed to meet regulatory and market expectations. We believe that our long-term targeted capital structure enables us to invest in and grow our business, satisfy our customers' financial needs in varying environments, access markets, and maintain flexibility to return capital to our shareholders. Our long-term targeted capital structure also considers capital levels sufficient to exceed capital requirements, including the G-SIB capital surcharge and the stress capital buffer, as well as potential changes to regulatory requirements for our capital ratios, planned capital actions, changes in our risk profile and other factors. Accordingly, our long-term target capital levels are set above their respective regulatory minimums plus buffers.

The FRB capital plan rule establishes capital planning and other requirements that govern capital distributions, including dividends and share repurchases, by certain BHCs, including Wells Fargo. The FRB assesses, among other things, the overall financial condition, risk profile, and capital adequacy of BHCs when evaluating their capital plans.

As part of the annual Comprehensive Capital Analysis and Review, the FRB generates a supervisory stress test. The FRB reviews the supervisory stress test results as required under the Dodd-Frank Act using a common set of capital actions for all large BHCs and also reviews the Company's proposed capital actions.

Federal banking regulators also require large BHCs and banks to conduct their own stress tests to evaluate whether the institution has sufficient capital to continue to operate during periods of adverse economic and financial conditions.

### **Securities Repurchases**

From time to time the Board authorizes the Company to repurchase shares of our common stock. Although we announce when the Board authorizes share repurchases, we typically do not give any public notice before we repurchase our shares. Various factors determine the amount of our share repurchases, including our capital requirements, the number of shares we expect to issue for employee benefit plans and any acquisitions, market conditions (including the trading price of our stock), and regulatory and legal considerations, including under the FRB's

capital plan rule. Due to the various factors that may impact the amount of our share repurchases and the fact that we tend to be in the market regularly to satisfy repurchase considerations under our capital plan, our share repurchases occur at various price levels. We may suspend share repurchase activity at any time.

At September 30, 2023, we had remaining Board authority to repurchase up to approximately \$29 billion of common stock, subject to regulatory and legal conditions.

For additional information about share repurchases during third quarter 2023, see Part II, Item 2 in this Report.

## **Regulatory Matters**

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The U.S. financial services industry is subject to significant regulation and regulatory oversight initiatives. This regulation and oversight may continue to impact how U.S. financial services companies conduct business and may continue to result in increased regulatory compliance costs.

For a discussion of certain consent orders applicable to the Company, see the "Overview" section in this Report. For a discussion of other significant regulations and regulatory oversight initiatives that have affected or may affect our business, see the "Regulatory Matters" and "Risk Factors" sections in our 2022 Form 10-K and the "Regulatory Matters" section in our 2023 First and Second Quarter Reports on Form 10-Q.

## Critical Accounting Policies

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Our significant accounting policies (see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2022 Form 10-K) are fundamental to understanding our results of operations and financial condition because they require that we use estimates and assumptions that may affect the value of our assets or liabilities and financial results. Six of these policies are critical because they require management to make difficult, subjective and complex judgments about matters that are inherently uncertain and because it is likely that materially different amounts would be reported under different conditions or using different assumptions. These policies govern:

- the allowance for credit losses;
- the valuation of residential MSRs;
- the fair value of financial instruments;
- income taxes;
- liability for contingent litigation losses; and
- goodwill impairment.

Management has discussed these critical accounting policies and the related estimates and judgments with the Board's Audit Committee. For additional information on these policies, see the "Critical Accounting Policies" section and Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2022 Form 10-K and Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

## Current Accounting Developments

Table 43 provides the significant accounting updates applicable to us that have been issued by the Financial Accounting Standards Board (FASB) but are not yet effective.

**Table 43: Current Accounting Developments - Issued Standards**

Description and Effective Date	Financial statement impact
<b>Accounting Standards Update (ASU) 2023-02 - Investments - Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method</b>	
<p>The Update, effective January 1, 2024 (with early adoption permitted), permits entities to elect to account for additional tax credit investments using the proportional amortization method. The Update requires a separate accounting policy election for each tax credit program. For any tax credit program where the proportional amortization method is elected, all investments within that program that meet eligibility criteria are required to apply the proportional amortization method. The Update also requires additional disclosures for any tax credit program where the proportional amortization method is elected.</p>	<p>The Update eliminates the low-income housing tax credit (LIHTC)-only scope limitation of the proportional amortization method and permits entities to account for all tax credit investments made primarily for the purpose of receiving income tax credits and income tax benefits using a consistent accounting method. Under the proportional amortization method, tax credit investments are carried at amortized cost and amortized in proportion to the income tax credits and income tax benefits received. The amortization of the investment and the related income tax credits and income tax benefits are recorded in income tax expense. The Update may be adopted on either a full retrospective or modified retrospective basis and early adoption is permitted.</p> <p>Upon adoption of the Update, we will identify our tax credit programs and make a separate accounting policy election as to whether to apply the proportional amortization method for each program. For any investments that will apply the proportional amortization method upon adoption of the Update, the cumulative effect of the difference between the current carrying value and the carrying value under the proportional amortization method will be recorded as an adjustment to the opening balance of retained earnings, the period of which is dependent upon which transition method is selected.</p>
<p>We are currently evaluating the impact of the Update on our consolidated financial statements.</p>	

### Other Accounting Developments

The following Update is applicable to us but is not expected to have a material impact on our consolidated financial statements:

- ASU 2022-03 - Fair Value Measurement (Topic 820): *Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*

## Forward-Looking Statements

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This document contains forward-looking statements. In addition, we may make forward-looking statements in our other documents filed or furnished with the Securities and Exchange Commission, 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 expectations regarding noninterest expense and our efficiency ratio; (iii) future credit quality and performance, including our expectations regarding future loan losses, our allowance for credit losses, and the economic scenarios considered to develop the allowance; (iv) our expectations regarding net interest income and net interest margin; (v) loan growth or the reduction or mitigation of risk in our loan portfolios; (vi) future capital or liquidity levels, ratios or targets; (vii) our expectations regarding our mortgage business and any related commitments or exposures; (viii) the expected outcome and impact of legal, regulatory and legislative developments, as well as our expectations regarding compliance therewith; (ix) future common stock dividends, common share repurchases and other uses of capital; (x) our targeted range for return on assets, return on equity, and return on tangible common equity; (xi) expectations regarding our effective income tax rate; (xii) the outcome of contingencies, such as legal proceedings; (xiii) environmental, social and governance related goals or commitments; and (xiv) 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, declines in commercial real estate prices, U.S. fiscal debt, budget and tax matters, geopolitical matters (including the conflict in Ukraine), and any slowdown in global economic growth;
- the effect of the COVID-19 pandemic, including on our credit quality and business operations, as well as its impact on general economic and financial market conditions;
- 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;
- current, pending or future legislation or regulation that could have a negative effect on our revenue and businesses, including rules and regulations relating to bank products and financial services;
- developments in our mortgage banking business, including any negative effects relating to our mortgage servicing, loan modification or foreclosure practices, and any changes in industry standards, regulatory or judicial requirements, or our strategic plans for the business;
- our ability to realize any efficiency ratio or expense target as part of our expense management initiatives, including as a result of business and economic cyclicality, 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 interest rate environment or changes in interest rates or in the level or composition of our assets or liabilities on our net interest income, net interest margin and our mortgage originations, mortgage servicing rights and mortgage loans 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 impairments of securities held in our debt securities and equity securities portfolios;
- the effect of a fall in stock market prices on our investment banking business and our fee income from our brokerage and wealth management businesses;
- negative effects from the retail banking sales practices matter and from instances where customers may have experienced financial harm, including on our legal, operational and compliance costs, our ability to engage in certain business activities or offer certain products or services, our ability to keep and attract customers, our ability to attract and retain qualified employees, and our reputation;
- regulatory matters, including the failure to resolve outstanding matters on a timely basis and the potential impact of new matters, litigation, or other legal actions, which may result in, among other things, additional costs, fines, penalties, restrictions on our business activities, reputational harm, or other adverse consequences;
- 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;
- changes to U.S. tax guidance and regulations as well as the effect of discrete items on our effective income tax rate;
- our ability to develop and execute effective business plans and strategies; 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, 2022.

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, and may be subject to regulatory approval or conditions.

For additional 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, 2022, as filed with the Securities and Exchange Commission and available on its website at [www.sec.gov](http://www.sec.gov).<sup>1</sup>

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.

Forward-looking Non-GAAP Financial Measures. From time to time management may discuss forward-looking non-GAAP financial measures, such as forward-looking estimates or targets for return on average tangible common equity. We are unable to provide a reconciliation of forward-looking non-GAAP financial measures to their most directly comparable GAAP financial measures because we are unable to provide, without unreasonable effort, a meaningful or accurate calculation or estimation of amounts that would be necessary for the reconciliation due to the complexity and inherent difficulty in forecasting and quantifying future amounts or when they may occur. Such unavailable information could be significant to future results.

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<sup>1</sup> We do not control this website. Wells Fargo has provided this link for your convenience, but does not endorse and is not responsible for the content, links, privacy policy, or security policy of this website.





## **Risk Factors**

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An investment in the Company involves risk, including the possibility that the value of the investment could fall substantially and that dividends or other distributions on the investment could be reduced or eliminated. For a discussion of risk factors that could adversely affect our financial results and condition, and the value of, and return on, an investment in the Company, we refer you to the "Risk Factors" section in our 2022 Form 10-K.

## **Controls and Procedures**

### **Disclosure Controls and Procedures**

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The Company's management evaluated the effectiveness, as of September 30, 2023, of the Company's disclosure controls and procedures. The Company's chief executive officer and chief financial officer participated in the evaluation. Based on this evaluation, the Company's chief executive officer and chief financial officer concluded that the Company's disclosure controls and procedures were effective as of September 30, 2023.



Internal control over financial reporting is defined in Rule 13a-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's Board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles (GAAP) and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. No change occurred during third quarter 2023 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

# Financial Statements

Wells Fargo & Company and Subsidiaries

## Consolidated Statement of Income (Unaudited)

(in millions, except per share amounts)	Quarter ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
<b>Interest income</b>				
Debt securities	\$ 4,178	3,043	\$ 11,998	8,308
Loans held for sale	87	120	278	386
Loans	14,755	10,158	42,188	25,492
Equity securities	152	156	516	519
Other interest income	2,921	1,017	7,299	1,526
Total interest income	22,093	14,494	62,279	36,231
<b>Interest expense</b>				
Deposits	4,608	513	11,174	754
Short-term borrowings	1,133	158	2,664	175
Long-term debt	3,039	1,553	8,243	3,325
Other interest expense	208	172	594	460
Total interest expense	8,988	2,396	22,675	4,714
<b>Net interest income</b>	<b>13,105</b>	<b>12,098</b>	<b>39,604</b>	<b>31,517</b>
<b>Noninterest income</b>				
Deposit and lending-related fees	1,551	1,647	4,572	5,191
Investment advisory and other asset-based fees	2,224	2,111	6,501	6,955
Commissions and brokerage services fees	567	562	1,756	1,641
Investment banking fees	492	375	1,194	1,108
Card fees	1,098	1,119	3,229	3,260
Mortgage banking	193	324	627	1,304
Net gains from trading and securities	1,246	872	3,263	1,642
Other (1)	381	458	1,373	1,716
Total noninterest income	7,752	7,468	22,515	22,817
<b>Total revenue</b>	<b>20,857</b>	<b>19,566</b>	<b>62,119</b>	<b>54,334</b>
Provision for credit losses	1,197	784	4,117	577
<b>Noninterest expense</b>				
Personnel	8,627	8,212	26,648	25,925
Technology, telecommunications and equipment	975	798	2,844	2,473
Occupancy	724	732	2,144	2,159
Operating losses	329	2,218	828	3,467
Professional and outside services	1,310	1,235	3,843	3,831
Advertising and promotion	215	126	553	327
Restructuring charges	-	-	-	5
Other (1)	933	985	2,916	2,832
Total noninterest expense	13,113	14,306	39,776	41,019
<b>Income before income tax expense</b>	<b>6,547</b>	<b>4,476</b>	<b>18,226</b>	<b>12,738</b>
Income tax expense (1)	811	912	2,707	2,280
<b>Net income before noncontrolling interests</b>	<b>5,736</b>	<b>3,564</b>	<b>15,519</b>	<b>10,458</b>
Less: Net loss from noncontrolling interests	(31)	(28)	(177)	(64)
<b>Wells Fargo net income (1)</b>	<b>\$ 5,767</b>	<b>3,592</b>	<b>\$ 15,696</b>	<b>10,522</b>
Less: Preferred stock dividends and other	317	279	874	837
<b>Wells Fargo net income applicable to common stock</b>	<b>\$ 5,450</b>	<b>3,313</b>	<b>\$ 14,822</b>	<b>9,685</b>
<b>Per share information</b>				
Earnings per common share	\$ 1.49	0.87	\$ 3.99	2.54
Diluted earnings per common share	1.48	0.86	3.96	2.52
<b>Average common shares outstanding</b>	<b>3,648.8</b>	<b>3,796.5</b>	<b>3,710.9</b>	<b>3,807.0</b>
<b>Diluted average common shares outstanding</b>	<b>3,680.6</b>	<b>3,825.1</b>	<b>3,741.6</b>	<b>3,838.5</b>

(1) In first quarter 2023, we adopted ASU 2018-12 - Financial Services - Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts. For additional information, see Note 1 (Summary of Significant Accounting Policies).

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries

**Consolidated Statement of Comprehensive Income (Unaudited)**

(in millions)	Quarter ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net income before noncontrolling interests (1)	\$ 5,736	3,564	15,519	10,458
Other comprehensive income (loss), after tax:				
Net change in debt securities	(1,989)	(2,408)	(1,935)	(11,176)
Net change in derivatives and hedging activities	(407)	(1,111)	(639)	(1,174)
Defined benefit plans adjustments	21	(49)	63	1
Other (1)	(59)	(165)	(2)	(205)
<b>Other comprehensive loss, after tax</b>	<b>(2,434)</b>	<b>(3,733)</b>	<b>(2,513)</b>	<b>(12,554)</b>
<b>Total comprehensive income (loss) before noncontrolling interests</b>	<b>3,302</b>	<b>(169)</b>	<b>13,006</b>	<b>(2,096)</b>
Less: Other comprehensive income from noncontrolling interests	2	2	2	3
Less: Net loss from noncontrolling interests	(31)	(28)	(177)	(64)
<b>Wells Fargo comprehensive income (loss)</b>	<b>\$ 3,331</b>	<b>(143)</b>	<b>13,181</b>	<b>(2,035)</b>

(1) In first quarter 2023, we adopted ASU 2018-12 - Financial Services - Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts*. For additional information, see Note 1 (Summary of Significant Accounting Policies).

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries  
**Consolidated Balance Sheet (Unaudited)**

(in millions, except shares)	Sep 30, 2023	Dec 31, 2022
<b>Assets</b>		
Cash and due from banks	\$ 30,815	34,596
Interest-earning deposits with banks	187,081	124,561
Federal funds sold and securities purchased under resale agreements	70,431	68,036
Debt securities:		
Trading, at fair value (includes assets pledged as collateral of \$58,123 and \$26,932)	97,075	86,155
Available-for-sale, at fair value (amortized cost of \$137,265 and \$121,725, net of allowance for credit losses)	126,437	113,594
Held-to-maturity, at amortized cost, net of allowance for credit losses (fair value \$216,927 and \$255,521)	267,214	297,059
Loans held for sale (includes \$2,879 and \$4,220 carried at fair value)	4,308	7,104
Loans	942,424	955,871
Allowance for loan losses	(14,554)	(12,985)
Net loans	927,870	942,886
Mortgage servicing rights (includes \$8,457 and \$9,310 carried at fair value)	9,526	10,480
Premises and equipment, net	8,559	8,350
Goodwill	25,174	25,173
Derivative assets	21,096	22,774
Equity securities (includes \$19,997 and \$28,383 carried at fair value; and assets pledged as collateral of \$1,498 and \$747)	56,026	64,414
Other assets (1)	77,649	75,838
Total assets (2)	\$ 1,909,261	1,881,020
<b>Liabilities</b>		
Noninterest-bearing deposits	\$ 384,330	458,010
Interest-bearing deposits	969,680	925,975
Total deposits	1,354,010	1,383,985
Short-term borrowings (includes \$195 and \$181 carried at fair value)	93,330	51,145
Derivative liabilities (1)	23,463	20,067
Accrued expenses and other liabilities (includes \$22,610 and \$20,290 carried at fair value) (1)	66,050	68,740
Long-term debt (includes \$1,875 and \$1,346 carried at fair value)	190,035	174,870
Total liabilities (3)	1,726,888	1,698,807
<b>Equity</b>		
Wells Fargo stockholders' equity:		
Preferred stock - aggregate liquidation preference of \$20,216 and \$20,216	19,448	19,448
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	60,365	60,319
Retained earnings (1)	199,287	187,968
Accumulated other comprehensive loss (1)	(15,877)	(13,362)
Treasury stock, at cost - 1,843,884,672 shares and 1,648,007,022 shares	(91,215)	(82,853)
Unearned ESOP shares	(429)	(429)
Total Wells Fargo stockholders' equity	180,715	180,227
Noncontrolling interests	1,658	1,986
Total equity	182,373	182,213
Total liabilities and equity	\$ 1,909,261	1,881,020

- (1) In first quarter 2023, we adopted ASU 2018-12 - Financial Services - Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts*. For additional information, see Note 1 (Summary of Significant Accounting Policies).
- (2) Our consolidated assets at September 30, 2023, and December 31, 2022, include the following assets of certain variable interest entities (VIEs) that can only be used to settle the liabilities of those VIEs: Debt securities, \$0 million and \$71 million; Loans, \$4.7 billion and \$4.8 billion; All other assets, \$288 million and \$191 million; and Total assets, \$5.0 billion and \$5.1 billion, respectively.
- (3) Our consolidated liabilities at September 30, 2023, and December 31, 2022, include \$129 million and \$201 million, respectively, of VIE liabilities for which the VIE creditors do not have recourse to Wells Fargo.

The accompanying notes are an integral part of these statements.



Wells Fargo & Company and Subsidiaries

**Consolidated Statement of Changes in Equity (Unaudited)**

(\$ and shares in millions)	Wells Fargo stockholders' equity										
	Preferred stock		Common stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Unearned ESOP shares	Noncontrolling interests	Total equity
	Shares	Amount	Shares	Amount							
Balance June 30, 2023	4.7	\$ 19,448	3,667.7	\$ 9,136	60,173	195,164	(13,441)	(89,860)	(429)	1,761	181,952
Net income (loss)						5,767				(31)	5,736
Other comprehensive income (loss), net of tax							(2,436)			2	(2,434)
Noncontrolling interests										(74)	(74)
Common stock issued			4.0			(32)		203			171
Common stock repurchased			(33.8)					(1,494)			(1,494)
Preferred stock issued	0.1	1,725			(3)						1,722
Preferred stock redeemed (1)	(0.1)	(1,725)			19	(19)					(1,725)
Common stock dividends					19	(1,295)					(1,276)
Preferred stock dividends						(298)					(298)
Stock-based compensation					199						199
Net change in deferred compensation and related plans					(42)			(64)			(106)
Net change	-	-	(29.8)	-	192	4,123	(2,436)	(1,355)	-	(103)	421
Balance September 30, 2023	4.7	\$ 19,448	3,637.9	\$ 9,136	60,365	199,287	(15,877)	(91,215)	(429)	1,658	182,373
Balance June 30, 2022 (2)	5.3	\$ 20,057	3,793.0	\$ 9,136	60,024	184,439	(10,568)	(84,906)	(646)	2,262	179,798
Net income (loss) (2)						3,592				(28)	3,564
Other comprehensive income (loss), net of tax (2)							(3,735)			2	(3,733)
Noncontrolling interests										(16)	(16)
Common stock issued			2.5			(20)		131			111
Common stock repurchased			(0.1)					(5)			(5)
Preferred stock issued	-	-			-						-
Preferred stock redeemed	-	-			-	-					-
Common stock dividends					15	(1,153)					(1,138)
Preferred stock dividends						(279)					(279)
Stock-based compensation					188						188
Net change in deferred compensation and related plans					(11)			(1)			(12)
Net change	-	-	2.4	-	192	2,140	(3,735)	125	-	(42)	(1,320)
Balance September 30, 2022	5.3	\$ 20,057	3,795.4	\$ 9,136	60,216	186,579	(14,303)	(84,781)	(646)	2,220	178,478

(1) Represents the impact of the redemption of Preferred Stock, Series Q, in third quarter 2023.

(2) In first quarter 2023, we adopted ASU 2018-12 - Financial Services - Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts*. For additional information, see Note 1 (Summary of Significant Accounting Policies).

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries

**Consolidated Statement of Changes in Equity (Unaudited)**

(\$ and shares in millions)	Wells Fargo stockholders' equity										
	Preferred stock		Common stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Unearned ESOP shares	Noncontrolling interests	Total equity
	Shares	Amount	Shares	Amount							
Balance December 31, 2022 (1)	4.7	\$ 19,448	3,833.8	\$ 9,136	60,319	187,968	(13,362)	(82,853)	(429)	1,986	182,213
Cumulative effect from change in accounting policy (2)						323					323
Balance January 1, 2023	4.7	19,448	3,833.8	9,136	60,319	188,291	(13,362)	(82,853)	(429)	1,986	182,536
Net income (loss)						15,696				(177)	15,519
Other comprehensive income (loss), net of tax							(2,515)			2	(2,513)
Noncontrolling interests										(153)	(153)
Common stock issued			24.5		-	(236)		1,267			1,031
Common stock repurchased			(220.4)					(9,586)			(9,586)
Preferred stock issued	0.1	1,725			(3)						1,722
Preferred stock redeemed (3)	(0.1)	(1,725)			19	(19)					(1,725)
Common stock dividends					61	(3,590)					(3,529)
Preferred stock dividends						(855)					(855)
Stock-based compensation					910						910
Net change in deferred compensation and related plans					(941)			(43)			(984)
Net change	-	-	(195.9)	-	46	10,996	(2,515)	(8,362)	-	(328)	(163)
Balance September 30, 2023	4.7	\$ 19,448	3,637.9	\$ 9,136	60,365	199,287	(15,877)	(91,215)	(429)	1,658	182,373
Balance December 31, 2021	5.3	\$ 20,057	3,885.8	\$ 9,136	60,196	180,322	(1,702)	(79,757)	(646)	2,504	190,110
Cumulative effect from change in accounting policy (1)						(176)	(44)			(1)	(221)
Balance January 1, 2022	5.3	20,057	3,885.8	9,136	60,196	180,146	(1,746)	(79,757)	(646)	2,503	189,889
Net income (loss) (1)						10,522				(64)	10,458
Other comprehensive income (loss), net of tax (1)							(12,557)			3	(12,554)
Noncontrolling interests										(222)	(222)
Common stock issued			19.9		-	(163)		990			827
Common stock repurchased			(110.3)					(6,027)			(6,027)
Preferred stock issued	-	-			-						-
Preferred stock redeemed	-	-			-						-
Common stock dividends					44	(3,089)					(3,045)
Preferred stock dividends						(837)					(837)
Stock-based compensation					834						834
Net change in deferred compensation and related plans					(858)			13			(845)
Net change	-	-	(90.4)	-	20	6,433	(12,557)	(5,024)	-	(283)	(11,411)
Balance September 30, 2022	5.3	\$ 20,057	3,795.4	\$ 9,136	60,216	186,579	(14,303)	(84,781)	(646)	2,220	178,478

- (1) In first quarter 2023, we adopted ASU 2018-12 - Financial Services - Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts*. For additional information, see Note 1 (Summary of Significant Accounting Policies).
- (2) Effective January 1, 2023, we adopted ASU 2022-02 - Financial Instruments - Credit Losses (Topic 326): *Troubled Debt Restructurings and Vintage Disclosures*. For additional information, see Note 1 (Summary of Significant Accounting Policies).
- (3) Represents the impact of the redemption of Preferred Stock, Series Q, in third quarter 2023.

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries  
**Consolidated Statement of Cash Flows (Unaudited)**

(in millions)	Nine months ended September 30,	
	2023	2022
<b>Cash flows from operating activities:</b>		
Net income before noncontrolling interests (1)	\$ 15,519	10,458
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	4,117	577
Changes in fair value of MSRs and LHFS carried at fair value	188	(1,550)
Depreciation, amortization and accretion	4,777	5,253
Deferred income tax expense (1)	738	476
Other, net	(53)	(18,274)
Originations and purchases of loans held for sale	(23,012)	(59,971)
Proceeds from sales of and paydowns on loans originally classified as held for sale	20,340	54,904
Net change in:		
Debt and equity securities, held for trading	2,656	29,988
Derivative assets and liabilities (1)	4,684	4,329
Other assets	(6,184)	(10,673)
Other accrued expenses and liabilities (1)	(1,614)	4,286
Net cash provided by operating activities	22,156	19,803
<b>Cash flows from investing activities:</b>		
Net change in:		
Federal funds sold and securities purchased under resale agreements	(2,704)	10,383
Available-for-sale debt securities:		
Proceeds from sales	13,992	16,894
Paydowns and maturities	10,730	16,824
Purchases	(21,480)	(38,834)
Held-to-maturity debt securities:		
Paydowns and maturities	13,880	22,807
Purchases	(4,225)	(2,360)
Equity securities, not held for trading:		
Proceeds from sales and capital returns	1,680	3,732
Purchases	(3,407)	(4,474)
Loans:		
Loans originated by banking subsidiaries, net of principal collected	8,477	(63,298)
Proceeds from sales of loans originally classified as held for investment	3,147	10,934
Purchases of loans	(1,365)	(504)
Principal collected on nonbank entities' loans	3,748	3,869
Loans originated by nonbank entities	(3,053)	(3,044)
Other, net	854	521
Net cash provided (used) by investing activities	20,274	(26,550)
<b>Cash flows from financing activities:</b>		
Net change in:		
Deposits	(29,975)	(84,324)
Short-term borrowings	42,185	13,801
Long-term debt:		
Proceeds from issuance	33,444	36,090
Repayment	(16,248)	(17,192)
Preferred stock:		
Proceeds from issuance	1,722	-
Redeemed	(1,725)	-
Cash dividends paid	(796)	(777)
Common stock:		
Repurchased	(9,501)	(6,027)
Cash dividends paid	(3,524)	(3,040)
Other, net	(453)	(559)
Net cash provided (used) by financing activities	15,129	(62,028)
<b>Net change in cash, cash equivalents, and restricted cash</b>	<b>57,559</b>	<b>(68,775)</b>
Cash, cash equivalents, and restricted cash at beginning of period (2)	159,157	234,230
<b>Cash, cash equivalents, and restricted cash at end of period (2)</b>	<b>\$ 216,716</b>	<b>165,456</b>
Supplemental cash flow disclosures:		
Cash paid for interest	\$ 20,882	4,264
Net cash paid (refunded) for income taxes	(1,936)	3,863

- (1) In first quarter 2023, we adopted ASU 2018-12 - Financial Services - Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts*. For additional information, see Note 1 (Summary of Significant Accounting Policies).
- (2) Includes Cash and due from banks and Interest-earning deposits with banks on our consolidated balance sheet and excludes time deposits, which are included in Interest-earning deposits with banks.

The accompanying notes are an integral part of these statements. See Note 1 (Summary of Significant Accounting Policies) for noncash activities.

## Notes to Financial Statements

-See the "Glossary of Acronyms" at the end of this Report for terms used throughout the Financial Statements and related Notes.

### Note 1: Summary of Significant Accounting Policies

Wells Fargo & Company is a diversified financial services company. We provide banking, investment and mortgage products and services, as well as consumer and commercial finance, through banking locations and offices, the internet and other distribution channels to individuals, businesses and institutions in all 50 states, the District of Columbia, and in countries outside the U.S. When we refer to "Wells Fargo," "the Company," "we," "our" or "us," we mean Wells Fargo & Company and Subsidiaries (consolidated). Wells Fargo & Company (the Parent) is a financial holding company and a bank holding company. We also hold a majority interest in a real estate investment trust, which has publicly traded preferred stock outstanding.

Our accounting and reporting policies conform with U.S. generally accepted accounting principles (GAAP) and practices in the financial services industry. For discussion of our significant accounting policies, see Note 1 (Summary of Significant Accounting Policies) in our Annual Report on Form 10-K for the year ended December 31, 2022 (2022 Form 10-K). There were no material changes to these policies in the first nine months of 2023.

To prepare the financial statements in conformity with GAAP, management must make estimates based on assumptions about future economic and market conditions (for example, unemployment, market liquidity, real estate prices, etc.) that affect the reported amounts of assets and liabilities at the date of the financial statements, income and expenses during the reporting period and the related disclosures. Although our estimates contemplate current conditions and how we expect them to change in the future, it is reasonably possible that actual conditions could be worse than anticipated in those estimates, which could materially affect our results of operations and financial condition. Management has made significant estimates in several areas, including:

- allowance for credit losses (Note 5 (Loans and Related Allowance for Credit Losses));
- valuations of residential mortgage servicing rights (MSRs) (Note 6 (Mortgage Banking Activities) and Note 13 (Securitizations and Variable Interest Entities));
- valuations of financial instruments (Note 12 (Fair Values of Assets and Liabilities));
- liabilities for contingent litigation losses (Note 10 (Legal Actions));
- income taxes; and
- goodwill impairment (Note 7 (Intangible Assets and Other Assets)).

Actual results could differ from those estimates.

These unaudited interim financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the results for the periods presented. These adjustments are of a normal recurring nature, unless otherwise disclosed in this Form 10-Q. The results of operations in the interim financial statements do not necessarily indicate the results that may be expected for the full year. The interim financial information should be read in conjunction with our 2022 Form 10-K.

#### Accounting Standards Adopted in 2023

In 2023, we adopted the following new accounting guidance:

- Accounting Standards Update (ASU) 2022-02, Financial Instruments - Credit Losses (Topic 326): *Troubled Debt Restructurings and Vintage Disclosures*
- ASU 2022-01, Derivatives and Hedging (Topic 815): *Fair Value Hedging - Portfolio Layer Method*
- ASU 2021-08, Business Combinations (Topic 805): *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*
- ASU 2018-12, Financial Services - Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts* and subsequent related updates

**ASU 2022-02** eliminates the accounting and reporting for troubled debt restructurings (TDRs) by creditors and introduces new required disclosures for loan modifications made to borrowers experiencing financial difficulty. The new required disclosures include information about modifications granted to borrowers experiencing financial difficulty in the form of principal forgiveness, interest rate reductions, other-than-insignificant payment delays, term extensions, or a combination of these modifications. The ASU also requires new disclosures for the financial effects of these modifications and for loan performance in the twelve months following the modification. The Update also amends the guidance for vintage disclosures to require disclosure of current period gross charge-offs by year of origination. See Note 5 (Loans and Related Allowance for Credit Losses) for additional information related to the new disclosures for loan modifications to borrowers experiencing financial difficulty and for gross charge-offs by year of origination, which are provided on a prospective basis.

The Update eliminates the requirement to use a discounted cash flow (DCF) approach to measure the allowance for credit losses (ACL) for TDRs and instead allows for the use of a current expected credit loss approach for all loans. Under a current expected credit loss approach, the impact of loan modifications and the subsequent performance of modified loans, including defaults, is reflected in the historical loss data used to calculate expected lifetime credit losses. Upon adoption on January 1, 2023, we discontinued utilizing a DCF approach to measure credit impairment for consumer loans and certain commercial loans previously modified in a TDR and we removed the interest concession component recognized in the ACL. We elected to apply the modified-retrospective transition approach method, resulting in a cumulative effect adjustment to retained earnings upon adoption, which reflects the difference between the pre-modification and post-modification effective interest rates that would have been recognized over the remaining life of the loans as interest income. Upon adoption, we recognized a decrease in our ACL of \$429 million, pre-tax, and an increase to our retained earnings of \$323 million, after tax. We continue to use a DCF approach for certain non-accruing, non-collateral dependent commercial loans.

**ASU 2022-01** establishes the portfolio layer method, which expands an entity's ability to achieve fair value hedge accounting for interest rate risk hedges of closed portfolios of financial assets. The Update also provides guidance on the accounting for hedged item basis adjustments under the portfolio layer method.

We adopted ASU 2022-01 on January 1, 2023 on a prospective basis. No cumulative effect adjustment to the opening balance of stockholders' equity was required upon adoption, as impacts to us were reflected prospectively. The portfolio layer method improves our ability to use derivatives to hedge interest rate risk exposures associated with portfolios of financial assets, such as fixed-rate available-for-sale (AFS) debt securities and loans. The Update allows us to hedge a larger proportion of these portfolios by expanding the number and type of derivatives permitted as eligible hedges, as well as by increasing the scope of eligible hedged items to include both prepayable and nonprepayable assets. Unlike other fair value hedging relationships where basis adjustments adjust the carrying amount of the individual hedged item, basis adjustments related to active portfolio layer method hedges are maintained at a portfolio level and not allocated to the individual assets in the portfolio.

Upon adoption, any election to designate portfolio layer method hedges is applied prospectively. Additionally, the Update permits a one-time reclassification of debt securities from held-to-maturity (HTM) to AFS classification as long as the securities are designated in a portfolio layer method hedge no later than 30 days after the adoption date.

In January 2023, we reclassified fixed-rate debt securities with an aggregate fair value of \$23.2 billion and amortized cost of \$23.9 billion from HTM to AFS and designated interest rate swaps with notional amounts of \$20.1 billion as fair value hedges using the portfolio layer method. The transfer of debt securities was recorded at fair value and resulted in approximately \$566 million of unrealized losses associated with AFS debt securities being recorded to other comprehensive income, net of deferred taxes.

See Note 3 (Available-for-Sale and Held-to-Maturity Debt Securities) for additional information about the Company's portfolio layer method hedge basis adjustments and HTM to AFS transfers in connection with adoption of the Update and Note 11 (Derivatives) for disclosures regarding our portfolio layer method hedging relationships.

**ASU 2021-08** amends Accounting Standards Codification (ASC) 805 - Business Combinations to require entities to recognize and measure contract assets and contract liabilities in a business combination in accordance with ASC 606 - Revenue Recognition. Prior to ASU 2021-08, there was diversity in practice related to recognition treatment, and acquirers generally measured such items at acquisition date fair value. We adopted this Update prospectively on January 1, 2023. This Update did not have a material impact to our consolidated financial statements.

**ASU 2018-12** changes the accounting for long-duration insurance contracts or contract features that provide benefits to the policyholder in addition to the policyholder's account value. These features, which the ASU defines as market risk benefits, protect the policyholder to some degree from capital markets risk and expose the insurer or reinsurer to that risk. The ASU requires all market risk benefits to be measured at fair value through earnings with changes in fair value attributable to our own credit risk recognized in other comprehensive income. We reinsure certain variable annuity products for a limited number of insurance clients with guaranteed minimum benefits which are accounted for as market risk benefits under the ASU. Our reinsurance business is no longer entering into new contracts.

We utilize a discounted cash flow model to value our market risk benefits. Market risk benefits are level 3 fair value liabilities because they are valued using significant unobservable inputs. The fair value of our market risk benefits is sensitive to changes in fixed income and equity markets, as well as policyholder behavior (e.g., withdrawals, lapses, utilization rate) and changes in mortality assumptions. Beginning first quarter 2023, we use derivative instruments, where feasible, to economically hedge the interest rate and equity markets volatility. The fair value of market risk benefits is measured at the contract level and is recognized in accrued expenses and other liabilities. We recognize changes in fair value for our market risk benefits, excluding the change in fair value related to our own credit risk, in noninterest income along with the changes in fair value of economic hedges. Changes in fair value attributable to our own credit risk are recorded in other comprehensive income. Upon adoption on January 1, 2023, as required under the ASU, we implemented the accounting changes for market risk benefits retrospectively, to the earliest period presented, which resulted in an after-tax cumulative effect adjustment to reduce retained earnings and accumulated other comprehensive income by \$176 million and \$44 million, respectively, as of January 1, 2022.

The ASU also requires more frequent updates for insurance assumptions, mandates the use of a standardized discount rate for traditional long-duration contracts, and simplifies the amortization of deferred acquisition costs. The accounting changes for the liability of future policyholder benefits for traditional long-duration contracts (included in accrued expenses and other liabilities) and deferred acquisition costs (included in other assets) did not have a material impact upon adoption.

Table 1.1 presents the impact of adoption to prior period financial statement line items within our consolidated statement of income and consolidated balance sheet for the three and nine months ended September 30, 2022, and as of December 31, 2022. These adjustments are also reflected in our consolidated statement of changes in equity and consolidated statement of cash flows.

## Note 1: Summary of Significant Accounting Policies (continued)

**Table 1.1: Impact of Adoption of ASU 2018-12**

(\$ in millions, except per share amounts)	Quarter ended September 30, 2022			Nine months ended September 30, 2022		
	As reported	Effect of adoption	As revised	As reported	Effect of adoption	As revised
<b>Selected Income Statement Data</b>						
Noninterest income	\$ 7,407	61	7,468	22,608	209	22,817
Noninterest expense	14,327	(21)	14,306	41,080	(61)	41,019
Income tax expense	894	18	912	2,214	66	2,280
Net income	3,528	64	3,592	10,318	204	10,522
Diluted earnings per common share	0.85	0.01	0.86	2.47	0.05	2.52
At December 31, 2022						
				As reported	Effect of adoption	As revised
<b>Selected Balance Sheet Data</b>						
Other assets				\$ 75,834	4	75,838
Derivative liabilities				20,085	(18)	20,067
Accrued expenses and other liabilities				69,056	(316)	68,740
Retained earnings				187,649	319	187,968
Accumulated other comprehensive income (loss)				(13,381)	19	(13,362)

Table 1.2 presents the transition adjustments required upon the adoption of ASU 2018-12 as of January 1, 2021.

**Table 1.2: Transition Adjustment of ASU 2018-12**

	Dec 31, 2020	Transition adjustment upon adoption	Jan 1, 2021
<b>Selected Balance Sheet Data</b>			
Other assets	\$ 87,337	159	87,496
Derivative liabilities	16,509	(27)	16,482
Accrued expenses and other liabilities	74,360	903	75,263
Retained earnings	162,683	(738)	161,945
Accumulated other comprehensive income	194	20	214

### Supplemental Cash Flow Information

Significant noncash activities are presented in Table 1.3.

**Table 1.3: Supplemental Cash Flow Information**

(in millions)	Nine months ended September 30,	
	2023	2022
Available-for-sale debt securities purchased from securitization of LHFS	\$ -	1,506
Held-to-maturity debt securities purchased from securitization of LHFS	87	732
Transfers from loans to LHFS	968	6,820
Transfers from available-for-sale debt securities to held-to-maturity debt securities	3,687	48,591
Transfers from held-to-maturity debt securities to available-for-sale debt securities (1)	23,919	-

(1) In first quarter 2023, we reclassified HTM debt securities to AFS debt securities in connection with the adoption of ASU 2022-01.

### Subsequent Events

We have evaluated the effects of events that have occurred subsequent to September 30, 2023, and there have been no material events that would require recognition in our third quarter 2023 consolidated financial statements or disclosure in the Notes to the consolidated financial statements.

## Note 2: Trading Activities

Table 2.1 presents a summary of our trading assets and liabilities measured at fair value through earnings.

**Table 2.1: Trading Assets and Liabilities**

(in millions)	Sep 30, 2023	Dec 31, 2022
<b>Trading assets:</b>		
Debt securities	\$ 97,075	86,155
Equity securities	18,286	26,910
Loans held for sale	1,440	1,466
Gross trading derivative assets	84,295	77,148
Netting (1)	(63,502)	(54,922)
Total trading derivative assets	20,793	22,226
Total trading assets	137,594	136,757
<b>Trading liabilities:</b>		
Short sale and other liabilities	22,742	20,304
Long-term debt	1,875	1,346
Gross trading derivative liabilities	85,283	77,698
Netting (1)	(62,938)	(59,232)
Total trading derivative liabilities	22,345	18,466
Total trading liabilities	\$ 46,962	40,116

(1) Represents balance sheet netting for trading derivative asset and liability balances, and trading portfolio level counterparty valuation adjustments.

Table 2.2 provides a summary of the net interest income earned from trading securities, and net gains and losses due to the realized and unrealized gains and losses from trading activities.

Net interest income also includes dividend income on trading securities and dividend expense on trading securities we have sold, but not yet purchased.

**Table 2.2: Net Interest Income and Net Gains (Losses) from Trading Activities**

(in millions)	Quarter ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
<b>Interest income:</b>				
Debt securities	\$ 1,056	626	\$ 2,747	1,723
Equity securities	63	108	268	367
Loans held for sale	24	10	65	30
Total interest income	1,143	744	3,080	2,120
Less: Interest expense	163	153	467	443
Net interest income	980	591	2,613	1,677
<b>Net gains (losses) from trading activities (1):</b>				
Debt securities	(2,935)	(3,551)	(2,033)	(10,302)
Equity securities	(388)	(1,393)	2,951	(5,823)
Loans held for sale	8	3	33	13
Long-term debt	6	34	(15)	57
Derivatives (2)	4,574	5,807	2,793	17,619
Total net gains from trading activities	1,265	900	3,729	1,564
Total trading-related net interest and noninterest income	\$ 2,245	1,491	\$ 6,342	3,241

(1) Represents realized gains (losses) from our trading activities and unrealized gains (losses) due to changes in fair value of our trading positions.

(2) Excludes economic hedging of mortgage banking and asset/liability management activities, for which hedge results (realized and unrealized) are reported with the respective hedged activities.

### Note 3: Available-for-Sale and Held-to-Maturity Debt Securities

Table 3.1 provides the amortized cost, net of the allowance for credit losses (ACL) for debt securities, and fair value by major categories of available-for-sale (AFS) debt securities, which are carried at fair value, and held-to-maturity (HTM) debt securities, which are carried at amortized cost, net of the ACL. The net unrealized gains (losses) for AFS debt securities are reported as a component of accumulated other comprehensive income (AOCI), net of the ACL and applicable income taxes. Information on debt securities held for trading is included in Note 2 (Trading Activities).

Outstanding balances exclude accrued interest receivable on AFS and HTM debt securities, which are included in other assets. See Note 7 (Intangible Assets and Other Assets) for additional information on accrued interest receivable. Amounts considered to be uncollectible are reversed through interest income. The interest income reversed in the third quarter and first nine months of both 2023 and 2022 was insignificant.

**Table 3.1: Available-for-Sale and Held-to-Maturity Debt Securities Outstanding**

(in millions)	Amortized cost, net (1)	Gross unrealized gains	Gross unrealized losses	Net unrealized gains (losses)	Fair value
<b>September 30, 2023</b>					
<b>Available-for-sale debt securities:</b>					
Securities of U.S. Treasury and federal agencies	\$ 48,499	1	(2,157)	(2,156)	46,343
Non-U.S. government securities	163	-	-	-	163
Securities of U.S. states and political subdivisions (2)	20,975	4	(1,357)	(1,353)	19,622
Federal agency mortgage-backed securities	62,014	1	(7,475)	(7,474)	54,540
Non-agency mortgage-backed securities (3)	2,948	-	(145)	(145)	2,803
Collateralized loan obligations	1,834	-	(13)	(13)	1,821
Other debt securities	1,112	49	(16)	33	1,145
<b>Total available-for-sale debt securities, excluding portfolio level basis adjustments</b>	<b>137,545</b>	<b>55</b>	<b>(11,163)</b>	<b>(11,108)</b>	<b>126,437</b>
Portfolio level basis adjustments (4)	(280)	-	-	280	-
<b>Total available-for-sale debt securities</b>	<b>137,265</b>	<b>55</b>	<b>(11,163)</b>	<b>(10,828)</b>	<b>126,437</b>
<b>Held-to-maturity debt securities:</b>					
Securities of U.S. Treasury and federal agencies	3,790	-	(1,786)	(1,786)	2,004
Securities of U.S. states and political subdivisions	18,862	-	(4,716)	(4,716)	14,146
Federal agency mortgage-backed securities	212,805	-	(43,331)	(43,331)	169,474
Non-agency mortgage-backed securities (3)	1,284	7	(164)	(157)	1,127
Collateralized loan obligations	28,747	36	(198)	(162)	28,585
Other debt securities	1,726	-	(135)	(135)	1,591
<b>Total held-to-maturity debt securities</b>	<b>267,214</b>	<b>43</b>	<b>(50,330)</b>	<b>(50,287)</b>	<b>216,927</b>
<b>Total</b>	<b>\$ 404,479</b>	<b>98</b>	<b>(61,493)</b>	<b>(61,115)</b>	<b>343,364</b>
<b>December 31, 2022</b>					
<b>Available-for-sale debt securities:</b>					
Securities of U.S. Treasury and federal agencies	\$ 47,536	9	(2,260)	(2,251)	45,285
Non-U.S. government securities	162	-	-	-	162
Securities of U.S. states and political subdivisions (2)	10,958	20	(533)	(513)	10,445
Federal agency mortgage-backed securities	53,302	2	(5,167)	(5,165)	48,137
Non-agency mortgage-backed securities (3)	3,423	1	(140)	(139)	3,284
Collateralized loan obligations	4,071	-	(90)	(90)	3,981
Other debt securities	2,273	75	(48)	27	2,300
<b>Total available-for-sale debt securities</b>	<b>121,725</b>	<b>107</b>	<b>(8,238)</b>	<b>(8,131)</b>	<b>113,594</b>
<b>Held-to-maturity debt securities:</b>					
Securities of U.S. Treasury and federal agencies	16,202	-	(1,917)	(1,917)	14,285
Securities of U.S. states and political subdivisions	30,985	8	(4,385)	(4,377)	26,608
Federal agency mortgage-backed securities	216,966	30	(34,252)	(34,222)	182,744
Non-agency mortgage-backed securities (3)	1,253	-	(147)	(147)	1,106
Collateralized loan obligations	29,926	1	(727)	(726)	29,200
Other debt securities	1,727	-	(149)	(149)	1,578
<b>Total held-to-maturity debt securities</b>	<b>297,059</b>	<b>39</b>	<b>(41,577)</b>	<b>(41,538)</b>	<b>255,521</b>
<b>Total</b>	<b>\$ 418,784</b>	<b>146</b>	<b>(49,815)</b>	<b>(49,669)</b>	<b>369,115</b>

- (1) Represents amortized cost of the securities, net of the ACL of \$0 and \$6 million related to AFS debt securities at September 30, 2023, and December 31, 2022, respectively, and \$87 million and \$85 million related to HTM debt securities at September 30, 2023, and December 31, 2022, respectively.
- (2) Includes investments in tax-exempt preferred debt securities issued by investment funds or trusts that predominantly invest in tax-exempt municipal securities. The amortized cost, net of the ACL, and fair value of these types of securities, was \$5.5 billion at September 30, 2023, and \$5.1 billion at December 31, 2022.
- (3) Predominantly consists of commercial mortgage-backed securities at both September 30, 2023, and December 31, 2022.
- (4) Represents fair value hedge basis adjustments related to active portfolio layer method hedges of AFS debt securities, which are not allocated to individual securities in the portfolio. For additional information, see Note 11 (Derivatives).



Table 3.2 details the breakout of purchases of and transfers to HTM debt securities by major category of security. The table excludes the transfer of HTM debt securities with a fair value of \$23.2 billion to AFS debt securities in first quarter 2023 in

connection with the adoption of ASU 2022-01, Derivatives and Hedging (Topic 815): *Fair Value Hedging - Portfolio Layer Method*. For additional information, see Note 1 (Summary of Significant Accounting Policies).

**Table 3.2: Held-to-Maturity Debt Securities Purchases and Transfers**

(in millions)	Quarter ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
<b>Purchases of held-to-maturity debt securities (1):</b>				
Securities of U.S. states and political subdivisions	\$ -	-	\$ -	843
Federal agency mortgage-backed securities	-	-	4,225	2,051
Non-agency mortgage-backed securities	39	39	87	198
Total purchases of held-to-maturity debt securities	39	39	4,312	3,092
<b>Transfers from available-for-sale debt securities to held-to-maturity debt securities (2):</b>				
Federal agency mortgage-backed securities	-	5,550	3,687	48,591
Total transfers from available-for-sale debt securities to held-to-maturity debt securities	\$ -	5,550	\$ 3,687	48,591

(1) Inclusive of securities purchased but not yet settled and noncash purchases from securitization of loans held for sale (LHFS).

(2) Represents fair value as of the date of the transfers. Debt securities transferred from available-for-sale to held-to-maturity had pre-tax unrealized losses recorded in AOCI of \$0 and \$320 million in the third quarter and first nine months of 2023, respectively, and \$456 million and \$4.3 billion in the third quarter and first nine months of 2022, respectively, at the time of the transfers.

Table 3.3 shows the composition of interest income, provision for credit losses, and gross realized gains and losses

from sales and impairment write-downs included in earnings related to AFS and HTM debt securities (pre-tax).

**Table 3.3: Income Statement Impacts for Available-for-Sale and Held-to-Maturity Debt Securities**

(in millions)	Quarter ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
<b>Interest income (1):</b>				
Available-for-sale	\$ 1,332	777	\$ 3,918	2,162
Held-to-maturity	1,790	1,640	5,333	4,423
Total interest income	3,122	2,417	9,251	6,585
<b>Provision for credit losses:</b>				
Available-for-sale	8	(2)	(31)	2
Held-to-maturity	11	13	2	(1)
Total provision for credit losses	19	11	(29)	1
<b>Realized gains and losses (2):</b>				
Gross realized gains	28	27	34	276
Gross realized losses	(22)	(21)	(24)	(125)
Net realized gains	\$ 6	6	\$ 10	151

(1) Excludes interest income from trading debt securities, which is disclosed in Note 2 (Trading Activities).

(2) Realized gains and losses relate to AFS debt securities. There were no realized gains or losses from HTM debt securities in all periods presented.

### Credit Quality

We monitor credit quality of debt securities by evaluating various attributes and utilize such information in our evaluation of the appropriateness of the ACL for debt securities. The credit quality indicators that we most closely monitor include credit ratings and delinquency status and are based on information as of our financial statement date.

**CREDIT RATINGS** Credit ratings express opinions about the credit quality of a debt security. We determine the credit rating of a security according to the lowest credit rating made available by national recognized statistical rating organizations (NRSROs). Debt securities rated investment grade, that is those with ratings similar to BBB-/Baa3 or above, as defined by NRSROs, are generally considered by the rating agencies and market

participants to be low credit risk. Conversely, debt securities rated below investment grade, labeled as "speculative grade" by the rating agencies, are considered to be distinctively higher credit risk than investment grade debt securities. For debt securities not rated by NRSROs, we determine an internal credit grade of the debt securities (used for credit risk management purposes) equivalent to the credit ratings assigned by major credit agencies. Substantially all of our debt securities were rated by NRSROs at September 30, 2023, and December 31, 2022.

Table 3.4 shows the percentage of fair value of AFS debt securities and amortized cost of HTM debt securities determined to be rated investment grade, inclusive of securities rated based on internal credit grades.

**Note 3: Available-for-Sale and Held-to-Maturity Debt Securities (continued)**

**Table 3.4: Investment Grade Debt Securities**

(\$ in millions)	Available-for-Sale		Held-to-Maturity	
	Fair value	% investment grade	Amortized cost	% investment grade
<b>September 30, 2023</b>				
Total portfolio (1)	\$ 126,437	99 %	\$ 267,301	99 %
<b>Breakdown by category:</b>				
Securities of U.S. Treasury and federal agencies (2)	\$ 100,883	100 %	\$ 216,594	100 %
Securities of U.S. states and political subdivisions	19,622	99	18,873	100
Collateralized loan obligations (3)	1,821	100	28,781	100
All other debt securities (4)	4,111	95	3,053	62
<b>December 31, 2022</b>				
Total portfolio (1)	\$ 113,594	99 %	\$ 297,144	99 %
<b>Breakdown by category:</b>				
Securities of U.S. Treasury and federal agencies (2)	\$ 93,422	100 %	\$ 233,169	100 %
Securities of U.S. states and political subdivisions	10,445	99	31,000	100
Collateralized loan obligations (3)	3,981	100	29,972	100
All other debt securities (4)	5,746	89	3,003	63

(1) 99% were rated AA- and above at both September 30, 2023, and December 31, 2022.

(2) Includes federal agency mortgage-backed securities.

(3) 100% were rated AA- and above at both September 30, 2023, and December 31, 2022.

(4) Includes non-U.S. government, non-agency mortgage-backed, and all other debt securities.

**DELINQUENCY STATUS AND NONACCRUAL DEBT SECURITIES** Debt security issuers that are delinquent in payment of amounts due under contractual debt agreements have a higher probability of recognition of credit losses. As such, as part of our monitoring of the credit quality of the debt security portfolio, we consider whether debt securities we own are past due in payment of principal or interest payments and whether any securities have been placed into nonaccrual status.

Debt securities that are past due and still accruing or in nonaccrual status were insignificant at both September 30, 2023, and December 31, 2022. Net charge-offs on debt securities were insignificant in the third quarter and first nine months of both 2023 and 2022.

Purchased debt securities with credit deterioration (PCD) are not considered to be in nonaccrual status, as payments from

issuers of these securities remain current. PCD securities were insignificant in the third quarter and first nine months of both 2023 and 2022.

**Unrealized Losses of Available-for-Sale Debt Securities**

Table 3.5 shows the gross unrealized losses and fair value of AFS debt securities by length of time those individual securities in each category have been in a continuous loss position. Debt securities on which we have recorded credit impairment are categorized as being "less than 12 months" or "12 months or more" in a continuous loss position based on the point in time that the fair value declined to below the amortized cost basis, net of allowance for credit losses.

**Table 3.5: Gross Unrealized Losses and Fair Value - Available-for-Sale Debt Securities**

(in millions)	Less than 12 months		12 months or more		Total	
	Gross unrealized losses (1)	Fair value	Gross unrealized losses (1)	Fair value	Gross unrealized losses (1)	Fair value
<b>September 30, 2023</b>						
<b>Available-for-sale debt securities:</b>						
Securities of U.S. Treasury and federal agencies	\$ (365)	13,072	(1,792)	32,149	(2,157)	45,221
Securities of U.S. states and political subdivisions	(827)	10,208	(530)	3,381	(1,357)	13,589
Federal agency mortgage-backed securities	(723)	14,256	(6,752)	40,241	(7,475)	54,497
Non-agency mortgage-backed securities	(2)	40	(143)	2,748	(145)	2,788
Collateralized loan obligations	-	-	(13)	1,799	(13)	1,799
Other debt securities	(2)	135	(14)	447	(16)	582
<b>Total available-for-sale debt securities</b>	<b>\$ (1,919)</b>	<b>37,711</b>	<b>(9,244)</b>	<b>80,765</b>	<b>(11,163)</b>	<b>118,476</b>
<b>December 31, 2022</b>						
<b>Available-for-sale debt securities:</b>						
Securities of U.S. Treasury and federal agencies	\$ (291)	9,870	(1,969)	27,899	(2,260)	37,769
Securities of U.S. states and political subdivisions	(72)	2,154	(461)	2,382	(533)	4,536
Federal agency mortgage-backed securities	(3,580)	39,563	(1,587)	8,481	(5,167)	48,044
Non-agency mortgage-backed securities	(43)	1,194	(97)	2,068	(140)	3,262
Collateralized loan obligations	(65)	3,195	(25)	786	(90)	3,981
Other debt securities	(31)	1,591	(17)	471	(48)	2,062
<b>Total available-for-sale debt securities</b>	<b>\$ (4,082)</b>	<b>57,567</b>	<b>(4,156)</b>	<b>42,087</b>	<b>(8,238)</b>	<b>99,654</b>

(1) Excludes portfolio level basis adjustments.

We have assessed each debt security with gross unrealized losses included in the previous table for credit impairment. As part of that assessment we evaluated and concluded that we do not intend to sell any of the debt securities, and that it is more likely than not that we will not be required to sell, prior to recovery of the amortized cost basis. We evaluate, where necessary, whether credit impairment exists by comparing the present value of the expected cash flows to the debt securities' amortized cost basis. Credit impairment is recorded as an ACL for debt securities.

For descriptions of the factors we consider when analyzing debt securities for impairment as well as methodology and significant inputs used to measure credit losses, see Note 1 (Summary of Significant Accounting Policies) in our 2022 Form 10-K.

### Contractual Maturities

Table 3.6 and Table 3.7 show the remaining contractual maturities, amortized cost, net of the ACL, fair value and weighted average effective yields of AFS and HTM debt securities, respectively. The remaining contractual principal maturities for mortgage-backed securities (MBS) do not consider prepayments. Remaining expected maturities will differ from contractual maturities because borrowers may have the right to prepay obligations before the underlying mortgages mature.

**Table 3.6: Contractual Maturities - Available-for-Sale Debt Securities**

By remaining contractual maturity (\$ in millions)	Total	Within one year	After one year through five years	After five years through ten years	After ten years
September 30, 2023					
Available-for-sale debt securities (1)(2):					
Securities of U.S. Treasury and federal agencies					
Amortized cost, net	\$ 48,499	14,934	28,319	3,901	1,345
Fair value	46,343	14,603	26,888	3,590	1,262
Weighted average yield	1.60 %	1.70	1.58	1.47	1.44
Non-U.S. government securities					
Amortized cost, net	\$ 163	2	137	24	-
Fair value	163	2	137	24	-
Weighted average yield	4.73 %	5.80	4.61	5.34	-
Securities of U.S. states and political subdivisions					
Amortized cost, net	\$ 20,975	1,581	4,741	4,922	9,731
Fair value	19,622	1,573	4,667	4,460	8,922
Weighted average yield	3.05 %	3.60	3.54	3.04	2.72
Federal agency mortgage-backed securities					
Amortized cost, net	\$ 62,014	4	183	764	61,063
Fair value	54,540	3	175	692	53,670
Weighted average yield	3.66 %	3.05	1.99	2.55	3.68
Non-agency mortgage-backed securities					
Amortized cost, net	\$ 2,948	-	-	59	2,889
Fair value	2,803	-	-	28	2,775
Weighted average yield	5.32 %	-	-	3.38	5.36
Collateralized loan obligations					
Amortized cost, net	\$ 1,834	-	-	1,409	425
Fair value	1,821	-	-	1,401	420
Weighted average yield	6.96 %	-	-	6.97	6.94
Other debt securities					
Amortized cost, net	\$ 1,112	5	52	704	351
Fair value	1,145	5	52	704	384
Weighted average yield	6.81 %	7.33	5.75	6.47	7.62
Total available-for-sale debt securities					
Amortized cost, net	\$ 137,545	16,526	33,432	11,783	75,804
Fair value	126,437	16,186	31,919	10,899	67,433
Weighted average yield	2.94 %	1.88	1.86	3.16	3.62

(1) Weighted average yields displayed by maturity bucket are weighted based on amortized cost without effect for any related hedging derivatives and are shown pre-tax.

(2) Amortized cost, net excludes portfolio level basis adjustments of \$(260) million.

**Note 3: Available-for-Sale and Held-to-Maturity Debt Securities (continued)**

**Table 3.7: Contractual Maturities - Held-to-Maturity Debt Securities**

By remaining contractual maturity (\$ in millions)	Total	Within one year	After one year through five years	After five years through ten years	After ten years
<b>September 30, 2023</b>					
Held-to-maturity debt securities (1):					
Securities of U.S. Treasury and federal agencies					
Amortized cost, net	\$ 3,790	-	-	-	3,790
Fair value	2,004	-	-	-	2,004
Weighted average yield	1.58 %	-	-	-	1.58
Securities of U.S. states and political subdivisions					
Amortized cost, net	\$ 18,862	276	485	716	17,385
Fair value	14,146	274	458	656	12,758
Weighted average yield	2.37 %	2.67	1.65	2.79	2.37
Federal agency mortgage-backed securities					
Amortized cost, net	\$ 212,805	-	-	-	212,805
Fair value	169,474	-	-	-	169,474
Weighted average yield	2.36 %	-	-	-	2.36
Non-agency mortgage-backed securities					
Amortized cost, net	\$ 1,284	-	40	36	1,208
Fair value	1,127	-	42	34	1,051
Weighted average yield	3.25 %	-	4.17	4.34	3.18
Collateralized loan obligations					
Amortized cost, net	\$ 28,747	-	30	15,092	13,625
Fair value	28,585	-	31	15,051	13,503
Weighted average yield	6.99 %	-	7.28	7.09	6.88
Other debt securities					
Amortized cost, net	\$ 1,726	-	1,726	-	-
Fair value	1,591	-	1,591	-	-
Weighted average yield	4.47 %	-	4.47	-	-
<b>Total held-to-maturity debt securities</b>					
Amortized cost, net	\$ 267,214	276	2,281	15,844	248,813
Fair value	216,927	274	2,122	15,741	198,790
Weighted average yield	2.87 %	2.67	3.91	6.89	2.60

(1) Weighted average yields displayed by maturity bucket are weighted based on amortized cost, excluding unamortized basis adjustments related to the transfer of certain debt securities from AFS to HTM, and are shown pre-tax.

## Note 4: Equity Securities

Table 4.1 provides a summary of our equity securities by business purpose and accounting method.

**Table 4.1: Equity Securities**

(in millions)	Sep 30, 2023	Dec 31, 2022
<b>Held for trading at fair value:</b>		
Marketable equity securities	\$ 7,620	17,180
Nonmarketable equity securities (1)	10,666	9,730
Total equity securities held for trading (2)	18,286	26,910
<b>Not held for trading:</b>		
Fair value:		
Marketable equity securities	1,674	1,436
Nonmarketable equity securities	37	37
Total equity securities not held for trading at fair value	1,711	1,473
Equity method:		
Private equity	3,234	2,836
Tax-advantaged renewable energy (3)	6,076	6,535
New market tax credit and other	276	298
Total equity method	9,586	9,669
Other methods:		
Low-income housing tax credit (LIHTC) investments (3)	12,593	12,186
Private equity (4)	8,858	9,276
Federal Reserve Bank stock and other at cost (5)	4,992	4,900
Total equity securities not held for trading	37,740	37,504
Total equity securities	\$ 56,026	64,414

(1) Represents securities economically hedged with equity derivatives.

(2) Represents securities held as part of our customer accommodation trading activities. For additional information on these activities, see Note 2 (Trading Activities).

(3) See Note 13 (Securitizations and Variable Interest Entities) for information about tax credit investments.

(4) Represents nonmarketable equity securities accounted for under the measurement alternative, which were predominantly securities associated with our venture capital investments.

(5) Includes \$3.5 billion of investments in Federal Reserve Bank stock at both September 30, 2023, and December 31, 2022, and \$1.4 billion of investments in Federal Home Loan Bank stock at both September 30, 2023, and December 31, 2022.

### Net Gains and Losses Not Held for Trading

Table 4.2 provides a summary of the net gains and losses from equity securities not held for trading, which excludes equity method adjustments for our share of the investee's earnings or

losses that are recognized in other noninterest income. Gains and losses for securities held for trading are reported in net gains from trading and securities.

**Table 4.2: Net Gains (Losses) from Equity Securities Not Held for Trading**

(in millions)	Quarter ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
<b>Net gains (losses) from equity securities carried at fair value:</b>				
Marketable equity securities	\$ (2)	(22)	\$ 24	(250)
Nonmarketable equity securities	18	(35)	2	(73)
Total equity securities carried at fair value	16	(57)	26	(323)
<b>Net gains (losses) from nonmarketable equity securities not carried at fair value (1):</b>				
Impairment write-downs	(211)	(389)	(876)	(1,403)
Net unrealized gains (2)	46	82	185	916
Net realized gains from sale	124	330	189	737
Total nonmarketable equity securities not carried at fair value	(41)	23	(502)	250
Total net losses from equity securities not held for trading	\$ (25)	(34)	\$ (476)	(73)

(1) Includes amounts related to venture capital and private equity investments in consolidated portfolio companies, which are not reported in equity securities on our consolidated balance sheet.

(2) Includes unrealized gains (losses) due to observable price changes from equity securities accounted for under the measurement alternative.

**Note 4: Equity Securities (continued)****Measurement Alternative**

Table 4.3 provides additional information about the impairment write-downs and observable price changes from nonmarketable

equity securities accounted for under the measurement alternative. Gains and losses related to these adjustments are also included in Table 4.2.

**Table 4.3: Net Gains (Losses) from Measurement Alternative Equity Securities**

(in millions)	Quarter ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
<b>Net gains (losses) recognized in earnings during the period:</b>				
Gross unrealized gains from observable price changes	\$ 46	82	\$ 214	916
Gross unrealized losses from observable price changes	-	-	(29)	-
Impairment write-downs	(209)	(270)	(863)	(1,214)
Net realized gains from sale	-	12	36	90
Total net losses recognized during the period	\$ (163)	\$ (176)	\$ (642)	(208)

Table 4.4 presents cumulative carrying value adjustments to nonmarketable equity securities accounted for under the measurement alternative that were still held at the end of each reporting period presented.

**Table 4.4: Measurement Alternative Cumulative Gains (Losses)**

(in millions)	Sep 30, 2023	Dec 31, 2022
<b>Cumulative gains (losses):</b>		
Gross unrealized gains from observable price changes	\$ 7,239	7,141
Gross unrealized losses from observable price changes	(44)	(14)
Impairment write-downs	(3,550)	(2,896)

## Note 5: Loans and Related Allowance for Credit Losses

Table 5.1 presents total loans outstanding by portfolio segment and class of financing receivable. Outstanding balances include unearned income, net deferred loan fees or costs, and unamortized discounts and premiums. These amounts were less than 1% of our total loans outstanding at both September 30, 2023, and December 31, 2022.

Outstanding balances exclude accrued interest receivable on loans, except for certain revolving loans, such as credit card loans.

See Note 7 (Intangible Assets and Other Assets) for additional information on accrued interest receivable. Amounts considered to be uncollectible are reversed through interest income. During the first nine months of 2023, we reversed accrued interest receivable of \$31 million for our commercial portfolio segment and \$188 million for our consumer portfolio segment, compared with \$26 million and \$100 million, respectively, for the same period a year ago.

**Table 5.1: Loans Outstanding**

(in millions)	Sep 30, 2023	Dec 31, 2022
Commercial and industrial	\$ 382,527	386,806
Commercial real estate	152,486	155,802
Lease financing	16,038	14,908
Total commercial	551,051	557,516
Residential mortgage	263,174	269,117
Credit card	49,851	46,293
Auto	49,865	53,669
Other consumer	28,483	29,276
Total consumer	391,373	398,355
Total loans	\$ 942,424	955,871

Our non-U.S. loans are reported by respective class of financing receivable in the table above. Substantially all of our non-U.S. loan portfolio is commercial loans. Table 5.2 presents

total non-U.S. commercial loans outstanding by class of financing receivable.

**Table 5.2: Non-U.S. Commercial Loans Outstanding**

(in millions)	Sep 30, 2023	Dec 31, 2022
Commercial and industrial	\$ 73,528	78,981
Commercial real estate	6,942	7,619
Lease financing	700	670
Total non-U.S. commercial loans	\$ 81,170	87,270

### Loan Purchases, Sales, and Transfers

Table 5.3 presents the proceeds paid or received for purchases and sales of loans and transfers from loans held for investment to mortgages/loans held for sale. The table excludes loans for

which we have elected the fair value option and government insured/guaranteed residential mortgage - first lien loans because their loan activity normally does not impact the ACL.

**Table 5.3: Loan Purchases, Sales, and Transfers**

(in millions)	2023			2022		
	Commercial	Consumer	Total	Commercial	Consumer	Total
<b>Quarter ended September 30,</b>						
Purchases	\$ 456	2	458	127	1	128
Sales and net transfers (to)/from LHFS	(711)	-	(711)	(785)	(1,118)	(1,903)
<b>Nine months ended September 30,</b>						
Purchases	\$ 1,067	306	1,373	503	3	506
Sales and net transfers (to)/from LHFS	(2,394)	(100)	(2,494)	(2,097)	(1,141)	(3,238)

## Note 5: Loans and Related Allowance for Credit Losses (continued)

### Unfunded Credit Commitments

Unfunded credit commitments are legally binding agreements to lend to customers with terms covering usage of funds, contractual interest rates, expiration dates, and any required collateral. Our commercial lending commitments include, but are not limited to, (i) commitments for working capital and general corporate purposes, (ii) financing to customers who warehouse financial assets secured by real estate, consumer, or corporate loans, (iii) financing that is expected to be syndicated or replaced with other forms of long-term financing, and (iv) commercial real estate lending. We also originate multipurpose lending commitments under which commercial customers have the option to draw on the facility in one of several forms, including the issuance of letters of credit, which reduces the unfunded commitment amounts of the facility.

The maximum credit risk for these commitments will generally be lower than the contractual amount because these commitments may expire without being used or may be cancelled at the customer's request. We may reduce or cancel lines of credit in accordance with the contracts and applicable law. Our credit risk monitoring activities include managing the amount of commitments, both to individual customers and in total, and the size and maturity structure of these commitments. We do not recognize an ACL for commitments that are unconditionally cancellable at our discretion.

We issue commercial letters of credit to assist customers in purchasing goods or services, typically for international trade. At September 30, 2023, and December 31, 2022, we had \$1.4 billion and \$1.8 billion, respectively, of outstanding issued commercial letters of credit. See Note 14 (Guarantees and Other Commitments) for additional information on issued standby letters of credit.

We may be a fronting bank, whereby we act as a representative for other lenders, and advance funds or provide for the issuance of letters of credit under syndicated loan or letter of credit agreements. Any advances are generally repaid in less than a week and would normally require default of both the customer and another lender to expose us to loss.

The contractual amount of our unfunded credit commitments, including unissued letters of credit, is summarized in Table 5.4. The table is presented net of commitments syndicated to others, including the fronting arrangements described above, and excludes issued letters of credit and discretionary amounts where our approval or consent is required prior to any loan funding or commitment increase.

**Table 5.4: Unfunded Credit Commitments**

(in millions)	Sep 30, 2023	Dec 31, 2022
Commercial and industrial (1)	\$ 390,642	388,504
Commercial real estate	22,785	29,518
<b>Total commercial</b>	<b>413,427</b>	<b>418,022</b>
Residential mortgage (2)	32,149	39,155
Credit card	159,611	145,526
Other consumer (3)	75,563	69,244
<b>Total consumer</b>	<b>267,323</b>	<b>253,925</b>
<b>Total unfunded credit commitments</b>	<b>\$ 680,750</b>	<b>671,947</b>

- (1) Effective first quarter 2023, unfunded credit commitments exclude discretionary amounts where our approval or consent is required prior to any loan funding or commitment increase. Prior period balances have been revised to conform with the current period presentation.
- (2) Includes lines of credit totaling \$30.1 billion and \$35.5 billion as of September 30, 2023, and December 31, 2022, respectively.
- (3) Predominantly includes securities-based lines of credit.



## Allowance for Credit Losses

Table 5.5 presents the allowance for credit losses (ACL) for loans, which consists of the allowance for loan losses and the allowance for unfunded credit commitments. The ACL for loans increased \$1.5 billion from December 31, 2022, reflecting increases for

commercial real estate loans, primarily office loans, as well as for increases in credit card loan balances, partially offset by a decrease for residential mortgage loans related to the adoption of ASU 2022-02, Financial Instruments - Credit Losses (Topic 326): *Troubled Debt Restructurings and Vintage Disclosures*.

**Table 5.5: Allowance for Credit Losses for Loans**

(\$ in millions)	Quarter ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Balance, beginning of period	\$ 14,786	12,884	\$ 13,609	13,788
Cumulative effect from change in accounting policy (1)	-	-	(429)	-
Balance, beginning of period, adjusted	14,786	12,884	13,180	13,788
Provision for credit losses	1,143	773	4,111	576
Interest income on certain loans (2)	-	(26)	-	(82)
Loan charge-offs:				
Commercial and industrial	(126)	(85)	(374)	(209)
Commercial real estate	(96)	(3)	(204)	(6)
Lease financing	(8)	(11)	(21)	(20)
Total commercial	(230)	(99)	(599)	(235)
Residential mortgage	(37)	(43)	(97)	(136)
Credit card	(503)	(290)	(1,407)	(844)
Auto	(223)	(199)	(623)	(515)
Other consumer	(124)	(105)	(339)	(307)
Total consumer	(887)	(637)	(2,466)	(1,802)
Total loan charge-offs	(1,117)	(736)	(3,065)	(2,037)
Loan recoveries:				
Commercial and industrial	33	72	119	192
Commercial real estate	3	15	15	27
Lease financing	6	6	14	16
Total commercial	42	93	148	235
Residential mortgage	41	57	124	187
Credit card	83	88	247	267
Auto	85	78	275	230
Other consumer	16	21	53	70
Total consumer	225	244	699	754
Total loan recoveries	267	337	847	989
Net loan charge-offs	(850)	(399)	(2,218)	(1,048)
Other	(15)	(7)	(9)	(9)
Balance, end of period	\$ 15,064	13,225	\$ 15,064	13,225
Components:				
Allowance for loan losses	\$ 14,554	12,571	\$ 14,554	12,571
Allowance for unfunded credit commitments	510	654	510	654
Allowance for credit losses	\$ 15,064	13,225	\$ 15,064	13,225
Net loan charge-offs (annualized) as a percentage of average total loans	0.36 %	0.17	0.31 %	0.15
Allowance for loan losses as a percentage of total loans	1.54	1.33	1.54	1.33
Allowance for credit losses for loans as a percentage of total loans	1.60	1.40	1.60	1.40

(1) Represents the change in our allowance for credit losses for loans as a result of our adoption of ASU 2022-02, Financial Instruments - Credit Losses (Topic 326): *Troubled Debt Restructurings and Vintage Disclosures*, on January 1, 2023. For additional information, see Note 1 (Summary of Significant Accounting Policies).

(2) Prior to the adoption of ASU 2022-02, loans with an allowance measured by discounting expected cash flows using the loan's effective interest rate over the remaining life of the loan recognized changes in allowance attributable to the passage of time as interest income.

## Note 5: Loans and Related Allowance for Credit Losses (continued)

Table 5.6 summarizes the activity in the ACL by our commercial and consumer portfolio segments.

**Table 5.6: Allowance for Credit Losses for Loans Activity by Portfolio Segment**

(in millions)	2023			2022		
	Commercial	Consumer	Total	Commercial	Consumer	Total
<b>Quarter ended September 30,</b>						
Balance, beginning of period	\$ 8,081	6,705	14,786	7,082	5,802	12,884
Provision for credit losses	433	710	1,143	(72)	845	773
Interest income on certain loans (1)	-	-	-	(6)	(20)	(26)
Loan charge-offs	(230)	(887)	(1,117)	(99)	(637)	(736)
Loan recoveries	42	225	267	93	244	337
Net loan charge-offs	(188)	(662)	(850)	(6)	(393)	(399)
Other	(16)	1	(15)	(7)	-	(7)
Balance, end of period	\$ 8,310	6,754	15,064	6,991	6,234	13,225
<b>Nine months ended September 30,</b>						
Balance, beginning of period	\$ 6,956	6,653	13,609	7,791	5,997	13,788
Cumulative effect from change in accounting policy (2)	27	(456)	(429)	-	-	-
Balance, beginning of period, adjusted	6,983	6,197	13,180	7,791	5,997	13,788
Provision for credit losses	1,793	2,318	4,111	(769)	1,345	576
Interest income on certain loans (1)	-	-	-	(22)	(60)	(82)
Loan charge-offs	(599)	(2,466)	(3,065)	(235)	(1,802)	(2,037)
Loan recoveries	148	699	847	235	754	989
Net loan charge-offs	(451)	(1,767)	(2,218)	-	(1,048)	(1,048)
Other	(15)	6	(9)	(9)	-	(9)
Balance, end of period	\$ 8,310	6,754	15,064	6,991	6,234	13,225

(1) Prior to the adoption of ASU 2022-02, Financial Instruments - Credit Losses (Topic 326), *Troubled Debt Restructurings and Vintage Disclosures*, on January 1, 2023, loans with an allowance measured by discounting expected cash flows using the loan's effective interest rate over the remaining life of the loan recognized changes in allowance attributable to the passage of time as interest income.

(2) Represents the change in our allowance for credit losses for loans as a result of our adoption of ASU 2022-02. For additional information, see Note 1 (Summary of Significant Accounting Policies).

### Credit Quality

We monitor credit quality by evaluating various attributes and utilize such information in our evaluation of the appropriateness of the ACL for loans. The following sections provide the credit quality indicators we most closely monitor. The credit quality indicators are generally based on information as of our financial statement date.

**COMMERCIAL CREDIT QUALITY INDICATORS** We manage a consistent process for assessing commercial loan credit quality. Commercial loans are generally subject to individual risk assessment using our internal borrower and collateral quality ratings, which is our primary credit quality indicator. Our ratings are aligned to regulatory definitions of pass and criticized categories with the criticized segmented among special mention, substandard, doubtful, and loss categories.

Table 5.7 provides the outstanding balances of our commercial loan portfolio by risk category and credit quality information by origination year for term loans. Revolving loans may convert to term loans as a result of a contractual provision in the original loan agreement or if modified for a borrower experiencing financial difficulty. At September 30, 2023, we had \$519.2 billion and \$31.9 billion of pass and criticized commercial loans, respectively. Gross charge-offs by loan class are included in the following table for the nine months ended September 30, 2023, which we monitor as part of our credit risk management practices; however, charge-offs are not a primary credit quality indicator for our loan portfolio.

**Table 5.7: Commercial Loan Categories by Risk Categories and Vintage**

(in millions)	Term loans by origination year						Revolving loans	Revolving loans converted to term loans	Total
	2023	2022	2021	2020	2019	Prior			
<b>September 30, 2023</b>									
<b>Commercial and industrial</b>									
Pass	\$ 32,939	42,757	23,556	9,084	12,495	5,914	242,720	383	369,848
Criticized	721	1,311	1,392	429	245	528	8,053	-	12,679
<b>Total commercial and industrial</b>	<b>33,660</b>	<b>44,068</b>	<b>24,948</b>	<b>9,513</b>	<b>12,740</b>	<b>6,442</b>	<b>250,773</b>	<b>383</b>	<b>382,527</b>
Gross charge-offs (1)	86	18	28	4	6	6	226	-	374
<b>Commercial real estate</b>									
Pass	12,148	35,116	33,719	12,832	13,182	21,051	6,193	225	134,466
Criticized	1,921	4,169	4,329	1,911	2,875	2,471	344	-	18,020
<b>Total commercial real estate</b>	<b>14,069</b>	<b>39,285</b>	<b>38,048</b>	<b>14,743</b>	<b>16,057</b>	<b>23,522</b>	<b>6,537</b>	<b>225</b>	<b>152,486</b>
Gross charge-offs	1	79	-	-	80	44	-	-	204
<b>Lease financing</b>									
Pass	4,229	4,078	2,588	1,340	927	1,682	-	-	14,844
Criticized	270	339	255	128	112	90	-	-	1,194
<b>Total lease financing</b>	<b>4,499</b>	<b>4,417</b>	<b>2,843</b>	<b>1,468</b>	<b>1,039</b>	<b>1,772</b>	<b>-</b>	<b>-</b>	<b>16,038</b>
Gross charge-offs	1	5	6	4	3	2	-	-	21
<b>Total commercial loans</b>	<b>\$ 52,228</b>	<b>87,770</b>	<b>65,839</b>	<b>25,724</b>	<b>29,836</b>	<b>31,736</b>	<b>257,310</b>	<b>608</b>	<b>551,051</b>
<b>December 31, 2022</b>									
<b>Commercial and industrial</b>									
Pass	\$ 61,646	31,376	11,128	13,656	3,285	5,739	247,594	842	375,266
Criticized	872	1,244	478	505	665	532	7,244	-	11,540
<b>Total commercial and industrial</b>	<b>62,518</b>	<b>32,620</b>	<b>11,606</b>	<b>14,161</b>	<b>3,950</b>	<b>6,271</b>	<b>254,838</b>	<b>842</b>	<b>386,806</b>
<b>Commercial real estate</b>									
Pass	38,022	38,709	16,564	16,409	10,587	16,159	6,765	150	143,365
Criticized	2,785	2,794	965	2,958	1,088	1,688	159	-	12,437
<b>Total commercial real estate</b>	<b>40,807</b>	<b>41,503</b>	<b>17,529</b>	<b>19,367</b>	<b>11,675</b>	<b>17,847</b>	<b>6,924</b>	<b>150</b>	<b>155,802</b>
<b>Lease financing</b>									
Pass	4,543	3,336	1,990	1,427	765	1,752	-	-	13,813
Criticized	330	275	190	169	94	37	-	-	1,095
<b>Total lease financing</b>	<b>4,873</b>	<b>3,611</b>	<b>2,180</b>	<b>1,596</b>	<b>859</b>	<b>1,789</b>	<b>-</b>	<b>-</b>	<b>14,908</b>
<b>Total commercial loans</b>	<b>\$ 108,198</b>	<b>77,734</b>	<b>31,315</b>	<b>35,124</b>	<b>16,484</b>	<b>25,907</b>	<b>261,762</b>	<b>992</b>	<b>557,516</b>

(1) Includes charge-offs on overdrafts, which are generally charged-off at 60 days past due.

**Note 5: Loans and Related Allowance for Credit Losses (continued)**

Table 5.8 provides days past due (DPD) information for commercial loans, which we monitor as part of our credit risk

management practices; however, delinquency is not a primary credit quality indicator for commercial loans.

**Table 5.8: Commercial Loan Categories by Delinquency Status**

(in millions)	Still accruing				Nonaccrual loans	Total commercial loans
	Current-29 DPD	30-89 DPD	90+ DPD			
<b>September 30, 2023</b>						
Commercial and industrial	\$ 381,261	512	116	638		382,527
Commercial real estate	148,216	392	15	3,863		152,486
Lease financing	15,818	135	-	85		16,038
<b>Total commercial loans</b>	<b>\$ 545,295</b>	<b>1,039</b>	<b>131</b>	<b>4,586</b>		<b>551,051</b>
<b>December 31, 2022</b>						
Commercial and industrial	\$ 384,164	1,313	583	746		386,806
Commercial real estate	153,877	833	134	958		155,802
Lease financing	14,623	166	-	119		14,908
<b>Total commercial loans</b>	<b>\$ 552,664</b>	<b>2,312</b>	<b>717</b>	<b>1,823</b>		<b>557,516</b>

**CONSUMER CREDIT QUALITY INDICATORS** We have various classes of consumer loans that present unique credit risks. Loan delinquency, Fair Isaac Corporation (FICO) credit scores and loan-to-value (LTV) for residential mortgage loans are the primary credit quality indicators that we monitor and utilize in our evaluation of the appropriateness of the ACL for the consumer loan portfolio segment. Gross charge-offs by loan class are included in the following tables for the nine months ended September 30, 2023, which we monitor as part of our credit risk management practices; however, charge-offs are not a primary credit quality indicator for our loan portfolio.

Many of our loss estimation techniques used for the ACL for loans rely on delinquency-based models; therefore, delinquency is an important indicator of credit quality in the establishment of our ACL for consumer loans. Credit quality information is provided with the year of origination for term loans. Revolving loans may convert to term loans as a result of a contractual provision in the original loan agreement or if modified for a borrower experiencing financial difficulty.

We obtain FICO scores at loan origination and the scores are generally updated at least quarterly, except in limited circumstances, including compliance with the Fair Credit Reporting Act (FCRA). FICO scores are not available for certain loan types or may not be required if we deem it unnecessary due to strong collateral and other borrower attributes.

Table 5.9 provides the outstanding balances of our residential mortgage loans by our primary credit quality indicators.

LTV refers to the ratio comparing the loan's outstanding balance to the property's collateral value. Combined LTV (CLTV) refers to the combination of first lien mortgage and junior lien mortgage (including unused line amounts for credit line products) ratios. We obtain LTVs and CLTVs using a cascade approach which first uses values provided by automated valuation models (AVMs) for the property. If an AVM is not available, then the value is estimated using the original appraised value adjusted by the change in Home Price Index (HPI) for the property location. If an HPI is not available, the original appraised value is used. The HPI value is normally the only method considered for high value properties, generally with an original value of \$1 million or more, as the AVM values have proven less accurate for these properties. Generally, we obtain available LTVs and CLTVs on a quarterly basis. Certain loans do not have an LTV or CLTV due to a lack of industry data availability and portfolios acquired from or serviced by other institutions.

**Table 5.9: Credit Quality Indicators for Residential Mortgage Loans by Vintage**

(in millions)	Term loans by origination year						Revolving loans	Revolving loans converted to term loans	Total
	2023	2022	2021	2020	2019	Prior			
<b>September 30, 2023</b>									
<b>By delinquency status:</b>									
Current-29 DPD	\$ 11,065	46,639	63,271	35,617	19,698	62,054	8,466	6,852	253,662
30-89 DPD	1	61	45	26	19	702	43	145	1,042
90+ DPD	-	14	9	8	20	352	26	210	639
Government insured/guaranteed loans (1)	1	14	45	104	119	7,548	-	-	7,831
<b>Total residential mortgage</b>	<b>\$ 11,067</b>	<b>46,728</b>	<b>63,370</b>	<b>35,755</b>	<b>19,856</b>	<b>70,656</b>	<b>8,535</b>	<b>7,207</b>	<b>263,174</b>
<b>By FICO:</b>									
740+	\$ 10,230	43,033	59,643	33,743	18,358	52,443	6,706	4,160	228,316
700-739	616	2,380	2,465	1,252	842	4,486	926	994	13,961
660-699	160	863	815	393	305	2,343	434	627	5,940
620-659	35	219	190	96	73	1,051	160	313	2,137
<620	3	100	87	52	62	1,227	180	455	2,166
No FICO available	22	119	125	115	97	1,558	129	658	2,823
Government insured/guaranteed loans (1)	1	14	45	104	119	7,548	-	-	7,831
<b>Total residential mortgage</b>	<b>\$ 11,067</b>	<b>46,728</b>	<b>63,370</b>	<b>35,755</b>	<b>19,856</b>	<b>70,656</b>	<b>8,535</b>	<b>7,207</b>	<b>263,174</b>
<b>By LTV/CLTV:</b>									
0-80%	\$ 10,901	40,290	62,569	35,476	19,566	62,796	8,403	7,044	247,045
80.01-100%	140	6,237	679	105	106	131	98	114	7,610
>100% (2)	8	101	21	11	10	21	20	21	213
No LTV available	17	86	56	59	55	160	14	28	475
Government insured/guaranteed loans (1)	1	14	45	104	119	7,548	-	-	7,831
<b>Total residential mortgage</b>	<b>\$ 11,067</b>	<b>46,728</b>	<b>63,370</b>	<b>35,755</b>	<b>19,856</b>	<b>70,656</b>	<b>8,535</b>	<b>7,207</b>	<b>263,174</b>
Gross charge-offs	\$ -	-	-	-	-	43	4	50	97

(in millions)	Term loans by origination year						Revolving loans	Revolving loans converted to term loans	Total
	2022	2021	2020	2019	2018	Prior			
<b>December 31, 2022</b>									
<b>By delinquency status:</b>									
Current-29 DPD	\$ 48,581	65,705	37,289	20,851	6,190	61,680	11,031	6,913	258,240
30-89 DPD	65	66	32	33	21	683	58	159	1,117
90+ DPD	6	17	15	25	15	530	32	260	900
Government insured/guaranteed loans (1)	9	59	133	148	200	8,311	-	-	8,860
<b>Total residential mortgage</b>	<b>\$ 48,661</b>	<b>65,847</b>	<b>37,469</b>	<b>21,057</b>	<b>6,426</b>	<b>71,204</b>	<b>11,121</b>	<b>7,332</b>	<b>269,117</b>
<b>By FICO:</b>									
740+	\$ 43,976	61,450	35,221	19,437	5,610	51,551	8,664	4,139	230,048
700-739	3,245	2,999	1,419	941	314	4,740	1,159	1,021	15,838
660-699	1,060	851	438	306	169	2,388	567	656	6,435
620-659	211	248	106	82	50	1,225	223	349	2,494
<620	59	81	44	46	28	1,323	227	466	2,274
No FICO available	101	159	108	97	55	1,666	281	701	3,168
Government insured/guaranteed loans (1)	9	59	133	148	200	8,311	-	-	8,860
<b>Total residential mortgage</b>	<b>\$ 48,661</b>	<b>65,847</b>	<b>37,469</b>	<b>21,057</b>	<b>6,426</b>	<b>71,204</b>	<b>11,121</b>	<b>7,332</b>	<b>269,117</b>
<b>By LTV/CLTV:</b>									
0-80%	\$ 40,869	64,613	37,145	20,744	6,155	62,593	10,923	7,188	250,230
80.01-100%	7,670	1,058	112	97	30	107	109	97	9,280
>100% (2)	48	20	13	6	3	23	28	16	157
No LTV available	65	97	66	62	38	170	61	31	590
Government insured/guaranteed loans (1)	9	59	133	148	200	8,311	-	-	8,860
<b>Total residential mortgage</b>	<b>\$ 48,661</b>	<b>65,847</b>	<b>37,469</b>	<b>21,057</b>	<b>6,426</b>	<b>71,204</b>	<b>11,121</b>	<b>7,332</b>	<b>269,117</b>

(1) Government insured or guaranteed loans represent loans whose repayments are predominantly insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA). Loans insured/guaranteed by the FHA/VA and 90+ DPD totaled \$2.8 billion and \$3.2 billion at September 30, 2023, and December 31, 2022, respectively.

(2) Reflects total loan balances with LTV/CLTV amounts in excess of 100%. In the event of default, the loss content would generally be limited to only the amount in excess of 100% LTV/CLTV.

**Note 5: Loans and Related Allowance for Credit Losses (continued)**

Table 5.10 provides the outstanding balances of our credit card loan portfolio by primary credit quality indicators.

The revolving loans converted to term loans in the credit card loan category represent credit card loans with modified terms that require payment over a specific term.

For the nine months ended September 30, 2023, we had gross charge-offs in the credit card portfolio of \$1.3 billion for revolving loans and \$68 million for revolving loans converted to term loans.

**Table 5.10: Credit Quality Indicators for Credit Card Loans**

(in millions)	September 30, 2023			December 31, 2022		
	Revolving loans	Revolving loans converted to term loans	Total	Revolving loans	Revolving loans converted to term loans	Total
<b>By delinquency status:</b>						
Current-29 DPD	\$ 48,244	321	48,565	45,131	223	45,354
30-89 DPD	596	42	638	457	27	484
90+ DPD	627	21	648	441	14	455
<b>Total credit cards</b>	<b>\$ 49,467</b>	<b>384</b>	<b>49,851</b>	<b>46,029</b>	<b>264</b>	<b>46,293</b>
<b>By FICO:</b>						
740+	\$ 18,190	22	18,212	16,681	19	16,700
700-739	11,252	47	11,299	10,640	37	10,677
660-699	10,164	77	10,241	9,573	55	9,628
620-659	5,100	68	5,168	4,885	45	4,930
<620	4,591	169	4,760	4,071	107	4,178
No FICO available	170	1	171	179	1	180
<b>Total credit cards</b>	<b>\$ 49,467</b>	<b>384</b>	<b>49,851</b>	<b>46,029</b>	<b>264</b>	<b>46,293</b>

Table 5.11 provides the outstanding balances of our Auto loan portfolio by primary credit quality indicators.

**Table 5.11: Credit Quality Indicators for Auto Loans by Vintage**

(in millions)	Term loans by origination year							Total
	2023	2022	2021	2020	2019	Prior		
<b>September 30, 2023</b>								
<b>By delinquency status:</b>								
Current-29 DPD	\$ 11,904	14,342	13,874	5,021	2,674	675		48,490
30-89 DPD	33	319	546	204	114	50		1,266
90+ DPD	2	32	49	15	7	4		109
<b>Total auto</b>	<b>\$ 11,939</b>	<b>14,693</b>	<b>14,469</b>	<b>5,240</b>	<b>2,795</b>	<b>729</b>		<b>49,865</b>
<b>By FICO:</b>								
740+	\$ 8,003	7,222	6,119	2,152	1,211	278		24,985
700-739	1,907	2,219	2,128	828	438	106		7,626
660-699	1,217	1,969	1,975	735	365	90		6,351
620-659	501	1,334	1,421	500	241	66		4,063
<620	306	1,934	2,787	997	515	174		6,713
No FICO available	5	15	39	28	25	15		127
<b>Total auto</b>	<b>\$ 11,939</b>	<b>14,693</b>	<b>14,469</b>	<b>5,240</b>	<b>2,795</b>	<b>729</b>		<b>49,865</b>
<b>Gross charge-offs</b>	<b>\$ 6</b>	<b>192</b>	<b>300</b>	<b>76</b>	<b>42</b>	<b>7</b>		<b>623</b>
<b>December 31, 2022</b>								
<b>By delinquency status:</b>								
Current-29 DPD	\$ 19,101	19,126	7,507	4,610	1,445	421		52,210
30-89 DPD	218	585	253	167	69	45		1,337
90+ DPD	23	56	22	13	4	4		122
<b>Total auto</b>	<b>\$ 19,342</b>	<b>19,767</b>	<b>7,782</b>	<b>4,790</b>	<b>1,518</b>	<b>470</b>		<b>53,669</b>
<b>By FICO:</b>								
740+	\$ 9,361	8,233	3,193	2,146	664	166		23,763
700-739	3,090	3,033	1,287	788	238	64		8,500
660-699	2,789	2,926	1,163	641	192	58		7,769
620-659	2,021	2,156	796	421	130	47		5,571
<620	2,062	3,389	1,316	756	263	126		7,912
No FICO available	19	30	27	38	31	9		154
<b>Total auto</b>	<b>\$ 19,342</b>	<b>19,767</b>	<b>7,782</b>	<b>4,790</b>	<b>1,518</b>	<b>470</b>		<b>53,669</b>

**Note 5: Loans and Related Allowance for Credit Losses (continued)**

Table 5.12 provides the outstanding balances of our Other consumer loans portfolio by primary credit quality indicators.

**Table 5.12: Credit Quality Indicators for Other Consumer Loans by Vintage**

(in millions)	Term loans by origination year						Revolving loans	Revolving loans converted to term loans	Total
	2023	2022	2021	2020	2019	Prior			
<b>September 30, 2023</b>									
<b>By delinquency status:</b>									
Current-29 DPD	\$ 2,965	2,456	697	197	118	70	21,734	116	28,353
30-89 DPD	14	32	10	2	1	2	15	4	80
90+ DPD	4	12	4	1	1	1	15	12	50
<b>Total other consumer</b>	<b>\$ 2,983</b>	<b>2,500</b>	<b>711</b>	<b>200</b>	<b>120</b>	<b>73</b>	<b>21,764</b>	<b>132</b>	<b>28,483</b>
<b>By FICO:</b>									
740+	\$ 1,749	1,118	314	101	50	32	1,230	28	4,622
700-739	587	467	136	35	20	12	509	21	1,787
660-699	359	404	108	19	15	10	399	16	1,330
620-659	100	179	51	7	7	6	159	13	522
<620	44	148	54	9	9	7	144	15	430
No FICO available (1)	144	184	48	29	19	6	19,323	39	19,792
<b>Total other consumer</b>	<b>\$ 2,983</b>	<b>2,500</b>	<b>711</b>	<b>200</b>	<b>120</b>	<b>73</b>	<b>21,764</b>	<b>132</b>	<b>28,483</b>
<b>Gross charge-offs (2)</b>	<b>\$ 108</b>	<b>119</b>	<b>40</b>	<b>7</b>	<b>7</b>	<b>5</b>	<b>44</b>	<b>9</b>	<b>339</b>
(in millions)	Term loans by origination year						Revolving loans	Revolving loans converted to term loans	Total
	2022	2021	2020	2019	2018	Prior			
<b>December 31, 2022</b>									
<b>By delinquency status:</b>									
Current-29 DPD	\$ 3,718	1,184	341	240	63	83	23,431	117	29,177
30-89 DPD	17	12	2	3	1	2	14	8	59
90+ DPD	5	5	1	1	-	1	13	14	40
<b>Total other consumer</b>	<b>\$ 3,740</b>	<b>1,201</b>	<b>344</b>	<b>244</b>	<b>64</b>	<b>86</b>	<b>23,458</b>	<b>139</b>	<b>29,276</b>
<b>By FICO:</b>									
740+	\$ 1,908	546	174	112	21	50	1,660	43	4,514
700-739	726	216	62	44	10	13	568	18	1,657
660-699	527	177	34	33	9	8	449	19	1,256
620-659	204	81	13	14	4	5	181	11	513
<620	89	64	14	16	5	5	154	18	365
No FICO available (1)	286	117	47	25	15	5	20,446	30	20,971
<b>Total other consumer</b>	<b>\$ 3,740</b>	<b>1,201</b>	<b>344</b>	<b>244</b>	<b>64</b>	<b>86</b>	<b>23,458</b>	<b>139</b>	<b>29,276</b>

(1) Substantially all loans do not require a FICO score and are revolving securities-based loans originated by the Wealth and Investment Management operating segment.

(2) Includes charge-offs on overdrafts, which are generally charged-off at 60 days past due.



**NONACCRUAL LOANS** Table 5.13 provides loans on nonaccrual status. Nonaccrual loans may have an ACL or a negative

allowance for credit losses from expected recoveries of amounts previously written off.

**Table 5.13: Nonaccrual Loans**

(in millions)	Nonaccrual loans		Amortized cost Nonaccrual loans without related allowance for credit losses (1)		Recognized interest income	
	Sep 30, 2023	Dec 31, 2022	Sep 30, 2023	Dec 31, 2022	Nine months ended September 30,	
					2023	2022
Commercial and industrial	\$ 638	746	75	174	14	57
Commercial real estate	3,863	958	270	134	22	44
Lease financing	85	119	6	5	-	-
Total commercial	4,586	1,823	351	313	36	101
Residential mortgage	3,258	3,611	2,082	2,316	146	161
Auto	126	153	-	-	15	21
Other consumer	32	39	-	-	3	3
Total consumer	3,416	3,803	2,082	2,316	164	185
Total nonaccrual loans	\$ 8,002	5,626	2,433	2,629	200	286

(1) Nonaccrual loans may not have an allowance for credit losses if the loss expectations are zero given the related collateral value.

**LOANS IN PROCESS OF FORECLOSURE** Our recorded investment in consumer mortgage loans collateralized by residential real estate property that are in process of foreclosure was \$904 million and \$1.0 billion at September 30, 2023, and December 31, 2022, respectively, which included \$716 million and \$771 million, respectively, of loans that are government insured/guaranteed. Under the Consumer Financial Protection Bureau guidelines, we do not commence the foreclosure process on residential mortgage loans until after the loan is 120 days delinquent. Foreclosure procedures and timelines vary depending on whether the property address resides in a judicial or non-judicial state. Judicial states require the foreclosure to be processed through the state's courts while non-judicial states are processed without court intervention. Foreclosure timelines vary according to state law.

**LOANS 90 DAYS OR MORE PAST DUE AND STILL ACCRUING** Certain loans 90 days or more past due are still accruing, because they are (1) well-secured and in the process of collection or (2) residential mortgage or consumer loans exempt under regulatory rules from being classified as nonaccrual until later delinquency, usually 120 days past due.

Table 5.14 shows loans 90 days or more past due and still accruing by class for loans not government insured/guaranteed.

**Table 5.14: Loans 90 Days or More Past Due and Still Accruing**

(in millions)	Sep 30, 2023	Dec 31, 2022
Total:	\$ 3,634	4,340
Less: FHA insured/VA guaranteed (1)	2,696	3,005
Total, not government insured/guaranteed	\$ 938	1,335
By segment and class, not government insured/guaranteed:		
Commercial and industrial	\$ 116	583
Commercial real estate	15	134
Total commercial	131	717
Residential mortgage	23	28
Credit card	648	455
Auto	99	111
Other consumer	37	24
Total consumer	807	618
Total, not government insured/guaranteed	\$ 938	1,335

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

**Note 5: Loans and Related Allowance for Credit Losses (continued)**

**LOAN MODIFICATIONS TO BORROWERS EXPERIENCING FINANCIAL DIFFICULTY** We may agree to modify the contractual terms of a loan to a borrower experiencing financial difficulty.

Our commercial loan modifications may include principal forgiveness, interest rate reductions, payment delays, term extensions, or a combination of these modifications. Commercial loan term extensions have terms that vary based on the borrower's request and are evaluated by our credit teams on an individual basis.

Our consumer loan modifications vary based upon the loan product and the modification program offered to the borrower, and may include interest rate reductions, payment delays, term extensions, principal forbearance or forgiveness, or a combination of these modifications. Generally, our consumer loan modification programs modify the loan terms to achieve payment terms that are more affordable to the borrower and, as a result, increase the likelihood of full repayment of principal and interest.

Our residential mortgage loan modification programs may offer a short-term payment deferral based upon the borrower's demonstrated hardship, up to 12 months. If additional assistance is needed after 12 months, the borrower may request another loan modification. Modifications may also include a trial payment period of three months to determine if the borrower can perform in accordance with the proposed permanent loan modification terms. Loans in a trial payment period continue to advance through delinquency status and accrue interest according to their original terms. Loans in a trial payment period are excluded from our loan modification disclosures until the borrower has successfully completed the trial period and the loan modification is formally executed. Residential mortgage loans in a trial payment period totaled \$115 million at September 30, 2023.

Credit card loan modifications result in a reduction in the credit card interest rate and may be offered on a short-term or long-term basis. A short-term interest rate reduction program reduces the borrower's interest rate for 12 months. A long-term interest rate reduction program provides a reduction of the interest rate over a fixed five-year term. During the modification period, the borrower's revolving charge privileges are revoked.

Auto loan modifications generally include insignificant (e.g., three months or less) payment deferrals over the loan term.

The following disclosures provide information on loan modifications granted to borrowers experiencing financial difficulty in the form of principal forgiveness, interest rate reductions, other-than-insignificant (e.g., greater than three months) payment delays, term extensions or a combination of these modifications, as well as the financial effects of these modifications, and loan performance in the twelve months following the modification. Loans that both modify and are paid off or charged-off during the period, resulting in an amortized cost balance of zero at the end of the period, are not included in the disclosures below. Additionally, where amortized cost balances are presented below, accrued interest receivable is excluded. See Note 7 (Intangible Assets and Other Assets) for additional information on accrued interest receivable. Borrowers experiencing financial difficulty with modified terms mandated by a bankruptcy court are considered contractually modified loans and are included in these disclosures. These disclosures do not include loans discharged by a bankruptcy court as the only concession, which were insignificant for the third quarter and first nine months of 2023.

Table 5.15 presents the amortized cost of modified commercial loans by class of financing receivable and by modification type.

**Table 5.15: Commercial Loan Modifications**

(\$ in millions)	Modification type (1)						Total	Modifications as a % of loan class
	Interest rate reduction	Payment delay	Term extension	Term extension & payment delay	All other modifications and combinations			
<b>Quarter ended September 30, 2023</b>								
Commercial and industrial	\$ 8	1	187	97	-		293	0.08 %
Commercial real estate	-	-	335	-	-		335	0.22
<b>Total commercial</b>	<b>\$ 8</b>	<b>1</b>	<b>522</b>	<b>97</b>	<b>-</b>		<b>628</b>	<b>0.12</b>
<b>Nine months ended September 30, 2023</b>								
Commercial and industrial	\$ 14	19	280	101	1		415	0.11 %
Commercial real estate	8	1	442	-	1		452	0.30
<b>Total commercial</b>	<b>\$ 22</b>	<b>20</b>	<b>722</b>	<b>101</b>	<b>2</b>		<b>867</b>	<b>0.16</b>

(1) There were no principal forgiveness modifications for the third quarter and first nine months of 2023.

Table 5.15a presents the financial effects of modifications made to commercial loans presented by class of financing receivable.

**Table 5.15a: Financial Effects of Commercial Loan Modifications**

	Weighted average interest rate reduction	Weighted average payments deferred (months)	Weighted average term extension (months)
<b>Quarter ended September 30, 2023</b>			
Commercial and industrial	15.28 %	6	13
Commercial real estate	1.95	6	23
<b>Nine months ended September 30, 2023</b>			
Commercial and industrial	14.49 %	5	13
Commercial real estate	3.54	13	21

Commercial loans that received a modification during the third quarter and first nine months of 2023, and subsequently defaulted were insignificant. Defaults that occur on commercial modifications are reported based on a payment default definition of 90 days past due.

Table 5.15b provides past due information for modified commercial loans. For loan modifications that include a payment

deferral, payment performance is not included in the table below until the loan exits the deferral period and payments resume. The table also includes the amount of gross charge-offs that occurred during the third quarter and first nine months of 2023, inclusive of charge-offs to loans with no amortized cost remaining at period end.

**Table 5.15b: Payment Performance of Commercial Loan Modifications**

(in millions)	By delinquency status				Gross charge-offs	
	Current-29 days past due (DPD)	30-89 DPD	90+ DPD	Total	Quarter ended	Nine months ended
September 30, 2023						
Commercial and industrial	\$ 275	27	2	304	27	42
Commercial real estate	449	2	-	451	-	-
Total commercial	\$ 724	29	2	755	27	42

Table 5.16 presents the amortized cost of modified consumer loans by class of financing receivable and by modification type.

**Table 5.16: Consumer Loan Modifications**

(\$ in millions)	Modification type							Total	Modifications as a % of loan class
	Interest rate reduction	Payment delay (1)	Term extension	Interest rate reduction & term extension	Term extension & payment delay	Interest rate reduction, term extension & payment delay	All other modifications and combinations (2)		
Quarter ended September 30, 2023									
Residential mortgage	\$ 2	27	15	11	22	18	2	97	0.04 %
Credit card	151	-	-	-	-	-	-	151	0.30
Auto	1	13	-	-	-	-	-	14	0.03
Other consumer	3	1	-	10	-	-	-	14	0.05
Total consumer	\$ 157	41	15	21	22	18	2	276	0.07
Nine months ended September 30, 2023									
Residential mortgage	\$ 10	433	55	34	73	68	5	678	0.26 %
Credit card	348	-	-	-	-	-	-	348	0.70
Auto	2	19	-	-	-	-	-	21	0.04
Other consumer	8	2	-	22	-	-	-	32	0.11
Total consumer	\$ 368	454	55	56	73	68	5	1,079	0.28

(1) Includes residential mortgage loan modifications that defer a set amount of principal to the end of the loan term.

(2) Includes principal forgiveness and other combinations of modifications.

Table 5.16a presents the financial effects of modifications made to consumer loans by class of financing receivable.

**Table 5.16a: Financial Effects of Consumer Loan Modifications (1)**

	Weighted average interest rate reduction	Weighted average payments deferred (months)	Weighted average term extension (years)
Quarter ended September 30, 2023			
Residential mortgage (2)	1.68 %	6	9.4
Credit card	21.79	N/A	N/A
Auto	4.21	6	N/A
Other consumer	8.12	6	1.9
Nine months ended September 30, 2023			
Residential mortgage (2)	1.60 %	4	9.7
Credit card	21.41	N/A	N/A
Auto	4.02	6	N/A
Other consumer	10.10	5	2.4

(1) Principal forgiven was insignificant for the third quarter and first nine months of 2023.

(2) Excludes the financial effects of residential mortgage loans with a set amount of principal deferred to the end of the loan term. The weighted average period of principal deferred was 27.3 years and 27.0 years for the third quarter and first nine months of 2023, respectively.

**Note 5: Loans and Related Allowance for Credit Losses (continued)**

Consumer loans that received a modification during the third quarter and first nine months of 2023, and subsequently defaulted during the respective period totaled \$130 million and \$251 million, respectively, and primarily related to payment delay modifications in the residential mortgage loan portfolio. Defaults that occur on consumer modifications are reported based on a payment default definition of 60 days past due.

Table 5.16b provides past due information for modified consumer loans. For loan modifications that include a payment

delay, payment performance is not included in the table below until the loan exits the deferral period and payments resume. The table also includes the amount of gross charge-offs that occurred during the third quarter and first nine months of 2023, inclusive of charge-offs to loans with no amortized cost remaining at period end.

**Table 5.16b: Payment Performance of Consumer Loan Modifications**

(in millions)	Current-29 days past due (DPD)	By delinquency status			Gross charge-offs	
		30-89 DPD	90+ DPD	Total	Quarter ended	Nine months ended
September 30, 2023						
Residential mortgage (1)	\$ 377	80	191	648	1	7
Credit card (2)	261	52	35	348	25	45
Auto	19	2	-	21	1	1
Other consumer	28	3	1	32	1	2
<b>Total</b>	<b>\$ 685</b>	<b>137</b>	<b>227</b>	<b>1,049</b>	<b>28</b>	<b>55</b>

- (1) Includes loans that were past due prior to entering a payment delay modification. Delinquency advancement is paused during the deferral period and resumes upon exit.  
(2) Credit card loans that are past due at the time of the modification do not become current until they have three months of consecutive payment performance.

Commitments to lend additional funds on commercial loans that were modified during the nine months ended September 30, 2023, were \$167 million, substantially all of which were in the commercial and industrial portfolio. Commitments to lend additional funds on consumer loans that were modified during the nine months ended September 30, 2023, were insignificant.

**TROUBLED DEBT RESTRUCTURINGS (TDRs)** In January 2023, we adopted ASU 2022-02, which eliminated the accounting and reporting guidance for TDRs. For additional information, see Note 1 (Summary of Significant Accounting Policies). The following disclosures present TDR information for the periods ended December 31, 2022, and September 30, 2022. When, for economic or legal reasons related to a borrower's financial difficulties, we grant a concession for other than an insignificant period of time to a borrower that we would not otherwise consider, the related loan is classified as a TDR, the balance of which totaled \$9.2 billion at December 31, 2022. We do not consider loan resolutions such as foreclosure or short sale to be a TDR. In addition, COVID-19-related modifications are generally not classified as TDRs due to the relief under the CARES Act and the Interagency Statement. For additional information on the TDR relief, see Note 1 (Summary of Significant Accounting Policies) in our 2022 Form 10-K.

We may require some consumer borrowers experiencing financial difficulty to make trial payments, generally for a period of three to four months, according to the terms of a planned permanent modification, to determine if they can perform according to those terms. These arrangements represent trial modifications, which we classified and accounted for as TDRs through December 31, 2022, prior to the adoption of ASU 2022-02. While loans are in trial payment programs, their original terms are not considered modified and they continue to advance through delinquency status and accrue interest according to their original terms.

Commitments to lend additional funds on loans whose terms have been modified in a TDR amounted to \$434 million at December 31, 2022.

Table 5.17 summarizes our TDR modifications by primary modification type and includes the financial effects of these modifications. For those loans that modify more than once, the table reflects each modification that occurred during the period. Loans that both modify and are paid off or written-off within the period, as well as changes in recorded investment during the period for loans modified in prior periods, are not included in the table.

**Table 5.17: TDR Modifications**

(\$ in millions)	Primary modification type (1)				Financial effects of modifications		
	Principal forgiveness	Interest rate reduction	Other concessions (2)	Total	Charge-offs (3)	Weighted average interest rate reduction	Recorded investment related to interest rate reduction (4)
<b>Quarter ended September 30, 2022</b>							
Commercial and industrial	\$ 7	4	76	87	-	14.26 %	\$ 4
Commercial real estate	-	1	37	38	-	0.25	1
Lease financing	-	-	-	-	-	-	-
<b>Total commercial</b>	<b>7</b>	<b>5</b>	<b>113</b>	<b>125</b>	<b>-</b>	<b>12.15</b>	<b>5</b>
Residential mortgage	-	97	332	429	1	1.64	97
Credit card	-	82	-	82	-	20.45	82
Auto	-	2	8	10	2	3.87	2
Other consumer	-	6	1	7	1	11.46	5
Trial modifications (5)	-	-	-	-	-	-	-
<b>Total consumer</b>	<b>-</b>	<b>187</b>	<b>341</b>	<b>528</b>	<b>4</b>	<b>10.27</b>	<b>186</b>
<b>Total</b>	<b>\$ 7</b>	<b>192</b>	<b>454</b>	<b>653</b>	<b>4</b>	<b>10.31 %</b>	<b>\$ 191</b>
<b>Nine months ended September 30, 2022</b>							
Commercial and industrial	\$ 7	18	224	249	-	9.76 %	\$ 18
Commercial real estate	-	11	102	113	-	0.94	11
Lease financing	-	-	1	1	-	-	-
<b>Total commercial</b>	<b>7</b>	<b>29</b>	<b>327</b>	<b>363</b>	<b>-</b>	<b>6.47</b>	<b>29</b>
Residential mortgage	1	292	1,018	1,311	4	1.60	292
Credit card	-	215	-	215	-	19.66	215
Auto	1	6	56	63	13	4.44	6
Other consumer	-	13	2	15	1	11.37	12
Trial modifications (5)	-	-	252	252	-	-	-
<b>Total consumer</b>	<b>2</b>	<b>526</b>	<b>1,328</b>	<b>1,856</b>	<b>18</b>	<b>9.27</b>	<b>525</b>
<b>Total</b>	<b>\$ 9</b>	<b>555</b>	<b>1,655</b>	<b>2,219</b>	<b>18</b>	<b>9.12 %</b>	<b>\$ 554</b>

- (1) Amounts represent the recorded investment in loans after recognizing the effects of the TDR, if any. TDRs may have multiple types of concessions, but are presented only once in the first modification type based on the order presented in the table above. The reported amounts include loans remodified of \$105 million for the quarter ended September 30, 2022, and \$355 million for the first nine months of 2022.
- (2) Other concessions include loans with payment (principal and/or interest) deferral, loans discharged in bankruptcy, loan renewals, term extensions and other interest and noninterest adjustments, but exclude modifications that also forgive principal and/or reduce the contractual interest rate. The reported amounts include loans that are new TDRs that may have COVID-19-related payment deferrals and exclude COVID-19-related payment deferrals on loans previously reported as TDRs given limited current financial effects other than payment deferral.
- (3) Charge-offs include write-downs of the investment in the loan in the period it is contractually modified. The amount of charge-off will differ from the modification terms if the loan has been charged down prior to the modification based on our policies. In addition, there may be cases where we have a charge-off/down with no legal principal modification.
- (4) Recorded investment related to interest rate reduction reflects the effect of reduced interest rates on loans with an interest rate concession as one of their concession types, which includes loans reported as a principal primary modification type that also have an interest rate concession.
- (5) Trial modifications are granted a delay in payments due under the original terms during the trial payment period. However, these loans continue to advance through delinquency status and accrue interest according to their original terms. Any subsequent permanent modification generally includes interest rate related concessions; however, the exact concession type and resulting financial effect are usually not known until the loan is permanently modified. Trial modifications for the period are presented net of previously reported trial modifications that became permanent in the current period.

Table 5.18 summarizes permanent modification TDRs that defaulted during the period presented within 12 months of their permanent modification date. We are reporting these defaulted TDRs based on a payment default definition of 90 days past due for the commercial portfolio segment and 60 days past due for the consumer portfolio segment.

**Table 5.18: Defaulted TDRs**

(in millions)	Recorded investment of defaults	
	Quarter ended	September 30, 2022
Commercial and industrial	\$ 1	53
Commercial real estate	3	13
Lease financing	-	-
<b>Total commercial</b>	<b>4</b>	<b>66</b>
Residential mortgage	36	94
Credit card	12	25
Auto	4	17
Other consumer	-	1
<b>Total consumer</b>	<b>52</b>	<b>137</b>
<b>Total</b>	<b>\$ 56</b>	<b>203</b>

## Note 6: Mortgage Banking Activities

Mortgage banking activities consist of residential and commercial mortgage originations, sales and servicing.

We apply the amortization method to commercial MSR and apply the fair value method to residential MSR. The amortized

cost of commercial MSR was \$1.1 billion and \$1.2 billion, with an estimated fair value of \$1.9 billion and \$2.3 billion, at September 30, 2023 and 2022, respectively. Table 6.1 presents the changes in MSR measured using the fair value method.

**Table 6.1: Analysis of Changes in Fair Value MSR**

(in millions)	Quarter ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Fair value, beginning of period	\$ 8,251	9,163	\$ 9,310	6,920
Originations/purchases	36	204	131	868
Sales and other (1)	(51)	1	(650)	(249)
Net additions	(15)	205	(519)	619
Changes in fair value:				
Due to valuation inputs or assumptions:				
Market interest rates (2)	562	760	699	3,408
Servicing and foreclosure costs	(11)	(8)	(9)	(20)
Discount rates	(20)	(44)	(45)	42
Prepayment estimates and other (3)	(20)	42	(43)	(207)
Net changes in valuation inputs or assumptions	511	750	602	3,223
Changes due to collection/realization of expected cash flows (4)	(290)	(290)	(936)	(934)
Total changes in fair value	221	460	(334)	2,289
Fair value, end of period	\$ 8,457	9,828	\$ 8,457	9,828

(1) In the first nine months of 2022, MSR decreased \$244 million due to the sale of interest-only strips in second quarter 2022 related to excess servicing cash flows from agency residential mortgage-backed securitizations.

(2) Includes prepayment rate changes due to changes in market interest rates. MSR are economically hedged with derivative instruments to reduce exposure to changes in market interest rates.

(3) Represents other changes in valuation model inputs or assumptions, including prepayment rate estimation changes that are independent of mortgage interest rate changes.

(4) Represents the reduction in the MSR fair value for the cash flows expected to be collected during the period, net of income accreted due to the passage of time.

Table 6.2 provides key weighted-average assumptions used in the valuation of residential MSR and sensitivity of the current fair value of residential MSR to immediate adverse changes in those assumptions. Amounts for residential MSR include

purchased servicing rights as well as servicing rights resulting from the transfer of loans. See Note 12 (Fair Values of Assets and Liabilities) for additional information on key assumptions for residential MSR.

**Table 6.2: Assumptions and Sensitivity of Residential MSR**

(\$ in millions, except cost to service amounts)	Sep 30, 2023	Dec 31, 2022
Fair value of interests held	\$ 8,457	9,310
Expected weighted-average life (in years)	6.4	6.3
Key assumptions:		
Prepayment rate assumption (1)	8.5 %	9.4
Impact on fair value from 10% adverse change	\$ 244	288
Impact on fair value from 25% adverse change	586	688
Discount rate assumption	9.6 %	9.1
Impact on fair value from 100 basis point increase	\$ 340	368
Impact on fair value from 200 basis point increase	652	707
Cost to service assumption (\$ per loan)	102	102
Impact on fair value from 10% adverse change	157	171
Impact on fair value from 25% adverse change	391	427

(1) Includes a blend of prepayment speeds and expected defaults. Prepayment speeds are influenced by mortgage interest rates as well as our estimation of drivers of borrower behavior.

The sensitivities in the preceding table are hypothetical and caution should be exercised when relying on this data. Changes in value based on variations in assumptions generally cannot be extrapolated because the relationship of the change in the assumption to the change in value may not be linear. Also, the effect of a variation in a particular assumption on the value of the

other interests held is calculated independently without changing any other assumptions. In reality, changes in one factor may result in changes in others, which might magnify or counteract the sensitivities.

We present the components of our managed servicing portfolio in Table 6.3 at unpaid principal balance for loans serviced and subserviced for others and at carrying value for owned loans serviced.

**Table 6.3: Managed Servicing Portfolio**

(in billions)	Sep 30, 2023	Dec 31, 2022
Residential mortgage servicing:		
Serviced and subserviced for others	\$ 592	681
Owned loans serviced	265	273
Total residential servicing	857	954
Commercial mortgage servicing:		
Serviced and subserviced for others	554	577
Owned loans serviced	129	133
Total commercial servicing	683	710
Total managed servicing portfolio	\$ 1,540	1,664
Total serviced for others, excluding subserviced for others	\$ 1,136	1,246
MSRs as a percentage of loans serviced for others	0.84 %	0.84
Weighted average note rate (mortgage loans serviced for others)	4.47	4.30

At September 30, 2023, and December 31, 2022, we had servicer advances, net of an allowance for uncollectible amounts, of \$1.9 billion and \$2.5 billion, respectively. As the servicer of loans for others, we advance certain payments of principal, interest, taxes, insurance, and default-related expenses which are generally reimbursed within a short timeframe from cash flows from the trust, government-sponsored entities (GSEs), insurer or borrower.

The credit risk related to these advances is limited since the reimbursement is generally senior to cash payments to investors. We also advance payments of taxes and insurance for our owned

loans which are collectible from the borrower. We maintain an allowance for uncollectible amounts for advances on loans serviced for others that may not be reimbursed if the payments were not made in accordance with applicable servicing agreements or if the insurance or servicing agreements contain limitations on reimbursements. Servicing advances on owned loans are written-off when deemed uncollectible.

Table 6.4 presents the components of mortgage banking noninterest income.

**Table 6.4: Mortgage Banking Noninterest Income**

(in millions)	Quarter ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Contractually specified servicing fees, late charges and ancillary fees	\$ 521	629	\$ 1,635	1,909
Unreimbursed servicing costs (1)	(34)	(35)	(112)	(116)
Amortization for commercial MSRs	(59)	(62)	(182)	(185)
Changes due to collection/realization of expected cash flows (2)	(A) (290)	(290)	(936)	(934)
Net servicing fees	138	242	405	674
Changes in fair value of MSRs due to valuation inputs or assumptions (3)	(B) 511	750	602	3,223
Net derivative losses from economic hedges (4)	(569)	(863)	(715)	(3,489)
Market-related valuation changes to MSRs, net of hedge results	(58)	(113)	(113)	(266)
Total net servicing income	80	129	292	408
Net gains on mortgage loan originations/sales (5)	113	195	335	896
Total mortgage banking noninterest income	\$ 193	324	\$ 627	1,304
Total changes in fair value of MSRs carried at fair value	(A)+(B) \$ 221	460	\$ (334)	2,289

(1) Includes costs associated with foreclosures, unreimbursed interest advances to investors, other interest costs and transaction costs associated with sales of MSRs.

(2) Represents the reduction in the MSR fair value for the cash flows expected to be collected during the period, net of income accreted due to the passage of time.

(3) Refer to the analysis of changes in fair value MSRs presented in Table 6.1 in this Note for more detail.

(4) See Note 11 (Derivatives) for additional information on economic hedges.

(5) Includes net gains (losses) of \$119 million and \$169 million in the third quarter and first nine months of 2023, respectively, and \$568 million and \$2.6 billion in the third quarter and first nine months of 2022, respectively, related to derivatives used as economic hedges of mortgage loans held for sale and derivative loan commitments.

## Note 7: Intangible Assets and Other Assets

Table 7.1 presents the gross carrying value of intangible assets and accumulated amortization.

**Table 7.1: Intangible Assets**

(in millions)	September 30, 2023			December 31, 2022		
	Gross carrying value	Accumulated amortization	Net carrying value	Gross carrying value	Accumulated amortization	Net carrying value
<b>Amortized intangible assets:</b>						
MSRs	\$ 5,023	(3,954)	1,069	4,942	(3,772)	1,170
Customer relationship and other intangibles	773	(641)	132	754	(602)	152
Total amortized intangible assets	\$ 5,796	(4,595)	1,201	5,696	(4,374)	1,322
<b>Unamortized intangible assets:</b>						
MSRs (carried at fair value)	\$ 8,457			9,310		
Goodwill	25,174			25,173		

Table 7.2 provides the current year and estimated future amortization expense for amortized intangible assets. We based our projections of amortization expense shown below on existing

asset balances at September 30, 2023. Future amortization expense may vary from these projections.

**Table 7.2: Amortization Expense for Intangible Assets**

(in millions)	Amortized MSRs	Customer relationship and other intangibles	Total
<b>Nine months ended September 30, 2023 (actual)</b>	\$ 182	39	221
<b>Estimate for the remainder of 2023</b>	\$ 57	13	70
Estimate for year ended December 31,			
2024	219	43	262
2025	190	35	225
2026	153	29	182
2027	121	2	123
2028	101	2	103

Table 7.3 shows the allocation of goodwill to our reportable operating segments.

**Table 7.3: Goodwill**

(in millions)	Consumer Banking and Lending	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate	Consolidated Company
December 31, 2022	\$ 16,418	2,931	5,375	344	105	25,173
Foreign currency translation	-	1	-	-	-	1
<b>September 30, 2023</b>	\$ 16,418	2,932	5,375	344	105	25,174

Table 7.4 presents the components of other assets.

**Table 7.4: Other Assets**

(in millions)	Sep 30, 2023	Dec 31, 2022
Corporate/bank-owned life insurance (1)	\$ 19,735	20,807
Accounts receivable (2)	28,340	23,646
Interest receivable:		
AFS and HTM debt securities	1,604	1,572
Loans	3,803	3,470
Trading and other	1,233	767
Operating lease assets (lessor)	5,477	5,790
Operating lease ROU assets (lessee)	3,567	3,837
Other (3)(4)	13,890	15,949
Total other assets	\$ 77,649	75,838

(1) Corporate/bank-owned life insurance is recorded at cash surrender value.

(2) Primarily includes derivatives clearinghouse receivables, trade date receivables, and servicer advances, which are recorded at amortized cost.

(3) Primarily includes income tax receivables, prepaid expenses, foreclosed assets, and venture capital and private equity investments in consolidated portfolio companies.

(4) In first quarter 2023, we adopted ASU 2018-12 - Financial Services - Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts*. For additional information, see Note 1 (Summary of Significant Accounting Policies).



## Note 8: Leasing Activity

The information below provides a summary of our leasing activities as a lessor and lessee. See Note 8 (Leasing Activity) in our 2022 Form 10-K for additional information about our leasing activities.

### As a Lessor

Noninterest income on leases, included in Table 8.1, is included in other noninterest income on our consolidated statement of income. Lease expense, included in other noninterest expense on our consolidated statement of income, was \$172 million and \$186 million for the quarters ended September 30, 2023 and 2022, respectively, and \$529 million and \$559 million for the first nine months of 2023 and 2022, respectively.

**Table 8.1: Leasing Revenue**

(in millions)	Quarter ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Interest income on lease financing	\$ 188	134	\$ 533	438
Other lease revenue:				
Variable revenue on lease financing	25	28	74	85
Fixed revenue on operating leases	241	243	735	730
Variable revenue on operating leases	9	17	33	46
Other lease-related revenue (1)	16	34	103	121
Noninterest income on leases	291	322	945	982
Total leasing revenue	\$ 479	456	\$ 1,478	1,420

(1) Predominantly includes net gains (losses) on disposition of assets leased under operating leases or lease financings.

### As a Lessee

Substantially all of our leases are operating leases. Table 8.2 presents balances for our operating leases.

**Table 8.2: Operating Lease Right-of-Use (ROU) Assets and Lease Liabilities**

(in millions)	Sep 30, 2023	Dec 31, 2022
ROU assets	\$ 3,567	3,837
Lease liabilities	4,170	4,465

Table 8.3 provides the composition of our lease costs, which are predominantly included in occupancy expense.

**Table 8.3: Lease Costs**

(in millions)	Quarter ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Fixed lease expense - operating leases	\$ 248	263	\$ 747	769
Variable lease expense	66	67	207	210
Other (1)	(12)	(7)	(38)	(25)
Total lease costs	\$ 302	323	\$ 916	954

(1) Predominantly includes gains recognized from sale leaseback transactions and sublease rental income.

## Note 9: Preferred Stock

We are authorized to issue 20 million shares of preferred stock, without par value. Outstanding preferred shares rank senior to common shares both as to the payment of dividends and liquidation preferences but have no general voting rights. All outstanding preferred stock with a liquidation preference value, except for Series L Preferred Stock, may be redeemed for the liquidation preference value, plus any accrued but unpaid dividends, on any dividend payment date on or after the earliest redemption date for that series. Additionally, these same series of preferred stock may be redeemed following a "regulatory capital treatment event", as described in the terms of each series.

Capital actions, including redemptions of our preferred stock, may be subject to regulatory approval or conditions.

In addition, we are authorized to issue 4 million shares of preference stock, without par value. We have not issued any preference shares under this authorization. If issued, preference shares would be limited to one vote per share.

In July 2023, we issued \$1.725 billion of our Preferred Stock, Series EE. In September 2023, we redeemed our Preferred Stock, Series Q, for a cost of \$1.725 billion.

Table 9.1 summarizes information about our preferred stock.

**Table 9.1: Preferred Stock**

(in millions, except shares)	Earliest redemption date	September 30, 2023				December 31, 2022				
		Shares authorized and designated	Shares issued and outstanding	Liquidation preference value	Carrying value	Shares authorized and designated	Shares issued and outstanding	Liquidation preference value	Carrying value	
<b>DEP Shares</b>										
Dividend Equalization Preferred Shares (DEP)	Currently redeemable	97,000	96,546	\$ -	-	97,000	96,546	\$ -	-	
<b>Preferred Stock:</b>										
<b>Series L (1)</b>										
7.50% Non-Cumulative Perpetual Convertible Class A	-	4,025,000	3,967,981	3,968	3,200	4,025,000	3,967,986	3,968	3,200	
<b>Series Q</b>										
5.85% Fixed-to-Floating Non-Cumulative Perpetual Class A	Redeemed	-	-	-	-	69,000	69,000	1,725	1,725	
<b>Series R</b>										
6.625% Fixed-to-Floating Non-Cumulative Perpetual Class A	3/15/2024	34,500	33,600	840	840	34,500	33,600	840	840	
<b>Series S</b>										
5.90% Fixed-to-Floating Non-Cumulative Perpetual Class A	6/15/2024	80,000	80,000	2,000	2,000	80,000	80,000	2,000	2,000	
<b>Series U</b>										
5.875% Fixed-to-Floating Non-Cumulative Perpetual Class A	6/15/2025	80,000	80,000	2,000	2,000	80,000	80,000	2,000	2,000	
<b>Series Y</b>										
5.625% Non-Cumulative Perpetual Class A	Currently redeemable	27,600	27,600	690	690	27,600	27,600	690	690	
<b>Series Z</b>										
4.75% Non-Cumulative Perpetual Class A	3/15/2025	80,500	80,500	2,013	2,013	80,500	80,500	2,013	2,013	
<b>Series AA</b>										
4.70% Non-Cumulative Perpetual Class A	12/15/2025	46,800	46,800	1,170	1,170	46,800	46,800	1,170	1,170	
<b>Series BB</b>										
3.90% Fixed-Reset Non-Cumulative Perpetual Class A	3/15/2026	140,400	140,400	3,510	3,510	140,400	140,400	3,510	3,510	
<b>Series CC</b>										
4.375% Non-Cumulative Perpetual Class A	3/15/2026	46,000	42,000	1,050	1,050	46,000	42,000	1,050	1,050	
<b>Series DD</b>										
4.25% Non-Cumulative Perpetual Class A	9/15/2026	50,000	50,000	1,250	1,250	50,000	50,000	1,250	1,250	
<b>Series EE</b>										
7.625% Fixed-Reset Non-Cumulative Perpetual Class A	9/15/2028	69,000	69,000	1,725	1,725	-	-	-	-	
Total		4,776,800	4,714,427	\$ 20,216	19,448	4,776,800	4,714,432	\$ 20,216	19,448	

(1) At the option of the holder, each share of Series L Preferred Stock may be converted at any time into 6.3814 shares of common stock, plus cash in lieu of fractional shares, subject to anti-dilution adjustments. If converted within 30 days of certain liquidation or change of control events, the holder may receive up to 16.5916 additional shares, or, at our option, receive an equivalent amount of cash in lieu of common stock. We may convert some or all of the Series L Preferred Stock into shares of common stock if the closing price of our common stock exceeds 130 percent of the conversion price of the Series L Preferred Stock for 20 trading days during any period of 30 consecutive trading days. We declared dividends of \$74 million on Series L Preferred Stock for both quarters ended September 30, 2023, and September 30, 2022.

## Note 10: Legal Actions

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Wells Fargo and certain of our subsidiaries are involved in a number of judicial, regulatory, governmental, arbitration, and other proceedings or investigations concerning matters arising from the conduct of our business activities, and many of those proceedings and investigations expose Wells Fargo to potential financial loss or other adverse consequences. These proceedings and investigations include actions brought against Wells Fargo and/or our subsidiaries with respect to corporate-related matters and transactions in which Wells Fargo and/or our subsidiaries were involved. In addition, Wells Fargo and our subsidiaries may be requested to provide information to or otherwise cooperate with government authorities in the conduct of investigations of other persons or industry groups.

We establish accruals for legal actions when potential losses associated with the actions become probable and the costs can be reasonably estimated. For such accruals, we record the amount we consider to be the best estimate within a range of potential losses that are both probable and estimable; however, if we cannot determine a best estimate, then we record the low end of the range of those potential losses. There can be no assurance as to the ultimate outcome of legal actions, including the matters described below, and the actual costs of resolving legal actions may be substantially higher or lower than the amounts accrued for those actions.

**ADVISORY ACCOUNT CASH SWEEP INVESTIGATION** The United States Securities and Exchange Commission (SEC) has undertaken an investigation regarding the cash sweep options that the Company provides to investment advisory clients at account opening.

**AUTOMOBILE LENDING MATTERS** On April 20, 2018, the Company entered into consent orders with the Office of the Comptroller of the Currency (OCC) and the Consumer Financial Protection Bureau (CFPB) to resolve, among other things, investigations by the agencies into the Company's compliance risk management program and its past practices involving certain automobile collateral protection insurance (CPI) policies and certain mortgage interest rate lock extensions. Shareholders filed a putative securities fraud class action against the Company and its executive officers alleging material misstatements and omissions of CPI-related information in the Company's public disclosures. In January 2020, the court dismissed this action as to all defendants except the Company and a former executive officer and limited the action to two alleged misstatements. On September 26, 2023, the court granted final approval of an agreement pursuant to which the Company paid \$300 million to resolve this action. Additionally, a number of other lawsuits were filed by non-governmental parties seeking damages or other remedies related to these CPI policies and related to the unused portion of guaranteed automobile protection (GAP) waiver or insurance agreements. As previously disclosed, the Company entered into various settlements to resolve these lawsuits, while others were dismissed. In addition, federal and state government agencies, including the CFPB, have undertaken formal or informal inquiries, investigations, or examinations regarding these and other issues related to the origination, servicing, and collection of consumer auto loans, including related insurance products. On December 20, 2022, the Company entered into a consent order with the CFPB to resolve the CFPB's investigations related to automobile lending, consumer deposit accounts, and mortgage lending. The consent order requires, among other things,

remediation to customers and the payment of a \$1.7 billion civil penalty to the CFPB. As previously disclosed, the Company entered into an agreement to resolve investigations by state attorneys general.

**COMPANY 401(K) PLAN MATTERS** Federal government agencies, including the United States Department of Labor (Department of Labor), have undertaken reviews of certain transactions associated with the Employee Stock Ownership Plan feature of the Company's 401(k) plan, including the manner in which the 401(k) plan purchased certain securities used in connection with the Company's contributions to the 401(k) plan. As previously disclosed, the Company entered into an agreement to resolve the Department of Labor's review. On September 26, 2022, participants in the Company's 401(k) plan filed a putative class action in the United States District Court for the District of Minnesota alleging that the Company violated the Employee Retirement Income Security Act of 1974 in connection with certain of these transactions.

**CONSENT ORDER DISCLOSURE LITIGATION** Wells Fargo shareholders brought a putative securities fraud class action in the United States District Court for the Southern District of New York alleging that the Company and certain of its current and former executive officers and directors made false or misleading statements regarding the Company's efforts to comply with the February 2018 consent order with the Federal Reserve Board and the April 2018 consent orders with the CFPB and OCC. On September 8, 2023, the court granted final approval of an agreement pursuant to which the Company paid \$1.0 billion to resolve this action. Allegations related to the Company's efforts to comply with these three consent orders are also among the subjects of shareholder derivative lawsuits filed in California state and federal court.

**HIRING PRACTICES MATTERS** Government agencies, including the United States Department of Justice and the SEC, have undertaken formal or informal inquiries or investigations regarding the Company's hiring practices related to diversity. The United States Department of Justice has since closed its investigation without taking action. A putative securities fraud class action has also been filed in the United States District Court for the Northern District of California alleging that the Company and certain of its executive officers made false or misleading statements about the Company's hiring practices related to diversity. Allegations related to the Company's hiring practices related to diversity are also among the subjects of a shareholder derivative lawsuit pending in the United States District Court for the Northern District of California.

**INTERCHANGE LITIGATION** Plaintiffs representing a class of merchants have filed putative class actions, and individual merchants have filed individual actions, against Wells Fargo Bank, N.A., Wells Fargo & Company, Wachovia Bank, N.A., and Wachovia Corporation regarding the interchange fees associated with Visa and MasterCard payment card transactions. Visa, MasterCard, and several other banks and bank holding companies are also named as defendants in these actions. These actions have been consolidated in the United States District Court for the Eastern District of New York. The amended and consolidated complaint asserts claims against defendants based on alleged violations of federal and state antitrust laws and seeks

## Note 10: Legal Actions (continued)

damages as well as injunctive relief. Plaintiff merchants allege that Visa, MasterCard, and payment card issuing banks unlawfully colluded to set interchange rates. Plaintiffs also allege that enforcement of certain Visa and MasterCard rules and alleged tying and bundling of services offered to merchants are anticompetitive. Wells Fargo and Wachovia, along with other defendants and entities, are parties to Loss and Judgment Sharing Agreements, which provide that they, along with other entities, will share, based on a formula, in any losses from the Interchange Litigation. On July 13, 2012, Visa, MasterCard, and the financial institution defendants, including Wells Fargo, signed a memorandum of understanding with plaintiff merchants to resolve the consolidated class action and reached a separate settlement in principle of the consolidated individual actions. The settlement payments to be made by all defendants in the consolidated class and individual actions totaled approximately \$6.6 billion before reductions applicable to certain merchants opting out of the settlement. The class settlement also provided for the distribution to class merchants of 10 basis points of default interchange across all credit rate categories for a period of eight consecutive months. The district court granted final approval of the settlement, which was appealed to the United States Court of Appeals for the Second Circuit by settlement objector merchants. Other merchants opted out of the settlement and are pursuing several individual actions. On June 30, 2016, the Second Circuit vacated the settlement agreement and reversed and remanded the consolidated action to the United States District Court for the Eastern District of New York for further proceedings. On November 23, 2016, prior class counsel filed a petition to the United States Supreme Court, seeking review of the reversal of the settlement by the Second Circuit, and the Supreme Court denied the petition on March 27, 2017. On November 30, 2016, the district court appointed lead class counsel for a damages class and an equitable relief class. The parties have entered into a settlement agreement to resolve the damages class claims pursuant to which defendants will pay a total of approximately \$6.2 billion, which includes approximately \$5.3 billion of funds remaining from the 2012 settlement and \$900 million in additional funding. The Company's allocated responsibility for the additional funding is approximately \$94.5 million. The court granted final approval of the settlement on December 13, 2019, which was appealed to the United States Court of Appeals for the Second Circuit by settlement objector merchants. On March 15, 2023, the Second Circuit affirmed the damages class settlement. On September 27, 2021, the district court granted the plaintiffs' motion for class certification in the equitable relief case. Several of the opt-out and direct action litigations have been settled while others remain pending.

**RECORD-KEEPING INVESTIGATIONS** The SEC and the United States Commodity Futures Trading Commission (CFTC) have undertaken investigations regarding the Company's compliance with records retention requirements relating to business communications sent over unapproved electronic messaging channels. In August 2023, the Company entered into agreements pursuant to which it paid \$125 million to the SEC and \$75 million to the CFTC in order to resolve their investigations.

**RMBS TRUSTEE LITIGATION** In December 2014, Phoenix Light SF Limited (Phoenix Light) and certain related entities filed a complaint in the United States District Court for the Southern District of New York alleging claims against Wells Fargo Bank, N.A., in its capacity as trustee for a number of residential mortgage-backed securities (RMBS) trusts. Complaints raising similar allegations have been filed by Commerzbank AG in the Southern District of New York, IKB International and IKB Deutsche Industriebank (together, IKB) in New York state court, and Park Royal I LLC and Park Royal II LLC in New York state court. In each case, the plaintiffs allege that Wells Fargo Bank, N.A., as trustee, caused losses to investors, and plaintiffs assert causes of action based upon, among other things, the trustee's alleged failure to notify and enforce repurchase obligations of mortgage loan sellers for purported breaches of representations and warranties, notify investors of alleged events of default, and abide by appropriate standards of care following alleged events of default. In July 2022, the district court dismissed Phoenix Light's claims and certain of the claims asserted by Commerzbank AG, and subsequently entered judgment in each case in favor of Wells Fargo Bank, N.A. In August 2022, Phoenix Light and Commerzbank AG each appealed the district court's decision to the United States Court of Appeals for the Second Circuit. Phoenix Light dismissed its appeal in May 2023, terminating its case. In October 2023, the Company reached an agreement in principle with IKB to resolve IKB's claims. The Company previously settled two class actions filed by institutional investors and an action filed by the National Credit Union Administration with similar allegations.

**SEMINOLE TRIBE TRUSTEE LITIGATION** The Seminole Tribe of Florida filed a complaint in Florida state court alleging that Wells Fargo, as trustee, charged excess fees in connection with the administration of a minor's trust and failed to invest the assets of the trust prudently. The complaint was later amended to include three individual current and former beneficiaries as plaintiffs and to remove the Tribe as a party to the case.

**OUTLOOK** As described above, the Company establishes accruals for legal actions when potential losses associated with the actions become probable and the costs can be reasonably estimated. The high end of the range of reasonably possible losses in excess of the Company's accrual for probable and estimable losses was approximately \$1.6 billion as of September 30, 2023. The outcomes of legal actions are unpredictable and subject to significant uncertainties, and it is inherently difficult to determine whether any loss is probable or even possible. It is also inherently difficult to estimate the amount of any loss and there may be matters for which a loss is probable or reasonably possible but not currently estimable. Accordingly, actual losses may be in excess of the established accrual or the range of reasonably possible loss. Based on information currently available, advice of counsel, available insurance coverage, and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial condition. However, it is possible that the ultimate resolution of a matter, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

## Note 11: Derivatives

We use derivatives to manage exposure to market risk, including interest rate risk, credit risk and foreign currency risk, and to assist customers with their risk management objectives. We designate certain derivatives as hedging instruments in qualifying hedge accounting relationships (fair value or cash flow hedges). Our remaining derivatives consist of economic hedges that do not qualify for hedge accounting and derivatives held for customer accommodation trading or other purposes. For additional information on our derivatives activities, see Note 14 (Derivatives) in our 2022 Form 10-K.

Table 11.1 presents the total notional or contractual amounts and fair values for our derivatives. Derivative transactions can be measured in terms of the notional amount, but this amount is not recorded on our consolidated balance sheet and is not, when viewed in isolation, a meaningful measure of the risk profile of the instruments. The notional amount is generally not exchanged, but is used only as the basis on which derivative cash flows are determined.

**Table 11.1: Notional or Contractual Amounts and Fair Values of Derivatives**

(in millions)	September 30, 2023			December 31, 2022		
	Notional or contractual amount	Derivative assets	Fair value Derivative liabilities	Notional or contractual amount	Derivative assets	Fair value Derivative liabilities
<b>Derivatives designated as hedging instruments</b>						
Interest rate contracts	\$ 347,039	300	898	263,876	670	579
Commodity contracts	2,490	29	4	1,681	9	25
Foreign exchange contracts	4,832	57	500	15,544	161	1,015
Total derivatives designated as qualifying hedging instruments		386	1,402		840	1,619
<b>Derivatives not designated as hedging instruments</b>						
Economic hedges:						
Interest rate contracts	58,689	470	264	65,727	410	253
Equity contracts (1)	4,666	-	226	3,326	-	242
Foreign exchange contracts	28,409	394	278	38,139	490	968
Credit contracts	490	22	-	290	14	-
Subtotal		886	768		914	1,463
Customer accommodation trading and other derivatives:						
Interest rate contracts	11,359,609	43,037	49,687	10,156,300	40,006	42,641
Commodity contracts	88,412	3,913	2,101	96,001	5,991	3,420
Equity contracts	450,904	13,613	10,633	390,427	9,573	8,012
Foreign exchange contracts	1,963,228	23,705	23,978	1,475,224	21,562	24,703
Credit contracts	61,196	56	25	45,359	52	36
Subtotal		84,324	86,424		77,184	78,812
Total derivatives not designated as hedging instruments		85,210	87,192		78,098	80,275
Total derivatives before netting		85,596	88,594		78,938	81,894
<b>Netting</b>		(64,500)	(65,131)		(56,164)	(61,827)
Total		\$ 21,096	23,463		22,774	20,067

(1) In first quarter 2023, we adopted ASU 2018-12 - Financial Services - Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts. For additional information, see Note 1 (Summary of Significant Accounting Policies).

### Balance Sheet Offsetting

We execute substantially all of our derivative transactions under master netting arrangements. Where legally enforceable, these master netting arrangements give the ability, in the event of default by the counterparty, to liquidate securities held as collateral and to offset receivables and payables with the same counterparty. We reflect all derivative balances and related cash collateral subject to enforceable master netting arrangements on a net basis on our consolidated balance sheet. We do not net non-cash collateral that we receive or pledge against derivative balances on our consolidated balance sheet.

For disclosure purposes, we present "Total Derivatives, net" which represents the aggregate of our net exposure to each counterparty after considering the balance sheet netting

adjustments and any non-cash collateral. We manage derivative exposure by monitoring the credit risk associated with each counterparty using counterparty-specific credit risk limits, using master netting arrangements and obtaining collateral.

Table 11.2 provides information on the fair values of derivative assets and liabilities subject to enforceable master netting arrangements, the balance sheet netting adjustments and the resulting net fair value amount recorded on our consolidated balance sheet, as well as the non-cash collateral associated with such arrangements. In addition to the netting amounts included in the table, we also have balance sheet netting related to resale and repurchase agreements that are disclosed within Note 15 (Pledged Assets and Collateral).

## Note 11: Derivatives (continued)

**Table 11.2: Offsetting of Derivative Assets and Liabilities**

(in millions)	September 30, 2023		December 31, 2022	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
<b>Interest rate contracts</b>				
Over-the-counter (OTC)	\$ 40,599	45,392	37,000	37,598
OTC cleared	1,323	1,641	649	845
Exchange traded	236	329	262	193
Total interest rate contracts	42,158	47,362	37,911	38,636
<b>Commodity contracts</b>				
OTC	3,080	1,384	4,833	2,010
Exchange traded	566	598	876	1,134
Total commodity contracts	3,646	1,982	5,709	3,144
<b>Equity contracts</b>				
OTC	6,794	6,546	4,269	4,475
Exchange traded	3,727	2,915	3,742	2,409
Total equity contracts	10,521	9,461	8,011	6,884
<b>Foreign exchange contracts</b>				
OTC	24,022	23,858	21,537	26,127
Total foreign exchange contracts	24,022	23,858	21,537	26,127
<b>Credit contracts</b>				
OTC	50	18	39	22
Total credit contracts	50	18	39	22
Total derivatives subject to enforceable master netting arrangements, gross	80,397	82,681	73,207	74,813
<b>Less: Gross amounts offset</b>				
Counterparty netting (1)	(54,730)	(54,780)	(49,115)	(49,073)
Cash collateral netting	(9,770)	(10,351)	(7,049)	(12,754)
Total derivatives subject to enforceable master netting arrangements, net	15,897	17,550	17,043	12,986
Derivatives not subject to enforceable master netting arrangements (2)	5,199	5,913	5,731	7,081
Total derivatives recognized in consolidated balance sheet, net	21,096	23,463	22,774	20,067
Non-cash collateral	(3,935)	(4,253)	(3,517)	(582)
Total Derivatives, net	\$ 17,161	19,210	19,257	19,485

(1) Represents amounts with counterparties subject to enforceable master netting arrangements that have been offset in our consolidated balance sheet, including portfolio level counterparty valuation adjustments related to customer accommodation and other trading derivatives. Counterparty valuation adjustments related to derivative assets were \$284 million and \$372 million and debit valuation adjustments related to derivative liabilities were \$334 million and \$331 million as of September 30, 2023, and December 31, 2022, respectively, and were primarily related to interest rate contracts.

(2) In first quarter 2023, we adopted ASU 2018-12 - Financial Services - Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts*. For additional information, see Note 1 (Summary of Significant Accounting Policies).

### Fair Value and Cash Flow Hedges

For fair value hedges, we use interest rate swaps to convert certain of our fixed-rate long-term debt and time certificates of deposit to floating rates to hedge our exposure to interest rate risk. We also enter into cross-currency swaps, cross-currency interest rate swaps and forward contracts to hedge our exposure to foreign currency risk and interest rate risk associated with the issuance of non-U.S. dollar denominated long-term debt. We also enter into futures contracts, forward contracts, and swap contracts to hedge our exposure to the price risk of physical commodities included in Other Assets. In addition, we use interest rate swaps, cross-currency swaps, cross-currency interest rate swaps and forward contracts to hedge against changes in fair value of certain investments in available-for-sale (AFS) debt securities due to changes in interest rates, foreign currency rates, or both. For certain fair value hedges of interest rate risk, we use the portfolio layer method to hedge stated amounts of closed portfolios of AFS debt securities. For certain fair value hedges of foreign currency risk, changes in fair value of cross-currency swaps attributable to changes in cross-currency basis spreads are excluded from the assessment of hedge effectiveness and recorded in other comprehensive income

(OCI). See Note 20 (Other Comprehensive Income) for the amounts recognized in other comprehensive income.

For cash flow hedges, we use interest rate swaps to hedge the variability in interest payments received on certain interest-earning deposits with banks and certain floating-rate commercial loans. We also use cross-currency swaps to hedge variability in interest payments on fixed-rate foreign currency-denominated long-term debt due to changes in foreign exchange rates.

We estimate \$976 million pre-tax of deferred net losses related to cash flow hedges in OCI at September 30, 2023, will be reclassified into net interest income during the next twelve months. For cash flow hedges as of September 30, 2023, we are hedging our interest rate and foreign currency exposure to the variability of future cash flows for all forecasted transactions for a maximum of 9 years. For additional information on our accounting hedges, see Note 1 (Summary of Significant Accounting Policies) in our 2022 Form 10-K.

Table 11.3 and Table 11.4 show the net gains (losses) related to derivatives in cash flow and fair value hedging relationships, respectively.

**Table 11.3: Gains (Losses) Recognized on Cash Flow Hedging Relationships**

(in millions)	Net interest income			Total recorded in net income	Total recorded in OCI
	Loans	Other interest income	Long-term debt	Derivative gains (losses)	Derivative gains (losses)
<b>Quarter ended September 30, 2023</b>					
Total amounts presented in the consolidated statement of income and other comprehensive income	\$ 14,755	2,921	(3,039)	N/A	(542)
<b>Interest rate contracts:</b>					
Realized gains (losses) (pre-tax) reclassified from OCI into net income	(69)	(135)	-	(204)	204
Net unrealized gains (losses) (pre-tax) recognized in OCI	N/A	N/A	N/A	N/A	(757)
Total gains (losses) (pre-tax) on interest rate contracts	(69)	(135)	-	(204)	(553)
<b>Foreign exchange contracts:</b>					
Realized gains (losses) (pre-tax) reclassified from OCI into net income	-	-	(2)	(2)	2
Net unrealized gains (losses) (pre-tax) recognized in OCI	N/A	N/A	N/A	N/A	-
Total gains (losses) (pre-tax) on foreign exchange contracts	-	-	(2)	(2)	2
Total gains (losses) (pre-tax) recognized on cash flow hedges	\$ (69)	(135)	(2)	(206)	(551)
<b>Quarter ended September 30, 2022</b>					
Total amounts presented in the consolidated statement of income and other comprehensive income	\$ 10,158	1,017	(1,553)	N/A	(1,476)
<b>Interest rate contracts:</b>					
Realized gains (losses) (pre-tax) reclassified from OCI into net income	12	15	-	27	(27)
Net unrealized gains (losses) (pre-tax) recognized in OCI	N/A	N/A	N/A	N/A	(1,472)
Total gains (losses) (pre-tax) on interest rate contracts	12	15	-	27	(1,499)
<b>Foreign exchange contracts:</b>					
Realized gains (losses) (pre-tax) reclassified from OCI into net income	-	-	(3)	(3)	3
Net unrealized gains (losses) (pre-tax) recognized in OCI	N/A	N/A	N/A	N/A	(10)
Total gains (losses) (pre-tax) on foreign exchange contracts	-	-	(3)	(3)	(7)
Total gains (losses) (pre-tax) recognized on cash flow hedges	\$ 12	15	(3)	24	(1,506)
<b>Nine months ended September 30, 2023</b>					
Total amounts presented in the consolidated statement of income and other comprehensive income	\$ 42,188	7,299	(8,243)	N/A	(850)
<b>Interest rate contracts:</b>					
Realized gains (losses) (pre-tax) reclassified from OCI into net income	(190)	(308)	-	(498)	498
Net unrealized gains (losses) (pre-tax) recognized in OCI	N/A	N/A	N/A	N/A	(1,374)
Total gains (losses) (pre-tax) on interest rate contracts	(190)	(308)	-	(498)	(876)
<b>Foreign exchange contracts:</b>					
Realized gains (losses) (pre-tax) reclassified from OCI into net income	-	-	(6)	(6)	6
Net unrealized gains (losses) (pre-tax) recognized in OCI	N/A	N/A	N/A	N/A	-
Total gains (losses) (pre-tax) on foreign exchange contracts	-	-	(6)	(6)	6
Total gains (losses) (pre-tax) recognized on cash flow hedges	\$ (190)	(308)	(6)	(504)	(870)
<b>Nine months ended September 30, 2022</b>					
Total amounts presented in the consolidated statement of income and other comprehensive income	\$ 25,492	1,526	(3,325)	N/A	(1,560)
<b>Interest rate contracts:</b>					
Realized gains (losses) (pre-tax) reclassified from OCI into net income	7	53	-	60	(60)
Net unrealized gains (losses) (pre-tax) recognized in OCI	N/A	N/A	N/A	N/A	(1,621)
Total gains (losses) (pre-tax) on interest rate contracts	7	53	-	60	(1,681)
<b>Foreign exchange contracts:</b>					
Realized gains (losses) (pre-tax) reclassified from OCI into net income	-	-	(7)	(7)	7
Net unrealized gains (losses) (pre-tax) recognized in OCI	N/A	N/A	N/A	N/A	(26)
Total gains (losses) (pre-tax) on foreign exchange contracts	-	-	(7)	(7)	(19)
Total gains (losses) (pre-tax) recognized on cash flow hedges	\$ 7	53	(7)	53	(1,700)

**Note 11: Derivatives (continued)**

**Table 11.4: Gains (Losses) Recognized on Fair Value Hedging Relationships**

(in millions)	Net interest income			Noninterest income	Total recorded in net income	Total recorded in OCI
	Debt securities	Deposits	Long-term debt	Other	Derivative gains (losses)	Derivative gains (losses)
<b>Quarter ended September 30, 2023</b>						
Total amounts presented in the consolidated statement of income and other comprehensive income	\$ 4,178	(4,608)	(3,039)	381	N/A	(542)
<b>Interest contracts</b>						
Amounts related to cash flows on derivatives	263	(114)	(956)	-	(807)	N/A
Recognized on derivatives	668	5	(3,970)	-	(3,297)	-
Recognized on hedged items	(659)	11	3,973	-	3,325	N/A
<b>Total gains (losses) (pre-tax) on interest rate contracts</b>	<b>272</b>	<b>(98)</b>	<b>(953)</b>	<b>-</b>	<b>(779)</b>	<b>-</b>
<b>Foreign exchange contracts</b>						
Amounts related to cash flows on derivatives	-	-	(38)	-	(38)	N/A
Recognized on derivatives	-	-	(10)	(7)	(17)	9
Recognized on hedged items	-	-	7	6	13	N/A
<b>Total gains (losses) (pre-tax) on foreign exchange contracts</b>	<b>-</b>	<b>-</b>	<b>(41)</b>	<b>(1)</b>	<b>(42)</b>	<b>9</b>
<b>Commodity contracts</b>						
Recognized on derivatives	-	-	-	84	84	-
Recognized on hedged items	-	-	-	(44)	(44)	N/A
<b>Total gains (losses) (pre-tax) on commodity contracts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>40</b>	<b>-</b>
<b>Total gains (losses) (pre-tax) recognized on fair value hedges</b>	<b>\$ 272</b>	<b>(98)</b>	<b>(994)</b>	<b>39</b>	<b>(781)</b>	<b>9</b>
<b>Quarter ended September 30, 2022</b>						
Total amounts presented in the consolidated statement of income and other comprehensive income	\$ 3,043	(513)	(1,553)	458	N/A	(1,476)
<b>Interest contracts</b>						
Amounts related to cash flows on derivatives	53	8	(66)	-	(5)	N/A
Recognized on derivatives	1,821	(98)	(6,218)	-	(4,495)	-
Recognized on hedged items	(1,805)	99	6,183	-	4,477	N/A
<b>Total gains (losses) (pre-tax) on interest rate contracts</b>	<b>69</b>	<b>9</b>	<b>(101)</b>	<b>-</b>	<b>(23)</b>	<b>-</b>
<b>Foreign exchange contracts</b>						
Amounts related to cash flows on derivatives	-	-	(69)	-	(69)	N/A
Recognized on derivatives	-	-	(283)	(663)	(946)	30
Recognized on hedged items	-	-	311	630	941	N/A
<b>Total gains (losses) (pre-tax) on foreign exchange contracts</b>	<b>-</b>	<b>-</b>	<b>(41)</b>	<b>(33)</b>	<b>(74)</b>	<b>30</b>
<b>Commodity contracts</b>						
Recognized on derivatives	-	-	-	94	94	-
Recognized on hedged items	-	-	-	(90)	(90)	N/A
<b>Total gains (losses) (pre-tax) on commodity contracts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>-</b>
<b>Total gains (losses) (pre-tax) recognized on fair value hedges</b>	<b>\$ 69</b>	<b>9</b>	<b>(142)</b>	<b>(29)</b>	<b>(93)</b>	<b>30</b>

(continued on following page)



(continued from previous page)

(in millions)	Net interest income			Noninterest income	Total recorded in net income	Total recorded in OCI
	Debt securities	Deposits	Long-term debt	Other	Derivative gains (losses)	Derivative gains (losses)
<b>Nine months ended September 30, 2023</b>						
Total amounts presented in the consolidated statement of income and other comprehensive income	\$ 11,998	(11,174)	(8,243)	1,373	N/A	(850)
<b>Interest contracts</b>						
Amounts related to cash flows on derivatives	863	(226)	(2,488)	-	(1,851)	N/A
Recognized on derivatives	905	(166)	(4,199)	-	(3,460)	-
Recognized on hedged items	(904)	181	4,188	-	3,465	N/A
Total gains (losses) (pre-tax) on interest rate contracts	864	(211)	(2,499)	-	(1,846)	-
<b>Foreign exchange contracts</b>						
Amounts related to cash flows on derivatives	-	-	(189)	-	(189)	N/A
Recognized on derivatives	-	-	24	20	44	20
Recognized on hedged items	-	-	(39)	(15)	(54)	N/A
Total gains (losses) (pre-tax) on foreign exchange contracts	-	-	(204)	5	(199)	20
<b>Commodity contracts</b>						
Recognized on derivatives	-	-	-	181	181	-
Recognized on hedged items	-	-	-	(109)	(109)	N/A
Total gains (losses) (pre-tax) on commodity contracts	-	-	-	72	72	-
Total gains (losses) (pre-tax) recognized on fair value hedges	\$ 864	(211)	(2,703)	77	(1,973)	20
<b>Nine months ended September 30, 2022</b>						
Total amounts presented in the consolidated statement of income and other comprehensive income	\$ 8,308	(754)	(3,325)	1,716	N/A	(1,560)
<b>Interest contracts</b>						
Amounts related to cash flows on derivatives	(33)	72	751	-	790	N/A
Recognized on derivatives	3,851	(313)	(18,289)	-	(14,751)	-
Recognized on hedged items	(3,806)	310	18,124	-	14,628	N/A
Total gains (losses) (pre-tax) on interest rate contracts	12	69	586	-	667	-
<b>Foreign exchange contracts</b>						
Amounts related to cash flows on derivatives	-	-	(86)	-	(86)	N/A
Recognized on derivatives	-	-	(1,054)	(1,834)	(2,888)	140
Recognized on hedged items	-	-	1,089	1,769	2,858	N/A
Total gains (losses) (pre-tax) on foreign exchange contracts	-	-	(51)	(65)	(116)	140
<b>Commodity contracts</b>						
Recognized on derivatives	-	-	-	230	230	-
Recognized on hedged items	-	-	-	(220)	(220)	N/A
Total gains (losses) (pre-tax) on commodity contracts	-	-	-	10	10	-
Total gains (losses) (pre-tax) recognized on fair value hedges	\$ 12	69	535	(55)	561	140

## Note 11: Derivatives (continued)

Table 11.5 shows the carrying amount and associated cumulative basis adjustment related to the application of hedge accounting that is included in the carrying amount of hedged assets and liabilities in fair value hedging relationships.

**Table 11.5: Hedged Items in Fair Value Hedging Relationships**

(in millions)	Hedged items currently designated		Hedged items no longer designated	
	Carrying amount of assets/(liabilities) (1)(2)	Hedge accounting basis adjustment assets/(liabilities) (3)	Carrying amount of assets/(liabilities) (2)	Hedge accounting basis adjustment assets/(liabilities)
<b>September 30, 2023</b>				
Available-for-sale debt securities (4)(5)	\$ 52,783	(3,828)	13,844	552
Other assets	1,761	(86)	-	-
Deposits	(85,807)	384	-	-
Long-term debt	(135,414)	17,896	-	-
December 31, 2022				
Available-for-sale debt securities (4)	\$ 39,423	(3,859)	16,100	722
Other assets	1,663	38	-	-
Deposits	(41,687)	205	(10)	-
Long-term debt	(130,997)	13,862	(5)	-

- (1) Does not include the carrying amount of hedged items where only foreign currency risk is the designated hedged risk. The carrying amount excluded \$649 million and \$739 million for available-for-sale debt securities as of September 30, 2023, and December 31, 2022, respectively. There was no carrying amount related to long-term debt at both September 30, 2023, and December 31, 2022.
- (2) Represents the full carrying amount of the hedged asset or liability item as of the balance sheet date, except for circumstances in which only a portion of the asset or liability was designated as the hedged item in which case only the portion designated is presented.
- (3) The balance includes \$33 million and \$749 million of debt securities and long-term debt cumulative basis adjustments, respectively, as of September 30, 2023, and \$39 million and \$334 million of debt securities and long-term debt cumulative basis adjustments, respectively, as of December 31, 2022, on terminated hedges whereby the hedged items have subsequently been re-designated into existing hedges.
- (4) Carrying amount represents the amortized cost.
- (5) The balance includes cumulative basis adjustments of \$(280) million for hedged items currently designated as of September 30, 2023, related to certain AFS debt securities designated as the hedged item in a fair value hedge using the portfolio layer method. At September 30, 2023, the aggregated designated hedged items using the portfolio layer method had a carrying amount of \$23.8 billion from closed portfolios of financial assets totaling \$26.6 billion.

### Derivatives Not Designated as Hedging Instruments

Derivatives not designated as hedging instruments include economic hedges and derivatives entered into for customer accommodation trading purposes.

We use economic hedge derivatives to manage our exposure to interest rate risk, equity price risk, foreign currency risk, and credit risk. We also use economic hedge derivatives to mitigate the periodic earnings volatility caused by mismatches between the changes in fair value of the hedged item and hedging instrument recognized on our fair value accounting hedges.

Changes in the fair values of derivatives used to economically hedge the deferred compensation plan are reported in personnel expense.

For additional information on our derivatives activities, see Note 14 (Derivatives) in our 2022 Form 10-K.

Table 11.6 shows the net gains (losses), recognized by income statement lines, related to derivatives not designated as hedging instruments.

**Table 11.6: Gains (Losses) on Derivatives Not Designated as Hedging Instruments**

(in millions)	Net gains from trading and securities			Noninterest income	Noninterest expense
	Mortgage banking		Other	Total	Personnel expense
<b>Quarter ended September 30, 2023</b>					
Net gains (losses) recognized on economic hedges derivatives:					
Interest contracts (1)	\$ (450)	-	(251)	(701)	-
Equity contracts	-	-	66	66	179
Foreign exchange contracts	-	-	337	337	-
Credit contracts	-	-	5	5	-
<b>Subtotal</b>	<b>(450)</b>	<b>-</b>	<b>157</b>	<b>(293)</b>	<b>179</b>
Net gains (losses) recognized on customer accommodation trading and other derivatives:					
Interest contracts	(87)	2,438	-	2,351	-
Commodity contracts	-	79	-	79	-
Equity contracts	-	818	(187)	631	-
Foreign exchange contracts	-	1,252	-	1,252	-
Credit contracts	-	(13)	-	(13)	-
<b>Subtotal</b>	<b>(87)</b>	<b>4,574</b>	<b>(187)</b>	<b>4,300</b>	<b>-</b>
<b>Net gains (losses) recognized related to derivatives not designated as hedging instruments</b>	<b>\$ (537)</b>	<b>4,574</b>	<b>(30)</b>	<b>4,007</b>	<b>179</b>
<b>Quarter ended September 30, 2022</b>					
Net gains (losses) recognized on economic hedges derivatives:					
Interest contracts (1)	\$ (295)	-	(29)	(324)	-
Equity contracts (2)	-	-	5	5	188
Foreign exchange contracts	-	-	940	940	-
Credit contracts	-	-	(2)	(2)	-
<b>Subtotal</b>	<b>(295)</b>	<b>-</b>	<b>914</b>	<b>619</b>	<b>188</b>
Net gains (losses) recognized on customer accommodation trading and other derivatives:					
Interest contracts	(275)	3,861	-	3,586	-
Commodity contracts	-	69	-	69	-
Equity contracts	-	1,658	(35)	1,623	-
Foreign exchange contracts	-	240	-	240	-
Credit contracts	-	(21)	-	(21)	-
<b>Subtotal</b>	<b>(275)</b>	<b>5,807</b>	<b>(35)</b>	<b>5,497</b>	<b>-</b>
<b>Net gains (losses) recognized related to derivatives not designated as hedging instruments</b>	<b>\$ (570)</b>	<b>5,807</b>	<b>879</b>	<b>6,116</b>	<b>188</b>

(continued on following page)

**Note 11: Derivatives (continued)**

(continued from previous page)

(in millions)	Net gains from trading and securities			Noninterest income	Noninterest expense
	Mortgage banking		Other	Total	Personnel expense
<b>Nine months ended September 30, 2023</b>					
<b>Net gains (losses) recognized on economic hedges derivatives:</b>					
Interest contracts (1)	\$ (546)	-	(301)	(847)	-
Equity contracts	-	-	(95)	(95)	(184)
Foreign exchange contracts	-	-	(356)	(356)	-
Credit contracts	-	-	4	4	-
Subtotal	(546)	-	(748)	(1,294)	(184)
<b>Net gains (losses) recognized on customer accommodation trading and other derivatives:</b>					
Interest contracts	(98)	2,601	-	2,503	-
Commodity contracts	-	278	-	278	-
Equity contracts	-	(2,092)	(370)	(2,462)	-
Foreign exchange contracts	-	2,046	-	2,046	-
Credit contracts	-	(40)	-	(40)	-
Subtotal	(98)	2,793	(370)	2,325	-
<b>Net gains (losses) recognized related to derivatives not designated as hedging instruments</b>	<b>\$ (644)</b>	<b>2,793</b>	<b>(1,118)</b>	<b>1,031</b>	<b>(184)</b>
<b>Nine months ended September 30, 2022</b>					
<b>Net gains (losses) recognized on economic hedges derivatives:</b>					
Interest contracts (1)	\$ (933)	-	(81)	(1,014)	-
Equity contracts (2)	-	-	21	21	1,031
Foreign exchange contracts	-	-	2,009	2,009	-
Credit contracts	-	-	5	5	-
Subtotal	(933)	-	1,954	1,021	1,031
<b>Net gains (losses) recognized on customer accommodation trading and other derivatives:</b>					
Interest contracts	(1,087)	9,866	-	8,779	-
Commodity contracts	-	286	-	286	-
Equity contracts	-	6,562	(149)	6,413	-
Foreign exchange contracts	-	885	-	885	-
Credit contracts	-	20	-	20	-
Subtotal	(1,087)	17,619	(149)	16,383	-
<b>Net gains (losses) recognized related to derivatives not designated as hedging instruments</b>	<b>\$ (2,020)</b>	<b>17,619</b>	<b>1,805</b>	<b>17,404</b>	<b>1,031</b>

- (1) Mortgage banking amounts for the third quarter and first nine months of 2023 are comprised of gains (losses) of \$(569) million and \$(715) million, respectively, related to derivatives used as economic hedges of MSR's measured at fair value offset by gains (losses) of \$119 million and \$169 million, respectively, related to derivatives used as economic hedges of mortgage loans held for sale and derivative loan commitments. The corresponding amounts for the third quarter and first nine months of 2022 are comprised of gains (losses) of \$(863) million and \$(3.5) billion, respectively, offset by gains (losses) of \$568 million and \$2.6 billion, respectively. For additional information on our mortgage banking interest contracts, see Note 6 (Mortgage Banking Activities).
- (2) In first quarter 2023, we adopted ASU 2018-12 - Financial Services - Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts*. For additional information, see Note 1 (Summary of Significant Accounting Policies).

## Credit Derivatives

Credit derivative contracts are arrangements whose value is derived from the transfer of credit risk of a reference asset or entity from one party (the purchaser of credit protection) to another party (the seller of credit protection). We generally use credit derivatives to assist customers with their risk management objectives by purchasing and selling credit protection on corporate debt obligations through the use of credit default swaps or through risk participation swaps to help manage counterparty exposure. We would be required to perform under the credit derivatives we sold in the event of default by the referenced obligors. Events of default include events such as bankruptcy, capital restructuring or lack of principal and/or interest payment.

Table 11.7 provides details of sold credit derivatives.

**Table 11.7: Sold Credit Derivatives**

(in millions)	Notional amount	
	Protection sold	Protection sold - non-investment grade
<b>September 30, 2023</b>		
Credit default swaps	\$ 19,077	1,756
Risk participation swaps	6,677	6,429
<b>Total credit derivatives</b>	<b>\$ 25,754</b>	<b>8,185</b>
<b>December 31, 2022</b>		
Credit default swaps	\$ 12,733	1,860
Risk participation swaps	6,728	6,518
<b>Total credit derivatives</b>	<b>\$ 19,461</b>	<b>8,378</b>

Protection sold represents the estimated maximum exposure to loss that would be incurred if, upon an event of default, the value of our interests and any associated collateral declined to zero, and does not take into consideration any recovery value from the referenced obligation or offset from collateral held or any economic hedges.

The amounts under non-investment grade represent the notional amounts of those credit derivatives on which we have a higher risk of being required to perform under the terms of the credit derivative and are a function of the underlying assets.

We consider the credit risk to be low if the underlying assets under the credit derivative have an external rating that is investment grade. If an external rating is not available, we classify the credit derivative as non-investment grade.

Our maximum exposure to sold credit derivatives is managed through posted collateral and purchased credit derivatives with identical or similar reference positions in order to achieve our desired credit risk profile. The credit risk management is designed to provide an ability to recover a significant portion of any amounts that would be paid under sold credit derivatives.

## Credit-Risk Contingent Features

Certain of our derivative contracts contain provisions whereby if the credit rating of our debt were to be downgraded by certain major credit rating agencies, the counterparty could demand additional collateral or require termination or replacement of derivative instruments in a net liability position. Table 11.8 illustrates our exposure to OTC bilateral derivative contracts with credit-risk contingent features, collateral we have posted, and the additional collateral we would be required to post if the credit rating of our debt was downgraded below investment grade.

**Table 11.8: Credit-Risk Contingent Features**

(in billions)	Sep 30, 2023	Dec 31, 2022
Net derivative liabilities with credit-risk contingent features	\$ 24.5	20.7
Collateral posted	21.0	17.4
Additional collateral to be posted upon a below investment grade credit rating (1)	3.5	3.3

(1) Any credit rating below investment grade requires us to post the maximum amount of collateral.

## Note 12: Fair Values of Assets and Liabilities

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We use fair value measurements to record fair value adjustments to certain assets and liabilities and to fulfill fair value disclosure requirements. Assets and liabilities recorded at fair value on a recurring basis, such as derivatives, residential MSRs, and trading or AFS debt securities, are presented in Table 12.1 in this Note. Additionally, from time to time, we record fair value adjustments on a nonrecurring basis. These nonrecurring adjustments typically involve application of lower of cost or fair value (LOCOM) accounting, write-downs of individual assets or application of the measurement alternative for nonmarketable equity securities. Assets recorded at fair value on a nonrecurring basis are presented in Table 12.4 in this Note. We provide in Table 12.9 estimates of fair value for financial instruments that are not recorded at fair value, such as loans and debt liabilities carried at amortized cost.

See Note 1 (Summary of Significant Accounting Policies) in our 2022 Form 10-K for discussion of how we determine fair value. For descriptions of the valuation methodologies we use for assets and liabilities recorded at fair value on a recurring or nonrecurring basis, see Note 15 (Fair Values of Assets and Liabilities) in our 2022 Form 10-K.

**FAIR VALUE HIERARCHY** We classify our assets and liabilities recorded at fair value as either Level 1, 2, or 3 in the fair value hierarchy. The highest priority (Level 1) is assigned to valuations based on unadjusted quoted prices in active markets and the lowest priority (Level 3) is assigned to valuations based on significant unobservable inputs. See Note 1 (Summary of Significant Accounting Policies) in our 2022 Form 10-K for a detailed description of the fair value hierarchy.

In the determination of the classification of financial instruments in Level 2 or Level 3 of the fair value hierarchy, we consider all available information, including observable market data, indications of market liquidity and orderliness, and our understanding of the valuation techniques and significant inputs used. This determination is ultimately based upon the specific facts and circumstances of each instrument or instrument category and judgments are made regarding the significance of the unobservable inputs to the instruments' fair value measurement in its entirety. If unobservable inputs are considered significant, the instrument is classified as Level 3.

We do not classify nonmarketable equity securities in the fair value hierarchy if we use the non-published net asset value (NAV) per share (or its equivalent) as a practical expedient to measure fair value. Marketable equity securities with published NAVs are classified in the fair value hierarchy.

## Assets and Liabilities Recorded at Fair Value on a Recurring Basis

Table 12.1 presents the balances of assets and liabilities recorded at fair value on a recurring basis.

**Table 12.1: Fair Value on a Recurring Basis**

(in millions)	September 30, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Trading debt securities:</b>								
Securities of U.S. Treasury and federal agencies	\$ 32,004	3,674	-	35,678	28,844	4,530	-	33,374
Collateralized loan obligations	-	811	60	871	-	540	150	690
Corporate debt securities	-	14,043	68	14,111	-	10,344	23	10,367
Federal agency mortgage-backed securities	-	40,086	-	40,086	-	34,447	-	34,447
Non-agency mortgage-backed securities	-	1,415	7	1,422	-	1,243	12	1,255
Other debt securities	-	4,906	1	4,907	-	6,022	-	6,022
<b>Total trading debt securities</b>	<b>32,004</b>	<b>64,935</b>	<b>136</b>	<b>97,075</b>	<b>28,844</b>	<b>57,126</b>	<b>185</b>	<b>86,155</b>
<b>Available-for-sale debt securities:</b>								
Securities of U.S. Treasury and federal agencies	46,343	-	-	46,343	45,285	-	-	45,285
Non-U.S. government securities	-	163	-	163	-	162	-	162
Securities of U.S. states and political subdivisions	-	19,496	126	19,622	-	10,332	113	10,445
Federal agency mortgage-backed securities	-	54,540	-	54,540	-	48,137	-	48,137
Non-agency mortgage-backed securities	-	2,803	-	2,803	-	3,284	-	3,284
Collateralized loan obligations	-	1,821	-	1,821	-	3,981	-	3,981
Other debt securities	-	979	166	1,145	-	2,137	163	2,300
<b>Total available-for-sale debt securities</b>	<b>46,343</b>	<b>79,802</b>	<b>292</b>	<b>126,437</b>	<b>45,285</b>	<b>68,033</b>	<b>276</b>	<b>113,594</b>
Loans held for sale	-	2,398	481	2,879	-	3,427	793	4,220
Mortgage servicing rights (residential)	-	-	8,457	8,457	-	-	9,310	9,310
<b>Derivative assets (gross):</b>								
Interest rate contracts	239	43,057	511	43,807	262	40,503	321	41,086
Commodity contracts	-	3,931	11	3,942	-	5,866	134	6,000
Equity contracts	140	13,246	227	13,613	112	9,051	410	9,573
Foreign exchange contracts	-	24,141	15	24,156	27	22,175	11	22,213
Credit contracts	-	51	27	78	-	44	22	66
<b>Total derivative assets (gross)</b>	<b>379</b>	<b>84,426</b>	<b>791</b>	<b>85,596</b>	<b>401</b>	<b>77,639</b>	<b>868</b>	<b>78,938</b>
<b>Equity securities:</b>								
Marketable	9,271	14	9	9,294	18,527	86	3	18,616
Nonmarketable	-	10,666	37	10,703	-	9,750	17	9,767
<b>Total equity securities</b>	<b>9,271</b>	<b>10,680</b>	<b>46</b>	<b>19,997</b>	<b>18,527</b>	<b>9,836</b>	<b>20</b>	<b>28,383</b>
Other assets (1)	-	-	110	110	-	-	-	-
<b>Total assets prior to derivative netting</b>	<b>\$ 87,997</b>	<b>242,241</b>	<b>10,313</b>	<b>340,551</b>	<b>93,057</b>	<b>216,061</b>	<b>11,482</b>	<b>320,600</b>
<b>Derivative netting (2)</b>				<b>(64,500)</b>				<b>(56,164)</b>
<b>Total assets after derivative netting</b>				<b>\$ 276,051</b>				<b>264,436</b>
<b>Derivative liabilities (gross):</b>								
Interest rate contracts	\$ (332)	(43,133)	(7,384)	(50,849)	(193)	(40,377)	(2,903)	(43,473)
Commodity contracts	-	(2,081)	(24)	(2,105)	-	(3,325)	(120)	(3,445)
Equity contracts (1)	(132)	(9,246)	(1,481)	(10,859)	(118)	(6,502)	(1,634)	(8,254)
Foreign exchange contracts	-	(24,716)	(40)	(24,756)	(29)	(26,622)	(35)	(26,686)
Credit contracts	-	(23)	(2)	(25)	-	(33)	(3)	(36)
<b>Total derivative liabilities (gross)</b>	<b>(464)</b>	<b>(79,199)</b>	<b>(8,931)</b>	<b>(88,594)</b>	<b>(340)</b>	<b>(76,859)</b>	<b>(4,695)</b>	<b>(81,894)</b>
Short-sale and other liabilities (1)	(17,446)	(5,296)	(63)	(22,805)	(14,791)	(5,513)	(167)	(20,471)
Long-term debt	-	(1,875)	-	(1,875)	-	(1,346)	-	(1,346)
<b>Total liabilities prior to derivative netting</b>	<b>\$ (17,910)</b>	<b>\$ (86,370)</b>	<b>(8,994)</b>	<b>(113,274)</b>	<b>(15,131)</b>	<b>(83,718)</b>	<b>(4,862)</b>	<b>(103,711)</b>
<b>Derivative netting (2)</b>				<b>65,131</b>				<b>61,827</b>
<b>Total liabilities after derivative netting</b>				<b>\$ (48,143)</b>				<b>(41,884)</b>

(1) In first quarter 2023, we adopted ASU 2018-12 - Financial Services - Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts*. For additional information, see Note 1 (Summary of Significant Accounting Policies).

(2) Represents balance sheet netting of derivative asset and liability balances, related cash collateral, and portfolio level counterparty valuation adjustments. See Note 11 (Derivatives) for additional information.

**Note 12: Fair Values of Assets and Liabilities (continued)**

**Level 3 Assets and Liabilities Recorded at Fair Value on a Recurring Basis**

Table 12.2 presents the changes in Level 3 assets and liabilities measured at fair value on a recurring basis.

**Table 12.2: Changes in Level 3 Fair Value Assets and Liabilities on a Recurring Basis**

(in millions)	Balance, beginning of period	Net gains/(losses) (1)	Purchases (2)	Sales	Settlements	Transfers into Level 3 (3)	Transfers out of Level 3 (4)	Balance, end of period	Net unrealized gains (losses) related to assets and liabilities held at period end (5)
<b>Quarter ended September 30, 2023</b>									
Trading debt securities	\$ 132	12	5	(8)	(3)	22	(24)	136	1 (6)
Available-for-sale debt securities	230	15	33	(32)	(3)	49	-	292	(10) (6)
Loans held for sale	486	(5)	53	(38)	(37)	28	(6)	481	(13) (7)
Mortgage servicing rights (residential) (8)	8,251	221	36	(51)	-	-	-	8,457	511 (7)
<b>Net derivative assets and liabilities:</b>									
Interest rate contracts	(5,638)	(2,019)	-	-	813	(37)	8	(6,873)	(1,350)
Equity contracts	(1,381)	5	-	-	68	(25)	79	(1,254)	50
Other derivative contracts	(1)	(32)	6	(1)	17	-	(2)	(13)	(13)
<b>Total derivative contracts</b>	<b>(7,020)</b>	<b>(2,046)</b>	<b>6</b>	<b>(1)</b>	<b>898</b>	<b>(62)</b>	<b>85</b>	<b>(8,140)</b>	<b>(1,313) (9)</b>
Equity securities	27	17	7	(6)	-	1	-	46	14 (6)
Other assets and liabilities	(58)	105	-	-	-	-	-	47	105 (10)
<b>Quarter ended September 30, 2022</b>									
Trading debt securities	\$ 169	(15)	68	(43)	-	-	3	182	(15) (6)
Available-for-sale debt securities	167	(9)	225	-	(4)	334	-	713	- (6)
Loans held for sale	1,072	(55)	114	(36)	(45)	28	(4)	1,074	(55) (7)
Mortgage servicing rights (residential) (8)	9,163	460	204	1	-	-	-	9,828	750 (7)
<b>Net derivative assets and liabilities:</b>									
Interest rate contracts	(571)	(2,220)	-	-	132	188	1	(2,470)	(1,905)
Equity contracts	(1,484)	(135)	-	-	249	12	236	(1,122)	133
Other derivative contracts	137	28	13	(8)	28	-	5	203	70
<b>Total derivative contracts</b>	<b>(1,918)</b>	<b>(2,327)</b>	<b>13</b>	<b>(8)</b>	<b>409</b>	<b>200</b>	<b>242</b>	<b>(3,389)</b>	<b>(1,702) (9)</b>
Equity securities	31	(1)	1	(1)	-	(3)	(9)	18	(1) (6)
Other assets and liabilities (11)	(549)	60	-	-	-	-	-	(489)	60 (10)
<b>Nine months ended September 30, 2023</b>									
Trading debt securities	\$ 185	5	112	(156)	(7)	77	(80)	136	(9) (6)
Available-for-sale debt securities	276	(9)	109	(32)	(13)	304	(343)	292	(28) (6)
Loans held for sale	793	(5)	220	(267)	(102)	93	(251)	481	(27) (7)
Mortgage servicing rights (residential) (8)	9,310	(334)	131	(650)	-	-	-	8,457	602 (7)
<b>Net derivative assets and liabilities:</b>									
Interest rate contracts	(2,582)	(4,594)	1	(1)	1,748	(1,467)	22	(6,873)	(3,082)
Equity contracts	(1,224)	(458)	-	-	402	(80)	106	(1,254)	(48)
Other derivative contracts	9	(95)	12	(3)	68	(2)	(2)	(13)	(67)
<b>Total derivative contracts</b>	<b>(3,797)</b>	<b>(5,147)</b>	<b>13</b>	<b>(4)</b>	<b>2,218</b>	<b>(1,549)</b>	<b>126</b>	<b>(8,140)</b>	<b>(3,197) (9)</b>
Equity securities	20	1	11	(9)	-	23	-	46	3 (6)
Other assets and liabilities	(167)	214	-	-	-	-	-	47	214 (10)
<b>Nine months ended September 30, 2022</b>									
Trading debt securities	\$ 241	(52)	161	(135)	(6)	5	(32)	182	(48) (6)
Available-for-sale debt securities	186	(35)	279	(25)	(14)	460	(138)	713	(1) (6)
Loans held for sale	1,033	(173)	233	(106)	(175)	214	(12)	1,074	(163) (7)
Mortgage servicing rights (residential) (8)	6,920	2,289	868	(249)	-	-	-	9,828	3,223 (7)
<b>Net derivative assets and liabilities:</b>									
Interest rate contracts	127	(3,179)	-	-	778	(197)	1	(2,470)	(2,348)
Equity contracts (11)	(417)	(149)	-	-	1,118	(584)	(1,090)	(1,122)	512
Other derivative contracts	5	94	13	(8)	100	-	(1)	203	179
<b>Total derivative contracts</b>	<b>(285)</b>	<b>(3,234)</b>	<b>13</b>	<b>(8)</b>	<b>1,996</b>	<b>(781)</b>	<b>(1,090)</b>	<b>(3,389)</b>	<b>(1,657) (9)</b>
Equity securities	8,910	3	1	(3)	-	2	(8,895)	18	(2) (6)
Other assets and liabilities (11)	(791)	302	-	-	-	-	-	(489)	302 (10)

- (1) All amounts represent net gains (losses) included in net income except for AFS debt securities and other assets and liabilities which also included net gains (losses) in other comprehensive income. Net gains (losses) included in other comprehensive income for AFS debt securities were \$(9) million and \$(28) million for the third quarter and first nine months of 2023, respectively, and \$(9) million and \$(36) million for the third quarter and first nine months of 2022, respectively. Net gains (losses) included in other comprehensive income for other assets and liabilities were \$(13) million and \$(8) million for the third quarter and first nine months of 2023, respectively, and \$1 million and \$102 million for the third quarter and first nine months of 2022, respectively.
- (2) Includes originations of mortgage servicing rights and loans held for sale.
- (3) All assets and liabilities transferred into Level 3 were previously classified within Level 2.
- (4) All assets and liabilities transferred out of Level 3 are classified as Level 2. During first quarter 2022, we transferred \$8.9 billion of non-marketable equity securities and \$1.4 billion of related economic hedging derivative assets (equity contracts) out of Level 3 due to our election to measure fair value of these instruments as a portfolio. Under this election, the unit of valuation is the portfolio-level, rather than each individual instrument. The unobservable inputs previously significant to the valuation of the instruments individually are no longer significant, as those unobservable inputs offset under the portfolio election.
- (5) All amounts represent net unrealized gains (losses) related to assets and liabilities held at period end included in net income except for AFS debt securities and other assets and liabilities which also included net unrealized gains (losses) related to assets and liabilities held at period end in other comprehensive income. Net unrealized gains (losses) included in other comprehensive income for AFS debt securities were \$(8) million and \$(25) million for the third quarter and first nine months of 2023, respectively, and \$0 for both the third quarter and first nine months of 2022. Net unrealized gains (losses) included in other comprehensive income for other assets and liabilities were \$(13) million and \$(8) million for the third quarter and first nine months of 2023, respectively, and \$1 million and \$102 million for the third quarter and first nine months of 2022, respectively.
- (6) Included in net gains from trading and securities on our consolidated statement of income.
- (7) Included in mortgage banking income on our consolidated statement of income.
- (8) For additional information on the changes in mortgage servicing rights, see Note 6 (Mortgage Banking Activities).
- (9) Included in mortgage banking income, net gains from trading and securities, and other noninterest income on our consolidated statement of income.
- (10) Included in other noninterest income on our consolidated statement of income.
- (11) In first quarter 2023, we adopted ASU 2018-12 - Financial Services - Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts*. For additional information, see Note 1 (Summary of Significant Accounting Policies).



Table 12.3 provides quantitative information about the valuation techniques and significant unobservable inputs used in the valuation of our Level 3 assets and liabilities measured at fair value on a recurring basis.

The significant unobservable inputs for Level 3 assets inherent in the fair values obtained from third-party vendors are not included in the table, as the specific inputs applied are not

provided by the vendor (for additional information on vendor-developed valuations, see Note 15 (Fair Values of Assets and Liabilities) in our 2022 Form 10-K).

Weighted averages of inputs are calculated using outstanding unpaid principal balance for cash instruments, such as loans and securities, and notional amounts for derivative instruments.

**Table 12.3: Valuation Techniques - Recurring Basis**

(\$ in millions, except cost to service amounts)	Fair Value Level 3	Valuation Technique	Significant Unobservable Input	Range of Inputs	Weighted Average
<b>September 30, 2023</b>					
Trading and available-for-sale debt securities	\$ 162	Discounted cash flow	Discount rate	0.0 - 14.5 %	6.4
	136	Market comparable pricing	Comparability adjustment	(40.9) - 39.0	(4.3)
	130	Market comparable pricing	Multiples	1.4x - 13.4x	4.3x
Loans held for sale	481	Discounted cash flow	Default rate	0.0 - 24.2 %	1.0
			Discount rate	2.9 - 15.3	10.2
			Loss severity	0.0 - 56.8	17.3
			Prepayment rate	3.3 - 12.4	10.6
Mortgage servicing rights (residential)	8,457	Discounted cash flow	Cost to service per loan (1)	\$ 52 - 506	102
			Discount rate	9.2 - 13.8 %	9.6
			Prepayment rate (2)	7.1 - 21.9	8.5
<b>Net derivative assets and (liabilities):</b>					
Interest rate contracts	(6,703)	Discounted cash flow	Discount rate	4.0 - 5.5	5.0
	(57)	Discounted cash flow	Default rate	0.4 - 5.0	1.4
			Loss severity	50.0 - 50.0	50.0
			Prepayment rate	22.0 - 22.0	22.0
Interest rate contracts: derivative loan commitments	(113)	Discounted cash flow	Fall-out factor	1.0 - 99.0	25.0
			Initial-value servicing	(310.6) - 141.0 bps	(191.1)
Equity contracts	(1,024)	Discounted cash flow	Conversion factor	(7.2) - 0.0 %	(6.7)
			Weighted average life	0.8 - 2.3 yrs	1.3
	(230)	Option model	Correlation factor	(77.0) - 99.0 %	29.9
			Volatility factor	6.5 - 98.0	35.4
<b>Insignificant Level 3 assets, net of liabilities (3)</b>	<b>80</b>				
<b>Total Level 3 assets, net of liabilities</b>	<b>\$ 1,319 (4)</b>				
<b>December 31, 2022</b>					
Trading and available-for-sale debt securities	\$ 157	Discounted cash flow	Discount rate	2.7 - 12.5 %	6.4
	185	Market comparable pricing	Comparability adjustment	(33.6) - 14.1	(4.8)
	119	Market comparable pricing	Multiples	1.1x - 7.4x	4.0x
Loans held for sale	793	Discounted cash flow	Default rate	0.0 - 25.0 %	0.7
			Discount rate	2.9 - 13.4	9.5
			Loss severity	0.0 - 53.6	15.7
			Prepayment rate	3.5 - 14.2	10.7
Mortgage servicing rights (residential)	9,310	Discounted cash flow	Cost to service per loan (1)	\$ 52 - 550	102
			Discount rate	8.7 - 14.1 %	9.1
			Prepayment rate (2)	8.1 - 21.9	9.4
<b>Net derivative assets and (liabilities):</b>					
Interest rate contracts	(2,411)	Discounted cash flow	Discount rate	3.2 - 4.9	4.2
	(63)	Discounted cash flow	Default rate	0.4 - 5.0	2.3
			Loss severity	50.0 - 50.0	50.0
			Prepayment rate	2.8 - 22.0	18.7
Interest rate contracts: derivative loan commitments	(108)	Discounted cash flow	Fall-out factor	1.0 - 99.0	41.0
			Initial-value servicing	(9.3) - 141.0 bps	11.5
Equity contracts (3)	(1,000)	Discounted cash flow	Conversion factor	(12.2) - 0.0 %	(9.9)
			Weighted average life	0.5 - 1.5 yrs	0.8
	(224)	Option model	Correlation factor	(77.0) - 99.0 %	49.5
			Volatility factor	6.5 - 96.5	37.3
<b>Insignificant Level 3 liabilities, net of assets (3)</b>	<b>(138)</b>				
<b>Total Level 3 assets, net of liabilities</b>	<b>\$ 6,620 (4)</b>				

(1) The high end of the range of inputs is for servicing modified loans. For non-modified loans, the range is \$52 - \$170 at September 30, 2023, and \$52 - \$178 at December 31, 2022.

(2) Includes a blend of prepayment speeds and expected defaults. Prepayment speeds are influenced by mortgage interest rates as well as our estimation of drivers of borrower behavior.

(3) In first quarter 2023, we adopted ASU 2018-12 - Financial Services - Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts*. For additional information, see Note 1 (Summary of Significant Accounting Policies).

(4) Consists of total Level 3 assets of \$10.3 billion and \$11.5 billion and total Level 3 liabilities of \$9.0 billion and \$4.9 billion, before netting of derivative balances, at September 30, 2023, and December 31, 2022, respectively.

For additional information on the valuation techniques and significant unobservable inputs used in the valuation of our Level 3 assets and liabilities, including how changes in these

inputs affect fair value estimates, see Note 15 (Fair Values of Assets and Liabilities) in our 2022 Form 10-K.

**Note 12: Fair Values of Assets and Liabilities (continued)**

**Assets and Liabilities Recorded at Fair Value on a Nonrecurring Basis**

We may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis in accordance with GAAP. These adjustments to fair value usually result from application of LOCOM accounting, write-downs of individual assets, or application of the measurement alternative for certain nonmarketable equity securities.

Table 12.4 provides the fair value hierarchy and fair value at the date of the nonrecurring fair value adjustment for all assets that were still held as of September 30, 2023, and December 31, 2022, and for which a nonrecurring fair value adjustment was recorded during the nine months ended September 30, 2023, and the year ended December 31, 2022.

**Table 12.4: Fair Value on a Nonrecurring Basis**

(in millions)	September 30, 2023			December 31, 2022		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Loans held for sale (1)	\$ 383	346	729	838	554	1,392
Loans:						
Commercial	590	-	590	285	-	285
Consumer	81	-	81	512	-	512
Total loans	671	-	671	797	-	797
Mortgage servicing rights (commercial)	-	-	-	-	75	75
Nonmarketable equity securities	1,102	1,341	2,443	1,926	2,818	4,744
Other assets	1,871	53	1,924	1,862	296	2,158
Total assets at fair value on a nonrecurring basis	\$ 4,027	1,740	5,767	5,423	3,743	9,166

(1) Consists of commercial mortgages and residential mortgage - first lien loans.

Table 12.5 presents the gains (losses) on certain assets held at the end of the reporting periods presented for which a nonrecurring fair value adjustment was recognized in earnings during the respective periods.

**Table 12.5: Gains (Losses) on Assets with Nonrecurring Fair Value Adjustment**

(in millions)	Nine months ended September 30,	
	2023	2022
Loans held for sale	\$ (33)	(87)
Loans:		
Commercial	(329)	(72)
Consumer	(550)	(544)
Total loans	(879)	(616)
Mortgage servicing rights (commercial)	-	4
Nonmarketable equity securities (1)	(681)	(357)
Other assets (2)	(180)	(319)
Total	\$ (1,773)	(1,375)

(1) Includes impairment of nonmarketable equity securities and observable price changes related to nonmarketable equity securities accounted for under the measurement alternative.  
(2) Includes impairment of operating lease ROU assets, valuation of physical commodities, valuation losses on foreclosed real estate and other collateral owned, and impairment of venture capital and private equity investments in consolidated portfolio companies.

Table 12.6 provides quantitative information about the valuation techniques and significant unobservable inputs used in the valuation of our Level 3 assets that are measured at fair value on a nonrecurring basis and determined using an internal model. The table is limited to financial instruments that had nonrecurring fair value adjustments during the periods

presented. Weighted averages of inputs are calculated using outstanding unpaid principal balance for cash instruments, such as loans, and carrying value prior to the nonrecurring fair value measurement for nonmarketable equity securities and venture capital and private equity investments in consolidated portfolio companies.

**Table 12.6: Valuation Techniques - Nonrecurring Basis**

(\$ in millions)	Fair Value Level 3	Valuation Technique (1)	Significant Unobservable Input (1)	Range of Inputs Positive (Negative)	Weighted Average
<b>September 30, 2023</b>					
<b>Loans held for sale</b>	<b>\$ 346</b>	<b>Discounted cash flow</b>	<b>Default rate</b>	<b>0.1 - 97.1 %</b>	<b>16.3</b>
			<b>Discount rate</b>	<b>4.8 - 14.0</b>	<b>6.4</b>
			<b>Loss severity</b>	<b>7.1 - 53.5</b>	<b>16.4</b>
			<b>Prepayment rate</b>	<b>2.9 - 24.7</b>	<b>12.3</b>
<b>Nonmarketable equity securities</b>	<b>429</b>	<b>Market comparable pricing</b>	<b>Comparability adjustment</b>	<b>(100.0) - (5.0)</b>	<b>(34.0)</b>
	<b>911</b>	<b>Market comparable pricing</b>	<b>Multiples</b>	<b>0.7x - 27.1x</b>	<b>8.4x</b>
<b>Insignificant Level 3 assets</b>	<b>54</b>				
<b>Total</b>	<b>\$ 1,740</b>				
<b>December 31, 2022</b>					
<b>Loans held for sale</b>	<b>\$ 143</b>	<b>Discounted cash flow</b>	<b>Default rate</b>	<b>0.1 - 86.1 %</b>	<b>13.8</b>
			<b>Discount rate</b>	<b>3.8 - 13.8</b>	<b>9.0</b>
			<b>Loss severity</b>	<b>8.1 - 43.8</b>	<b>18.6</b>
			<b>Prepayment rate</b>	<b>2.3 - 23.4</b>	<b>18.6</b>
	<b>411</b>	<b>Market comparable pricing</b>	<b>Comparability adjustment</b>	<b>(8.2) - (0.9)</b>	<b>(4.3)</b>
<b>Mortgage servicing rights (commercial)</b>	<b>75</b>	<b>Discounted cash flow</b>	<b>Cost to service per loan</b>	<b>\$ 3,775 - 3,775</b>	<b>3,775</b>
			<b>Discount rate</b>	<b>5.2 - 5.2 %</b>	<b>5.2</b>
			<b>Prepayment rate</b>	<b>0.0 - 20.6</b>	<b>6.7</b>
<b>Nonmarketable equity securities</b>	<b>1,461</b>	<b>Market comparable pricing</b>	<b>Comparability adjustment</b>	<b>(100.0) - (4.0)</b>	<b>(30.1)</b>
	<b>1,352</b>	<b>Market comparable pricing</b>	<b>Multiples</b>	<b>0.8x - 18.7x</b>	<b>9.9x</b>
<b>Other assets (2)</b>	<b>234</b>	<b>Market comparable pricing</b>	<b>Multiples</b>	<b>6.4 - 8.0</b>	<b>7.1</b>
<b>Insignificant Level 3 assets</b>	<b>67</b>				
<b>Total</b>	<b>\$ 3,743</b>				

(1) See Note 15 (Fair Values of Assets and Liabilities) in our 2022 Form 10-K for additional information on the valuation technique(s) and significant unobservable inputs used in the valuation of Level 3 assets.  
(2) Represents venture capital and private equity investments in consolidated portfolio companies.

## Note 12: Fair Values of Assets and Liabilities (continued)

### Fair Value Option

The fair value option is an irrevocable election, generally only permitted upon initial recognition of financial assets or liabilities, to measure eligible financial instruments at fair value with changes in fair value reflected in earnings. We may elect the fair value option to align the measurement model with how the financial assets or liabilities are managed or to reduce complexity or accounting asymmetry. Following is a discussion of the

portfolios for which we elected the fair value option. For additional information, including the basis for our fair value option elections, see Note 15 (Fair Values of Assets and Liabilities) in our 2022 Form 10-K.

Table 12.7 reflects differences between the fair value carrying amount of the assets and liabilities for which we have elected the fair value option and the contractual aggregate unpaid principal amount at maturity.

**Table 12.7: Fair Value Option**

(in millions)	September 30, 2023			December 31, 2022		
	Fair value carrying amount	Aggregate unpaid principal	Fair value carrying amount less aggregate unpaid principal	Fair value carrying amount	Aggregate unpaid principal	Fair value carrying amount less aggregate unpaid principal
Loans held for sale (1)	\$ 2,879	3,166	(287)	4,220	4,614	(394)
Long-term debt (2)	(1,875)	(2,444)	569	(1,346)	(1,775)	429

- (1) Nonaccrual loans and loans 90 days or more past due and still accruing included in LHFS for which we have elected the fair value option were insignificant at September 30, 2023, and December 31, 2022.  
(2) Includes zero coupon notes for which the aggregate unpaid principal amount reflects the contractual principal due at maturity.

Table 12.8 reflects amounts included in earnings related to initial measurement and subsequent changes in fair value, by income statement line item, for assets and liabilities for which

the fair value option was elected. Amounts recorded in net interest income are excluded from the table below.

**Table 12.8: Gains (Losses) on Changes in Fair Value Included in Earnings**

(in millions)	2023			2022		
	Mortgage banking noninterest income	Net gains from trading and securities	Other noninterest income	Mortgage banking noninterest income	Net gains from trading and securities	Other noninterest income
Quarter ended September 30,						
Loans held for sale	\$ 30	8	(44)	(149)	3	-
Long-term debt	-	10	-	-	34	-
Nine months ended September 30,						
Loans held for sale	\$ 161	33	(48)	(752)	13	-
Long-term debt	-	(11)	-	-	57	-

For performing loans, instrument-specific credit risk gains or losses are derived principally by determining the change in fair value of the loans due to changes in the observable or implied credit spread. Credit spread is the market yield on the loans less the relevant risk-free benchmark interest rate. For nonperforming loans, we attribute all changes in fair value to instrument-specific credit risk. For LHFS accounted for under the fair value option, instrument-specific credit gains or losses were insignificant during the third quarter and first nine months of both 2023 and 2022.

For long-term debt, instrument-specific credit risk gains or losses represent the impact of changes in fair value due to changes in our credit spread and are derived using observable secondary bond market information. These impacts are recorded within the debit valuation adjustments (DVA) in OCI. See Note 20 (Other Comprehensive Income) for additional information.

## Disclosures about Fair Value of Financial Instruments

Table 12.9 presents a summary of fair value estimates for financial instruments that are not carried at fair value on a recurring basis. Some financial instruments are excluded from the scope of this table, such as certain insurance contracts, certain nonmarketable equity securities, and leases. This table also excludes assets and liabilities that are not financial instruments such as the value of the long-term relationships with our deposit, credit card and trust customers, MSRs, premises and equipment, goodwill and deferred taxes.

Loan commitments, standby letters of credit and commercial and similar letters of credit are not included in Table 12.9. A reasonable estimate of the fair value of these instruments is the carrying value of deferred fees plus the allowance for unfunded credit commitments, which totaled \$602 million and \$737 million at September 30, 2023, and December 31, 2022, respectively.

The total of the fair value calculations presented does not represent, and should not be construed to represent, the underlying fair value of the Company.

**Table 12.9: Fair Value Estimates for Financial Instruments**

(in millions)	Carrying amount	Estimated fair value			Total
		Level 1	Level 2	Level 3	
<b>September 30, 2023</b>					
<b>Financial assets</b>					
Cash and due from banks (1)	\$ 30,815	30,815	-	-	30,815
Interest-earning deposits with banks (1)	187,081	186,858	223	-	187,081
Federal funds sold and securities purchased under resale agreements (1)	70,431	-	70,431	-	70,431
Held-to-maturity debt securities	267,214	2,003	212,206	2,718	216,927
Loans held for sale	1,429	-	982	481	1,463
Loans, net (2)	911,923	-	53,251	808,555	861,806
Nonmarketable equity securities (cost method)	4,992	-	-	5,059	5,059
<b>Total financial assets</b>	<b>\$ 1,473,885</b>	<b>219,676</b>	<b>337,093</b>	<b>816,813</b>	<b>1,373,582</b>
<b>Financial liabilities</b>					
Deposits (3)	\$ 176,712	-	122,361	52,764	175,125
Short-term borrowings	93,135	-	93,135	-	93,135
Long-term debt (4)	188,140	-	186,887	1,894	188,781
<b>Total financial liabilities</b>	<b>\$ 457,987</b>	<b>-</b>	<b>402,383</b>	<b>54,658</b>	<b>457,041</b>
<b>December 31, 2022</b>					
<b>Financial assets</b>					
Cash and due from banks (1)	\$ 34,596	34,596	-	-	34,596
Interest-earning deposits with banks (1)	124,561	124,338	223	-	124,561
Federal funds sold and securities purchased under resale agreements (1)	68,036	-	68,036	-	68,036
Held-to-maturity debt securities	297,059	14,285	238,552	2,684	255,521
Loans held for sale	2,884	-	2,208	719	2,927
Loans, net (2)	928,049	-	57,532	836,831	894,363
Nonmarketable equity securities (cost method)	4,900	-	-	4,961	4,961
<b>Total financial assets</b>	<b>\$ 1,460,085</b>	<b>173,219</b>	<b>366,551</b>	<b>845,195</b>	<b>1,384,965</b>
<b>Financial liabilities</b>					
Deposits (3)	\$ 66,887	-	46,745	18,719	65,464
Short-term borrowings	50,964	-	50,970	-	50,970
Long-term debt (4)	173,502	-	172,783	999	173,782
<b>Total financial liabilities</b>	<b>\$ 291,353</b>	<b>-</b>	<b>270,498</b>	<b>19,718</b>	<b>290,216</b>

(1) Amounts consist of financial instruments for which carrying value approximates fair value.

(2) Excludes lease financing with a carrying amount of \$15.8 billion and \$14.7 billion at September 30, 2023, and December 31, 2022, respectively.

(3) Excludes deposit liabilities with no defined or contractual maturity of \$1.2 trillion and \$1.3 trillion at September 30, 2023, and December 31, 2022, respectively.

(4) Excludes obligations under finance leases of \$20 million and \$22 million at September 30, 2023, and December 31, 2022, respectively.

## Note 13: Securitizations and Variable Interest Entities

### Involvement with Variable Interest Entities (VIEs)

In the normal course of business, we enter into various types of on- and off-balance sheet transactions with special purpose entities (SPEs), which are corporations, trusts, limited liability companies or partnerships that are established for a limited purpose. SPEs are often formed in connection with securitization transactions whereby financial assets are transferred to an SPE. SPEs formed in connection with securitization transactions are generally considered variable interest entities (VIEs). The VIE may alter the risk profile of the asset by entering into derivative transactions or obtaining credit support, and issues various forms of interests in those assets to investors. When we transfer financial assets from our consolidated balance sheet to a VIE in connection with a securitization, we typically receive cash and sometimes other interests in the VIE as proceeds for the assets we transfer. In certain transactions with VIEs, we may retain the right to service the transferred assets and repurchase the transferred assets if the outstanding balance of the assets falls below the level at which the cost to service the assets exceed the benefits. In addition, we may purchase the right to service loans transferred to a VIE by a third party.

In connection with our securitization or other VIE activities, we have various forms of ongoing involvement with VIEs, which may include:

- underwriting securities issued by VIEs and subsequently making markets in those securities;
- providing credit enhancement on securities issued by VIEs through the use of letters of credit or financial guarantees;
- entering into other derivative contracts with VIEs;
- holding senior or subordinated interests in VIEs;
- acting as servicer or investment manager for VIEs;
- providing administrative or trustee services to VIEs; and
- providing seller financing to VIEs.

### Loan Sales and Securitization Activity

We periodically transfer consumer and commercial loans and other types of financial assets in securitization and whole loan sale transactions.

**MORTGAGE LOANS SOLD TO U.S. GOVERNMENT SPONSORED ENTITIES AND TRANSACTIONS WITH GINNIE MAE** In the normal course of business we sell residential and commercial mortgage loans to government-sponsored entities (GSEs). These loans are generally transferred into securitizations sponsored by the GSEs, which provide certain credit guarantees to investors and servicers. We also transfer mortgage loans into securitization pools pursuant to Government National Mortgage Association (GNMA) guidelines which are insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA). Mortgage loans eligible for securitization with the GSEs or GNMA are considered conforming loans. The GSEs or GNMA design the structure of these securitizations, sponsor the involved VIEs, and have power over the activities most significant to the VIE.

We account for loans transferred in conforming mortgage loan securitization transactions as sales and do not consolidate the VIEs as we are not the primary beneficiary. In exchange for the transfer of loans, we typically receive securities issued by the VIEs which we sell to third parties for cash or hold for investment purposes as HTM or AFS securities. We also retain servicing rights on the transferred loans. As a servicer, we retain the option to repurchase loans from certain loan securitizations, which

becomes exercisable based on delinquency status such as when three scheduled loan payments are past due. When we have the unilateral option to repurchase a loan, we recognize the loan and a corresponding liability on our balance sheet regardless of our intent to repurchase the loan, and the loans remain pledged to the securitization. At September 30, 2023, and December 31, 2022, we recorded assets and related liabilities of \$1.1 billion and \$743 million, respectively, where we did not exercise our option to repurchase eligible loans. We repurchased loans of \$49 million and \$240 million, during the third quarter and first nine months of 2023, respectively, and \$574 million and \$2.1 billion during the third quarter and first nine months of 2022, respectively.

Upon transfers of loans, we also provide indemnification for losses incurred due to material breaches of contractual representations and warranties as well as other recourse arrangements. At September 30, 2023, and December 31, 2022, our liability for these repurchase and recourse arrangements was \$185 million and \$167 million, respectively, and the maximum exposure to loss was \$13.5 billion and \$13.8 billion at September 30, 2023 and December 31, 2022, respectively.

Substantially all residential servicing activity is related to assets transferred to GSE and GNMA securitizations. See Note 6 (Mortgage Banking Activities) for additional information about residential and commercial servicing rights, advances and servicing fees.

**NONCONFORMING MORTGAGE LOAN SECURITIZATIONS** In the normal course of business, we sell nonconforming mortgage loans in securitization transactions that we design and sponsor. Nonconforming mortgage loan securitizations do not involve a government credit guarantee, and accordingly, beneficial interest holders are subject to credit risk of the underlying assets held by the securitization VIE. We typically originate the transferred loans and account for the transfers as sales. We also typically retain the right to service the loans and may hold other beneficial interests issued by the VIE, such as debt securities held for investment purposes. Our servicing role related to nonconforming commercial mortgage loan securitizations is limited to primary or master servicer. We do not consolidate the VIE because the most significant decisions impacting the performance of the VIE are generally made by the special servicer or the controlling class security holder. For our residential nonconforming mortgage loan securitizations accounted for as sales, we either do not hold variable interests that we consider potentially significant or are not the primary servicer for a majority of the VIE assets.

**WHOLE LOAN SALE TRANSACTIONS** We may also sell whole loans to VIEs where we have continuing involvement in the form of financing. We account for these transfers as sales, and do not consolidate the VIEs as we do not have the power to direct the most significant activities of the VIEs.

Table 13.1 presents information about transfers of assets during the periods presented for which we recorded the transfers as sales and have continuing involvement with the transferred assets. In connection with these transfers, we received proceeds and recorded servicing assets and securities. Each of these interests are initially measured at fair value. Servicing rights are classified as Level 3 measurements, and generally securities are classified as Level 2. The majority of our transfers relate to residential mortgage securitizations with the GSEs or GNMA and

generally result in no gain or loss because the loans are measured at fair value on a recurring basis. Additionally, we may transfer certain government insured loans that we previously repurchased. These loans are carried at the lower of cost or

market, and we recognize gains on such transfers when the market value is greater than the carrying value of the loan when it is sold.

**Table 13.1: Transfers with Continuing Involvement**

(in millions)	2023		2022	
	Residential mortgages	Commercial mortgages	Residential mortgages	Commercial mortgages
<b>Quarter ended September 30,</b>				
Assets sold	\$ 2,810	3,189	14,447	3,061
Proceeds from transfer (1)	2,810	3,243	14,447	3,121
Net gains (losses) on sale	-	54	-	60
Continuing involvement (2):				
Servicing rights recognized	\$ 36	27	193	32
Securities recognized (3)	-	39	-	39
<b>Nine months ended September 30,</b>				
Assets sold	\$ 11,188	6,488	64,438	11,439
Proceeds from transfer (1)	11,188	6,606	64,490	11,629
Net gains (losses) on sale	-	118	52	190
Continuing involvement (2):				
Servicing rights recognized	\$ 129	61	833	102
Securities recognized (3)	-	87	2,062	176

(1) Represents cash proceeds and the fair value of non-cash beneficial interests recognized at securitization settlement.

(2) Represents assets or liabilities recognized at securitization settlement date related to our continuing involvement in the transferred assets.

(3) Represents debt securities obtained at securitization settlement held for investment purposes that are classified as available-for-sale or held-to-maturity. In 2022, these predominantly related to agency securities. Excludes trading debt securities held temporarily for market-marking purposes, which are sold to third parties at or shortly after securitization settlement, of \$1.3 billion and \$5.0 billion during the third quarter and first nine months of 2023, respectively, and \$3.0 billion and \$13.3 billion during the third quarter and first nine months of 2022, respectively.

In the normal course of business, we purchase certain non-agency securities at initial securitization or subsequently in the secondary market, which we hold for investment. We also provide seller financing in the form of loans. We received cash flows of \$58 million and \$199 million during the third quarter and first nine months of 2023, respectively, and \$95 million and \$399 million, during the third quarter and first nine months of 2022, respectively, related to principal and interest payments on these securities and loans, which exclude cash flows related to trading activities.

Table 13.2 presents the key weighted-average assumptions we used to initially measure residential MSRs recognized during the periods presented.

**Table 13.2: Residential MSRs - Assumptions at Securitization Date**

	2023	2022
<b>Quarter ended September 30,</b>		
Prepayment rate (1)	16.0 %	15.0
Discount rate	9.9	8.5
Cost to service (\$ per loan)	\$ 131	101
<b>Nine months ended September 30,</b>		
Prepayment rate (1)	17.2 %	11.9
Discount rate	9.7	7.7
Cost to service (\$ per loan)	\$ 171	114

(1) Includes a blend of prepayment speeds and expected defaults. Prepayment speeds are influenced by mortgage interest rates as well as our estimation of drivers of borrower behavior.

See Note 12 (Fair Values of Assets and Liabilities) and Note 6 (Mortgage Banking Activities) for additional information on key assumptions for residential MSRs.

**RESECURITIZATION ACTIVITIES** We enter into resecuritization transactions as part of our trading activities to accommodate the investment and risk management activities of our customers. In resecuritization transactions, we transfer trading debt securities to VIEs in exchange for new beneficial interests that are sold to third parties at or shortly after securitization settlement. This activity is performed for customers seeking a specific return or risk profile. Substantially all of our transactions involve the resecuritization of conforming mortgage-backed securities issued by the GSEs or guaranteed by GNMA. We do not consolidate the resecuritization VIEs as we share in the decision-making power with third parties and do not hold significant economic interests in the VIEs other than for market-making activities. During the nine months ended September 30, 2023 and 2022, we transferred securities of \$10.6 billion and \$15.7 billion, respectively, to resecuritization VIEs, and retained securities of \$284 million and \$622 million, respectively. These amounts are not included in Table 13.1. Related total VIE assets were \$111.9 billion and \$112.0 billion at September 30, 2023, and December 31, 2022, respectively. As of September 30, 2023, and December 31, 2022, we held \$1.1 billion and \$793 million of securities, respectively.

## Note 13: Securitizations and Variable Interest Entities (continued)

### Sold or Securitized Loans Serviced for Others

Table 13.3 presents information about loans that we have originated and sold or securitized in which we have ongoing involvement as servicer. For loans sold or securitized where servicing is our only form of continuing involvement, we generally experience a loss only if we were required to repurchase a delinquent loan or foreclosed asset due to a breach in representations and warranties associated with our loan sale or servicing contracts. Table 13.3 excludes mortgage loans sold to

and held or securitized by GSEs or GNMA of \$621.1 billion and \$704.5 billion at September 30, 2023, and December 31, 2022, respectively. Delinquent loans include loans 90 days or more past due and loans in bankruptcy, regardless of delinquency status. Delinquent loans and foreclosed assets related to loans sold to and held or securitized by GSEs or GNMA were \$3.4 billion and \$4.6 billion at September 30, 2023, and December 31, 2022, respectively.

**Table 13.3: Sold or Securitized Loans Serviced for Others**

(in millions)	Total loans		Delinquent loans and foreclosed assets (1)		Net charge-offs	
	Sep 30, 2023	Dec 31, 2022	Sep 30, 2023	Dec 31, 2022	Nine months ended September 30, 2023	
Commercial	\$ 66,232	67,029	899	912	89	24
Residential	8,591	9,201	415	501	12	13
<b>Total off-balance sheet sold or securitized loans</b>	<b>\$ 74,823</b>	<b>76,230</b>	<b>1,314</b>	<b>1,413</b>	<b>101</b>	<b>37</b>

(1) Includes \$184 million and \$274 million of commercial foreclosed assets and \$29 million and \$25 million of residential foreclosed assets at September 30, 2023, and December 31, 2022, respectively.

### Transactions with Unconsolidated VIEs

**MORTGAGE LOAN SECURITIZATIONS** Table 13.4 includes nonconforming mortgage loan securitizations where we originate and transfer the loans to the unconsolidated securitization VIEs that we sponsor. For additional information about these VIEs, see the "Loan Sales and Securitization Activity" section within this Note. Nonconforming mortgage loan securitizations also include commercial mortgage loan securitizations sponsored by third parties where we did not originate or transfer the loans but serve as master servicer and invest in securities that could be potentially significant to the VIE.

Conforming loan securitization and resecuritization transactions involving the GSEs and GNMA are excluded from Table 13.4 because we are not the sponsor or we do not have power over the activities most significant to the VIEs. Additionally, due to the nature of the guarantees provided by the GSEs and the FHA and VA, our credit risk associated with these VIEs is limited. For additional information about conforming mortgage loan securitizations and resecuritizations, see the "Loan Sales and Securitization Activity" and "Resecuritization Activities" sections within this Note.

**COMMERCIAL REAL ESTATE LOANS** We may transfer purchased industrial development bonds and GSE credit enhancements to VIEs in exchange for beneficial interests. We may also acquire such beneficial interests in transactions where we do not act as a transferor. We own all of the beneficial interests and may also service the underlying mortgages that serve as collateral to the bonds. The GSEs have the power to direct the servicing and workout activities of the VIE in the event of a default, therefore we do not have control over the key decisions of the VIEs.

**OTHER VIE STRUCTURES** We engage in various forms of structured finance arrangements with other VIEs, including asset-backed finance structures and other securitizations collateralized by asset classes other than mortgages. Collateral may include rental properties, asset-backed securities, student loans and mortgage loans. We may participate in structuring or marketing the arrangements as well as provide financing, service one or more of the underlying assets, or enter into derivatives with the VIEs. We may also receive fees for those services. We are not the primary beneficiary of these structures because we

do not have power to direct the most significant activities of the VIEs.

Table 13.4 provides a summary of our exposure to the unconsolidated VIEs described above, which includes investments in securities, loans, guarantees, liquidity agreements, commitments and certain derivatives. We exclude certain transactions with unconsolidated VIEs when our continuing involvement is temporary or administrative in nature or insignificant in size.

In Table 13.4, "Total VIE assets" represents the remaining principal balance of assets held by unconsolidated VIEs using the most current information available. "Carrying value" is the amount in our consolidated balance sheet related to our involvement with the unconsolidated VIEs. "Maximum exposure to loss" is determined as the carrying value of our investment in the VIEs excluding the unconditional repurchase options that have not been exercised, plus the remaining undrawn liquidity and lending commitments, the notional amount of net written derivative contracts, and generally the notional amount of, or stressed loss estimate for, other commitments and guarantees.

Debt, guarantees and other commitments include amounts related to lending arrangements, liquidity agreements, and certain loss sharing obligations associated with loans originated, sold, and serviced under certain GSE programs.

"Maximum exposure to loss" represents estimated loss that would be incurred under severe, hypothetical circumstances, for which we believe the possibility is extremely remote, such as where the value of our interests and any associated collateral declines to zero, without any consideration of recovery or offset from any economic hedges. Accordingly, this disclosure is not an indication of expected loss.



**Table 13.4: Unconsolidated VIEs**

(in millions)	Carrying value - asset (liability)						
	Total VIE assets	Loans	Debt securities (1)	Equity securities	All other assets (2)	Debt and other liabilities	Net assets
<b>September 30, 2023</b>							
Nonconforming mortgage loan securitizations	\$ 152,670	-	2,410	-	569	(12)	2,967
Commercial real estate loans	5,597	5,580	-	-	17	-	5,597
Other	1,949	240	-	43	10	-	293
<b>Total</b>	<b>\$ 160,216</b>	<b>5,820</b>	<b>2,410</b>	<b>43</b>	<b>596</b>	<b>(12)</b>	<b>8,857</b>
Maximum exposure to loss							
		Loans	Debt securities (1)	Equity securities	All other assets (2)	Debt, guarantees, and other commitments	Total exposure
Nonconforming mortgage loan securitizations	\$ -	-	2,410	-	569	12	2,991
Commercial real estate loans		5,580	-	-	17	701	6,298
Other		240	-	43	10	158	451
<b>Total</b>	<b>\$ -</b>	<b>5,820</b>	<b>2,410</b>	<b>43</b>	<b>596</b>	<b>871</b>	<b>9,740</b>
Carrying value - asset (liability)							
(in millions)	Total VIE assets	Loans	Debt securities (1)	Equity securities	All other assets (2)	Debt and other liabilities	Net assets
<b>December 31, 2022</b>							
Nonconforming mortgage loan securitizations	\$ 154,464	-	2,420	-	617	(13)	3,024
Commercial real estate loans	5,627	5,611	-	-	16	-	5,627
Other	2,174	292	1	43	21	-	357
<b>Total</b>	<b>\$ 162,265</b>	<b>5,903</b>	<b>2,421</b>	<b>43</b>	<b>654</b>	<b>(13)</b>	<b>9,008</b>
Maximum exposure to loss							
		Loans	Debt securities (1)	Equity securities	All other assets (2)	Debt, guarantees, and other commitments	Total exposure
Nonconforming mortgage loan securitizations	\$ -	-	2,420	-	617	13	3,050
Commercial real estate loans		5,611	-	-	16	705	6,332
Other		292	1	43	21	228	585
<b>Total</b>	<b>\$ -</b>	<b>5,903</b>	<b>2,421</b>	<b>43</b>	<b>654</b>	<b>946</b>	<b>9,967</b>

(1) Includes \$234 million and \$172 million of securities classified as trading at September 30, 2023, and December 31, 2022, respectively.  
(2) All other assets includes mortgage servicing rights, derivative assets, and other assets (predominantly servicing advances).

**INVOLVEMENT WITH TAX CREDIT VIEs** In addition to the unconsolidated VIEs in Table 13.4, we may invest in or provide funding to affordable housing, renewable energy or similar projects that are designed to generate a return primarily through the realization of federal tax credits and other tax benefits. The projects are typically managed by third-party sponsors who have the power over the VIE's assets, therefore, we do not consolidate the VIEs. The carrying value of our equity investments in tax credit VIEs was \$18.7 billion at both September 30, 2023, and December 31, 2022. We also had loans to tax credit VIEs with a carrying value of \$2.2 billion and \$2.0 billion at September 30, 2023, and December 31, 2022, respectively.

Our maximum exposure to loss for tax credit VIEs at September 30, 2023, and December 31, 2022, was \$29.3 billion and \$28.0 billion, respectively. Our maximum exposure to loss included total unfunded equity and lending commitments of \$8.4 billion and \$7.3 billion at September 30, 2023, and December 31, 2022, respectively. See Note 14 (Guarantees and Other Commitments) for additional information about commitments to purchase equity securities.

Our affordable housing equity investments qualify for the low-income housing tax credit (LIHTC). For additional information on our LIHTC investments, see Note 16 (Securitizations and Variable Interest Entities) in our 2022 Form 10-K.

### Consolidated VIEs

We consolidate VIEs where we are the primary beneficiary. We are the primary beneficiary of the following structure types:

**COMMERCIAL AND INDUSTRIAL LOANS AND LEASES** We may securitize dealer floor plan loans in a revolving master trust entity. As servicer and residual interest holder, we control the key decisions of the trust and consolidate the entity. The total VIE assets held by the master trust represent a majority of the total VIE assets presented for this category in Table 13.5. In a separate transaction structure, we may provide the majority of debt and equity financing to an SPE that engages in lending and leasing to specific vendors and service the underlying collateral.

**OTHER VIE STRUCTURES** Other VIEs relate to total return swaps and municipal tender option bond (MTOB) transactions.

**Note 13: Securitizations and Variable Interest Entities (continued)**

Table 13.5 presents a summary of financial assets and liabilities of our consolidated VIEs. The carrying value represents assets and liabilities recorded on our consolidated balance sheet. "Total VIE assets" includes affiliate balances that are eliminated upon consolidation, and therefore in some instances will differ from the carrying value of assets.

On our consolidated balance sheet, we separately disclose (1) the consolidated assets of certain VIEs that can only be used to settle the liabilities of those VIEs, and (2) the consolidated liabilities of certain VIEs for which the VIE creditors do not have recourse to Wells Fargo.

**Table 13.5: Transactions with Consolidated VIEs**

(in millions)	Total VIE assets	Loans	Debt securities	Carrying value - asset (liability)	
				All other assets (1)	Liabilities (2)
<b>September 30, 2023</b>					
Commercial and industrial loans and leases	\$ 7,438	4,694	-	202	(129)
Other	86	-	-	86	-
<b>Total consolidated VIEs</b>	<b>\$ 7,524</b>	<b>4,694</b>	<b>-</b>	<b>288</b>	<b>(129)</b>
<b>December 31, 2022</b>					
Commercial and industrial loans and leases	\$ 7,148	4,802	-	190	(129)
Other	72	-	71	1	(72)
<b>Total consolidated VIEs</b>	<b>\$ 7,220</b>	<b>4,802</b>	<b>71</b>	<b>191</b>	<b>(201)</b>

(1) All other assets includes cash and due from banks, and other assets.

(2) Liabilities include short-term borrowings, and accrued expenses and other liabilities.

**Other Transactions**

In addition to the transactions included in the previous tables, we have used wholly-owned trust preferred security VIEs to issue debt securities or preferred equity exclusively to third-party investors. As the sole assets of the VIEs are receivables from us, we do not consolidate the VIEs even though we own all of the voting equity shares of the VIEs, have fully guaranteed the obligations of the VIEs, and may have the right to redeem the third-party securities under certain circumstances. On our consolidated balance sheet, we reported the debt securities issued to the VIEs as long-term junior subordinated debt with a carrying value of \$411 million and \$401 million at September 30, 2023, and December 31, 2022, respectively.

## Note 14: Guarantees and Other Commitments

Guarantees are contracts that contingently require us to make payments to a guaranteed party based on an event or a change in an underlying asset, liability, rate or index. For additional

descriptions of our guarantees, see Note 17 (Guarantees and Other Commitments) in our 2022 Form 10-K. Table 14.1 shows carrying value and maximum exposure to loss on our guarantees.

**Table 14.1: Guarantees - Carrying Value and Maximum Exposure to Loss**

(in millions)	Carrying value of obligation	Expires in one year or less	Expires after one year through three years	Expires after three years through five years	Expires after five years	Maximum exposure to loss	
						Total	Non-investment grade
<b>September 30, 2023</b>							
Standby letters of credit (1)	\$ 90	15,105	4,237	3,129	13	22,484	7,441
Direct pay letters of credit (1)	10	1,242	2,480	371	5	4,098	922
Loans and LHFS sold with recourse (2)	24	192	2,176	3,400	7,980	13,748	10,870
Exchange and clearing house guarantees	-	8,548	-	-	-	8,548	-
Other guarantees and indemnifications (3)	-	684	8	1	95	788	637
<b>Total guarantees</b>	<b>\$ 124</b>	<b>25,771</b>	<b>8,901</b>	<b>6,901</b>	<b>8,093</b>	<b>49,666</b>	<b>19,870</b>
<b>December 31, 2022</b>							
Standby letters of credit (1)	\$ 112	14,014	4,694	3,058	53	21,819	7,071
Direct pay letters of credit (1)	13	1,593	2,734	465	5	4,797	1,283
Loans and LHFS sold with recourse (2)	16	322	1,078	3,408	8,906	13,714	11,399
Exchange and clearing house guarantees	-	4,623	-	-	-	4,623	-
Other guarantees and indemnifications (3)	-	548	1	10	201	760	515
<b>Total guarantees</b>	<b>\$ 141</b>	<b>21,100</b>	<b>8,507</b>	<b>6,941</b>	<b>9,165</b>	<b>45,713</b>	<b>20,268</b>

(1) Standby and direct pay letters of credit are reported net of syndications and participations.

(2) Represents recourse provided, predominantly to the GSEs, on loans sold under various programs and arrangements.

(3) Includes indemnifications provided to certain third-party clearing agents. Estimated maximum exposure to loss was \$52 million and \$157 million with related collateral of \$558 million and \$1.3 billion as of September 30, 2023, and December 31, 2022, respectively.

Maximum exposure to loss represents the estimated loss that would be incurred under an assumed hypothetical circumstance, despite what we believe is a remote possibility, where the value of our interests and any associated collateral declines to zero.

Maximum exposure to loss estimates in

Table 14.1 do not reflect economic hedges or collateral we could use to offset or recover losses we may incur under our guarantee agreements. Accordingly, these amounts are not an indication of expected loss. We believe the carrying value is more representative of our current exposure to loss than maximum exposure to loss. The carrying value represents the fair value of the guarantee, if any, and also includes an ACL for guarantees, if applicable. In determining the ACL for guarantees, we consider the credit risk of the related contingent obligation.

For our guarantees in Table 14.1, non-investment grade represents those guarantees on which we have a higher risk of performance under the terms of the guarantee, which is determined based on an external rating or an internal credit grade that is below investment grade.

**WRITTEN OPTIONS** We enter into written foreign currency options and over-the-counter written equity put options that are derivative contracts that have the characteristics of a guarantee. The fair value of written options represents our view of the probability that we will be required to perform under the contract. The fair value of these written options was an asset of \$127 million and a liability of \$15 million at September 30, 2023, and December 31, 2022, respectively. The fair value may be an asset as a result of deferred premiums on certain option trades. The maximum exposure to loss represents the notional value of these derivative contracts. At September 30, 2023, the maximum exposure to loss was \$38.3 billion, with \$35.4 billion expiring in three years or less compared with \$23.4 billion and

\$21.3 billion, respectively, at December 31, 2022. See Note 11 (Derivatives) for additional information regarding written derivative contracts.

**REPRESENTATIONS OR WARRANTIES** We record a liability for mortgage loans that we expect to repurchase pursuant to various representations or warranties. See Note 13 (Securizations and Variable Interest Entities) for further discussion and related amounts. Additionally, when we sell MSR, we may provide indemnifications for losses incurred due to material breaches of contractual representations or warranties as well as other recourse arrangements. At September 30, 2023, our liability for these indemnification arrangements was \$10 million and the maximum exposure to loss was \$844 million, with \$609 million expiring in three years or less.

**MERCHANT PROCESSING SERVICES** We provide debit and credit card transaction processing services through payment networks directly for merchants and as a sponsor for merchant processing services, including our joint venture with a third party that is accounted for as an equity method investment. In our role as the merchant acquiring bank, we have a potential obligation in connection with payment and delivery disputes between the merchant and the cardholder that are resolved in favor of the cardholder, referred to as a charge-back transaction. We estimate our potential maximum exposure to be the total merchant transaction volume processed in the preceding four months, which is generally the lifecycle for a charge-back transaction. As of September 30, 2023, our potential maximum exposure was approximately \$780.0 billion, and related losses, including those from our joint venture entity, were insignificant.

**Note 14: Guarantees and Other Commitments (continued)**

**GUARANTEES OF SUBSIDIARIES** The Parent fully and unconditionally guarantees the payment of principal, interest, and any other amounts that may be due on securities that its 100% owned finance subsidiary, Wells Fargo Finance LLC, may issue. These securities are not guaranteed by any other subsidiary of the Parent. The guaranteed liabilities were \$826 million and \$948 million at September 30, 2023, and December 31, 2022, respectively. These guarantees rank on parity with all of the Parent's other unsecured and unsubordinated indebtedness.

**OTHER COMMITMENTS** We may enter into commitments to purchase debt and equity securities for various business or investment purposes. As of both September 30, 2023, and December 31, 2022, we had commitments to purchase debt securities of \$100 million and commitments to purchase equity securities of \$8.9 billion and \$3.8 billion, respectively. As of September 30, 2023, our commitments to purchase equity securities predominantly included Federal Reserve Bank stock and renewable energy investments.

As part of maintaining our memberships in certain clearing organizations, we are required to stand ready to provide liquidity to sustain market clearing activity in the event unforeseen events occur or are deemed likely to occur. Certain of these obligations are guarantees of other members' performance and accordingly are included in Table 14.1 in Other guarantees and indemnifications.

We have commitments to enter into resale and securities borrowing agreements as well as repurchase and securities lending agreements with certain counterparties, including central clearing organizations. The amount of our unfunded contractual commitments for resale and securities borrowing agreements was \$14.5 billion and \$19.9 billion as of September 30, 2023, and December 31, 2022, respectively. The amount of our unfunded contractual commitments for repurchase and securities lending agreements was \$3.8 billion and \$1.6 billion as of September 30, 2023, and December 31, 2022, respectively.

Given the nature of these commitments, they are excluded from Table 5.4 (Unfunded Credit Commitments) in Note 5 (Loans and Related Allowance for Credit Losses).

## Note 15: Pledged Assets and Collateral

### Pledged Assets

Table 15.1 provides the carrying amount of on-balance sheet pledged assets as well as the fair value of other pledged collateral not recognized on our consolidated balance sheet, which we have received from third parties, have the right to repledge and have repledged. These amounts include assets pledged in transactions accounted for as secured borrowings, which are presented parenthetically on our consolidated balance sheet.

**TRADING RELATED ACTIVITY** Our trading businesses may pledge debt and equity securities in connection with securities sold under agreements to repurchase (repurchase agreements) and securities lending arrangements. The collateral that we pledge related to our trading activities may include our own collateral as well as collateral that we have received from third parties and have the right to repledge. Substantially all of the collateral we pledge related to trading activity is eligible to be repledged or sold by the secured party.

**NON-TRADING RELATED ACTIVITY** As part of our liquidity management strategy, we may pledge loans, debt securities, and other financial assets to secure trust and public deposits, borrowings and letters of credit from Federal Home Loan Banks (FHLBs) and the Board of Governors of the Federal Reserve System (FRB) and for other purposes as required or permitted by law or insurance statutory requirements. Substantially all of the non-trading activity pledged collateral is not eligible to be repledged or sold by the secured party.

**VIE RELATED** We pledge assets in connection with various types of transactions entered into with VIEs. These pledged assets can only be used to settle the liabilities of those entities.

We also have loans recorded on our consolidated balance sheet which represent certain delinquent loans that are eligible for repurchase from GNMA loan securitizations. See Note 13 (Securitizations and Variable Interest Entities) for additional information on consolidated VIE assets.

**Table 15.1: Pledged Assets**

(in millions)	Sep 30, 2023	Dec 31, 2022
<b>Related to trading activities:</b>		
Off-balance sheet repledged third-party owned debt and equity securities	\$ 61,231	38,191
Trading debt securities and other	59,183	28,284
Equity securities	2,428	1,477
<b>Total pledged assets related to trading activities</b>	<b>122,842</b>	<b>67,952</b>
<b>Related to non-trading activities:</b>		
Loans	410,663	344,000
Debt securities:		
Available-for-sale	64,014	50,538
Held-to-maturity	242,792	17,477
Equity securities	276	141
<b>Total pledged assets related to non-trading activities</b>	<b>717,745</b>	<b>412,156</b>
<b>Related to VIEs:</b>		
Consolidated VIE assets	4,982	5,064
Loans eligible for repurchase from GNMA securitizations	1,126	749
<b>Total pledged assets related to VIEs</b>	<b>6,108</b>	<b>5,813</b>
<b>Total pledged assets</b>	<b>\$ 846,695</b>	<b>485,921</b>

### Securities and Other Collateralized Financing Activities

We enter into resale and repurchase agreements and securities borrowing and lending agreements (collectively, "securities financing activities") typically to finance trading positions (including securities and derivatives), acquire securities to cover short trading positions, accommodate customers' financing needs, and settle other securities obligations. These activities are conducted through our broker-dealer subsidiaries and, to a lesser extent, through other bank entities. Our securities financing activities primarily involve high-quality, liquid securities such as U.S. Treasury securities and government agency securities and, to a lesser extent, less liquid securities, including equity securities, corporate bonds and asset-backed securities. We account for these transactions as collateralized financings in which we typically receive or pledge securities as collateral. We believe these financing transactions generally do not have material credit risk given the collateral provided and the related monitoring processes. We also enter into resale agreements

involving collateral other than securities, such as loans, as part of our commercial lending business activities.

**OFFSETTING OF SECURITIES AND OTHER COLLATERALIZED FINANCING ACTIVITIES** Table 15.2 presents resale and repurchase agreements subject to master repurchase agreements (MRA) and securities borrowing and lending agreements subject to master securities lending agreements (MSLA). Where legally enforceable, these master netting arrangements give the ability, in the event of default by the counterparty, to liquidate securities held as collateral and to offset receivables and payables with the same counterparty. Collateralized financings, and those with a single counterparty, are presented net on our consolidated balance sheet, provided certain criteria are met that permit balance sheet netting. The majority of transactions subject to these agreements do not meet those criteria and thus are not eligible for balance sheet netting.

## Note 15: Pledged Assets and Collateral (continued)

Collateral we pledged consists of non-cash instruments, such as securities or loans, and is not netted on our consolidated balance sheet against the related liability. Collateral we received includes securities or loans and is not recognized on our consolidated balance sheet. Collateral pledged or received may be increased or decreased over time to maintain certain contractual thresholds, as the assets underlying each arrangement fluctuate in value. Generally, these agreements require collateral to exceed the asset or liability recognized on the balance sheet. The following table includes the amount of

collateral pledged or received related to exposures subject to enforceable MRAs or MSLAs. While these agreements are typically over-collateralized, U.S. GAAP requires disclosure in this table to limit the reported amount of such collateral to the amount of the related recognized asset or liability for each counterparty.

In addition to the amounts included in Table 15.2, we also have balance sheet netting related to derivatives that is disclosed in Note 11 (Derivatives).

**Table 15.2: Offsetting - Securities and Other Collateralized Financing Activities**

(in millions)	Sep 30, 2023	Dec 31, 2022
<b>Assets:</b>		
Resale and securities borrowing agreements		
Gross amounts recognized	\$ 114,518	114,729
Gross amounts offset in consolidated balance sheet (1)	(23,231)	(24,464)
Net amounts in consolidated balance sheet (2)	91,287	90,265
Collateral not recognized in consolidated balance sheet (3)	(90,555)	(89,592)
Net amount (4)	\$ 732	673
<b>Liabilities:</b>		
Repurchase and securities lending agreements		
Gross amounts recognized	\$ 104,106	55,054
Gross amounts offset in consolidated balance sheet (1)	(23,231)	(24,464)
Net amounts in consolidated balance sheet (5)	80,875	30,590
Collateral pledged but not netted in consolidated balance sheet (6)	(80,677)	(30,383)
Net amount (4)	\$ 198	207

- (1) Represents recognized amount of resale and repurchase agreements with counterparties subject to enforceable MRAs that have been offset in our consolidated balance sheet.
- (2) Includes \$70.3 billion and \$68.0 billion classified on our consolidated balance sheet in federal funds sold and securities purchased under resale agreements at September 30, 2023, and December 31, 2022, respectively. Also includes \$20.9 billion and \$22.3 billion classified on our consolidated balance sheet in loans at September 30, 2023, and December 31, 2022, respectively.
- (3) Represents the fair value of collateral we have received under enforceable MRAs or MSLAs, limited in the table above to the amount of the recognized asset due from each counterparty. At September 30, 2023, and December 31, 2022, we have received total collateral with a fair value of \$140.7 billion and \$136.6 billion, respectively, all of which we have the right to sell or repledge. These amounts include securities we have sold or repledged to others with a fair value of \$71.8 billion and \$59.1 billion at September 30, 2023, and December 31, 2022, respectively.
- (4) Represents the amount of our exposure (assets) or obligation (liabilities) that is not collateralized and/or is not subject to an enforceable MRA or MSLA.
- (5) Amount is classified in short-term borrowings on our consolidated balance sheet.
- (6) Represents the fair value of collateral we have pledged, related to enforceable MRAs or MSLAs, limited in the table above to the amount of the recognized liability owed to each counterparty. At September 30, 2023, and December 31, 2022, we have pledged total collateral with a fair value of \$106.5 billion and \$56.3 billion, respectively, substantially all of which may be sold or repledged by the counterparty.

**REPURCHASE AND SECURITIES LENDING AGREEMENTS** Securities sold under repurchase agreements and securities lending arrangements are effectively short-term collateralized borrowings. In these transactions, we receive cash in exchange for transferring securities as collateral and recognize an obligation to reacquire the securities for cash at the transaction's maturity. These types of transactions create risks, including (1) the counterparty may fail to return the securities at maturity, (2) the fair value of the securities transferred may decline below the amount of our obligation to reacquire the securities, and therefore create an obligation for us to pledge additional amounts, and (3) the counterparty may accelerate the maturity on demand, requiring us to reacquire the security prior to contractual maturity. We attempt to mitigate these risks in various ways. Our collateral primarily consists of highly liquid securities. In addition, we underwrite and monitor the financial strength of our counterparties, monitor the fair value of collateral pledged relative to contractually required repurchase amounts, and monitor that our collateral is properly returned through the clearing and settlement process in advance of our cash repayment. Table 15.3 provides the gross amounts recognized on our consolidated balance sheet (before the effects of offsetting) of our liabilities for repurchase and securities lending agreements disaggregated by underlying collateral type.

**Table 15.3: Gross Obligations by Underlying Collateral Type**

(in millions)	Sep 30, 2023	Dec 31, 2022
<b>Repurchase agreements:</b>		
Securities of U.S. Treasury and federal agencies	\$ 35,407	27,857
Securities of U.S. States and political subdivisions	386	83
Federal agency mortgage-backed securities	47,212	8,386
Non-agency mortgage-backed securities	1,605	682
Corporate debt securities	6,886	6,541
Asset-backed securities	2,606	1,529
Equity securities	1,478	711
Other	64	300
<b>Total repurchases</b>	<b>95,644</b>	<b>46,089</b>
<b>Securities lending arrangements:</b>		
Securities of U.S. Treasury and federal agencies	225	278
Federal agency mortgage-backed securities	5	58
Corporate debt securities	155	206
Equity securities (1)	8,055	8,356
Other	62	67
<b>Total securities lending</b>	<b>8,462</b>	<b>8,965</b>
<b>Total repurchases and securities lending</b>	<b>\$ 104,106</b>	<b>55,054</b>

(1) Equity securities are generally exchange traded and represent collateral received from third parties that has been repledged. We received the collateral through either margin lending agreements or contemporaneous securities borrowing transactions with other counterparties.

Table 15.4 provides the contractual maturities of our gross obligations under repurchase and securities lending agreements.

**Table 15.4: Contractual Maturities of Gross Obligations**

(in millions)	Overnight/continuous	Up to 30 days	30-90 days	>90 days	Total gross obligation
<b>September 30, 2023</b>					
<b>Repurchase agreements</b>	\$ 51,009	21,029	15,264	8,342	<b>95,644</b>
<b>Securities lending arrangements</b>	8,362	-	-	100	<b>8,462</b>
<b>Total repurchases and securities lending (1)</b>	<b>\$ 59,371</b>	<b>21,029</b>	<b>15,264</b>	<b>8,442</b>	<b>104,106</b>
<b>December 31, 2022</b>					
Repurchase agreements	\$ 36,251	734	2,884	6,220	46,089
Securities lending arrangements	8,965	-	-	-	8,965
<b>Total repurchases and securities lending (1)</b>	<b>\$ 45,216</b>	<b>734</b>	<b>2,884</b>	<b>6,220</b>	<b>55,054</b>

(1) Securities lending is executed under agreements that allow either party to terminate the transaction without notice, while repurchase agreements have a term structure to them that technically matures at a point in time. The overnight/continuous repurchase agreements require election of both parties to roll the trade rather than the election to terminate the arrangement as in securities lending.

## Note 16: Operating Segments

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Our management reporting is organized into four reportable operating segments: Consumer Banking and Lending; Commercial Banking; Corporate and Investment Banking; and Wealth and Investment Management. All other business activities that are not included in the reportable operating segments have been included in Corporate. We define our reportable operating segments by type of product and customer segment, and their results are based on our management reporting process. The management reporting process measures the performance of the reportable operating segments based on the Company's management structure, and the results are regularly reviewed with our Chief Executive Officer and relevant senior management. The management reporting process is based on U.S. GAAP and includes specific adjustments, such as funds transfer pricing for asset/liability management, shared revenue and expenses, and taxable-equivalent adjustments to consistently reflect income from taxable and tax-exempt sources, which allows management to assess performance consistently across the operating segments.

**Consumer Banking and Lending** offers diversified financial products and services for consumers and small businesses with annual sales generally up to \$10 million. These financial products and services include checking and savings accounts, credit and debit cards as well as home, auto, personal, and small business lending.

**Commercial Banking** provides financial solutions to private, family owned and certain public companies. Products and services include banking and credit products across multiple industry sectors and municipalities, secured lending and lease products, and treasury management.

**Corporate and Investment Banking** delivers a suite of capital markets, banking, and financial products and services to corporate, commercial real estate, government and institutional clients globally. Products and services include corporate banking, investment banking, treasury management, commercial real estate lending and servicing, equity and fixed income solutions as well as sales, trading, and research capabilities.

**Wealth and Investment Management** provides personalized wealth management, brokerage, financial planning, lending, private banking, trust and fiduciary products and services to affluent, high-net worth and ultra-high-net worth clients. We operate through financial advisors in our brokerage and wealth offices, consumer bank branches, independent offices, and digitally through WellsTrade® and Intuitive Investor®.

**Corporate** includes corporate treasury and enterprise functions, net of allocations (including funds transfer pricing, capital, liquidity and certain expenses), in support of the reportable operating segments, as well as our investment portfolio and venture capital and private equity investments. Corporate also includes certain lines of business that management has determined are no longer consistent with the long-term strategic goals of the Company as well as results for previously divested businesses. In third quarter 2023, we sold investments in certain private equity funds, which had a minimal impact to net income.

### Basis of Presentation

**FUNDS TRANSFER PRICING** Corporate treasury manages a funds transfer pricing methodology that considers interest rate risk, liquidity risk, and other product characteristics. Operating segments pay a funding charge for their assets and receive a funding credit for their deposits, both of which are included in net interest income. The net impact of the funding charges or credits is recognized in corporate treasury.

**REVENUE AND EXPENSE SHARING** When lines of business jointly serve customers, the line of business that is responsible for providing the product or service recognizes revenue or expense with a referral fee paid or an allocation of cost to the other line of business based on established internal revenue-sharing agreements.

When a line of business uses a service provided by another line of business or enterprise function (included in Corporate), expense is generally allocated based on the cost and use of the service provided.

**TAXABLE-EQUIVALENT ADJUSTMENTS** Taxable-equivalent adjustments related to tax-exempt income on certain loans and debt securities are included in net interest income, while taxable-equivalent adjustments related to income tax credits for low-income housing and renewable energy investments are included in noninterest income, in each case with corresponding impacts to income tax expense (benefit). Adjustments are included in Corporate, Commercial Banking, and Corporate and Investment Banking and are eliminated to reconcile to the Company's consolidated financial results.



Table 16.1 presents our results by operating segment.

**Table 16.1: Operating Segments**

(in millions)	Consumer Banking and Lending	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate (1)	Reconciling Items (2)	Consolidated Company
<b>Quarter ended September 30, 2023</b>							
Net interest income (3)	\$ 7,633	2,519	2,319	1,007	(269)	(104)	13,105
Noninterest income	1,948	886	2,604	2,695	21	(402)	7,752
<b>Total revenue</b>	<b>9,581</b>	<b>3,405</b>	<b>4,923</b>	<b>3,702</b>	<b>(248)</b>	<b>(506)</b>	<b>20,857</b>
Provision for credit losses	768	52	324	(10)	63	-	1,197
Noninterest expense	5,913	1,543	2,182	3,006	469	-	13,113
Income (loss) before income tax expense (benefit)	2,900	1,810	2,417	706	(780)	(506)	6,547
Income tax expense (benefit)	727	453	601	177	(641)	(506)	811
Net income (loss) before noncontrolling interests	2,173	1,357	1,816	529	(139)	-	5,736
Less: Net income (loss) from noncontrolling interests	-	3	-	-	(34)	-	(31)
<b>Net income (loss)</b>	<b>\$ 2,173</b>	<b>1,354</b>	<b>1,816</b>	<b>529</b>	<b>(105)</b>	<b>-</b>	<b>5,767</b>
<b>Quarter ended September 30, 2022</b>							
Net interest income (3)	\$ 7,102	1,991	2,270	1,088	(248)	(105)	12,098
Noninterest income	2,175	961	1,790	2,577	345	(380)	7,468
<b>Total revenue</b>	<b>9,277</b>	<b>2,952</b>	<b>4,060</b>	<b>3,665</b>	<b>97</b>	<b>(485)</b>	<b>19,566</b>
Provision for credit losses	917	(168)	32	8	(5)	-	784
Noninterest expense	6,758	1,526	1,900	2,796	1,326	-	14,306
Income (loss) before income tax expense (benefit)	1,602	1,594	2,128	861	(1,224)	(485)	4,476
Income tax expense (benefit)	401	409	536	222	(171)	(485)	912
Net income (loss) before noncontrolling interests	1,201	1,185	1,592	639	(1,053)	-	3,564
Less: Net income (loss) from noncontrolling interests	-	3	-	-	(31)	-	(28)
<b>Net income (loss)</b>	<b>\$ 1,201</b>	<b>1,182</b>	<b>1,592</b>	<b>639</b>	<b>(1,022)</b>	<b>-</b>	<b>3,592</b>
<b>Nine months ended September 30, 2023</b>							
Net interest income (3)	\$ 22,556	7,509	7,139	3,060	(344)	(316)	39,604
Noninterest income	5,844	2,572	7,317	7,971	147	(1,336)	22,515
<b>Total revenue</b>	<b>28,400</b>	<b>10,081</b>	<b>14,456</b>	<b>11,031</b>	<b>(197)</b>	<b>(1,652)</b>	<b>62,119</b>
Provision for credit losses	2,509	35	1,509	25	39	-	4,117
Noninterest expense	17,978	4,925	6,486	9,041	1,346	-	39,776
Income (loss) before income tax expense (benefit)	7,913	5,121	6,461	1,965	(1,582)	(1,652)	18,226
Income tax expense (benefit)	1,985	1,281	1,617	492	(1,016)	(1,652)	2,707
Net income (loss) before noncontrolling interests	5,928	3,840	4,844	1,473	(566)	-	15,519
Less: Net income (loss) from noncontrolling interests	-	9	-	-	(186)	-	(177)
<b>Net income (loss)</b>	<b>\$ 5,928</b>	<b>3,831</b>	<b>4,844</b>	<b>1,473</b>	<b>(380)</b>	<b>-</b>	<b>15,696</b>
<b>Nine months ended September 30, 2022</b>							
Net interest income (3)	\$ 19,470	4,932	6,317	2,803	(1,685)	(320)	31,517
Noninterest income	6,877	2,839	4,786	8,324	1,185	(1,194)	22,817
<b>Total revenue</b>	<b>26,347</b>	<b>7,771</b>	<b>11,103</b>	<b>11,127</b>	<b>(500)</b>	<b>(1,514)</b>	<b>54,334</b>
Provision for credit losses	1,340	(491)	(226)	(36)	(10)	-	577
Noninterest expense	19,189	4,535	5,723	8,882	2,690	-	41,019
Income (loss) before income tax expense (benefit)	5,818	3,727	5,606	2,281	(3,180)	(1,514)	12,738
Income tax expense (benefit)	1,454	938	1,420	574	(592)	(1,514)	2,280
Net income (loss) before noncontrolling interests	4,364	2,789	4,186	1,707	(2,588)	-	10,458
Less: Net income (loss) from noncontrolling interests	-	9	-	-	(73)	-	(64)
<b>Net income (loss)</b>	<b>\$ 4,364</b>	<b>2,780</b>	<b>4,186</b>	<b>1,707</b>	<b>(2,515)</b>	<b>-</b>	<b>10,522</b>

(continued on following page)

## Note 16: Operating Segments (continued)

(continued from previous page)

	Consumer Banking and Lending	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate (1)	Reconciling Items (2)	Consolidated Company
<b>Quarter ended September 30, 2023</b>							
Loans (average)	\$ 335,545	224,416	291,651	82,195	9,386	-	943,193
Assets (average)	376,249	243,661	559,647	88,987	623,339	-	1,891,883
Deposits (average)	801,061	160,556	157,212	107,500	113,978	-	1,340,307
<b>Nine months ended September 30, 2023</b>							
Loans (average)	\$ 336,725	224,361	292,610	82,948	9,252	-	945,896
Assets (average)	378,826	246,322	552,888	89,957	610,047	-	1,878,040
Deposits (average)	821,741	165,887	158,337	115,418	86,707	-	1,348,090
Loans (period-end)	334,956	225,771	290,330	82,331	9,036	-	942,424
Assets (period-end)	376,151	245,159	557,642	88,854	641,455	-	1,909,261
Deposits (period-end)	798,897	160,368	162,776	103,255	128,714	-	1,354,010
<b>Quarter ended September 30, 2022</b>							
Loans (average)	\$ 335,644	208,997	306,240	85,472	9,112	-	945,465
Assets (average)	379,672	230,934	560,509	91,862	617,712	-	1,880,689
Deposits (average)	888,037	180,231	156,830	158,367	24,386	-	1,407,851
<b>Nine months ended September 30, 2022</b>							
Loans (average)	\$ 330,557	201,857	296,557	85,386	9,163	-	923,520
Assets (average)	377,929	223,312	558,773	91,763	648,967	-	1,900,744
Deposits (average)	889,366	189,664	163,578	172,516	23,909	-	1,439,033
Loans (period-end)	337,352	214,585	299,693	85,180	9,096	-	945,906
Assets (period-end)	380,755	239,588	550,695	91,299	615,382	-	1,877,719
Deposits (period-end)	886,991	172,727	154,550	148,890	34,993	-	1,398,151

- (1) In first quarter 2023, we adopted ASU 2018-12 - Financial Services - Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts*. For additional information, see Note 1 (Summary of Significant Accounting Policies).
- (2) Taxable-equivalent adjustments related to tax-exempt income on certain loans and debt securities are included in net interest income, while taxable-equivalent adjustments related to income tax credits for low-income housing and renewable energy investments are included in noninterest income, in each case with corresponding impacts to income tax expense (benefit). Adjustments are included in Corporate, Commercial Banking, and Corporate and Investment Banking and are eliminated to reconcile to the Company's consolidated financial results.
- (3) Net interest income is interest earned on assets minus the interest paid on liabilities to fund those assets. Segment interest earned includes actual interest income on segment assets as well as a funding credit for their deposits. Segment interest paid on liabilities includes actual interest expense on segment liabilities as well as a funding charge for their assets.

## Note 17: Revenue and Expenses

### Revenue

Our revenue includes net interest income on financial instruments and noninterest income. Table 17.1 presents our revenue by operating segment. For additional description of our operating segments, including additional financial information

and the underlying management accounting process, see Note 16 (Operating Segments). For a description of our revenue from contracts with customers, see Note 20 (Revenue and Expenses) in our 2022 Form 10-K.

**Table 17.1: Revenue by Operating Segment**

(in millions)	Consumer Banking and Lending	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate	Reconciling Items (1)	Consolidated Company
<b>Quarter ended September 30, 2023</b>							
Net interest income (2)	\$ 7,633	2,519	2,319	1,007	(269)	(104)	13,105
<b>Noninterest income:</b>							
Deposit-related fees	670	257	247	5	-	-	1,179
Lending-related fees (2)	31	133	206	2	-	-	372
Investment advisory and other asset-based fees (3)	-	19	41	2,164	-	-	2,224
Commissions and brokerage services fees	-	-	75	492	-	-	567
Investment banking fees	-	13	545	-	(66)	-	492
<b>Card fees:</b>							
Card interchange and network revenue (4)	909	56	14	1	-	-	980
Other card fees (2)	118	-	-	-	-	-	118
Total card fees	1,027	56	14	1	-	-	1,098
Mortgage banking (2)	105	-	91	(3)	-	-	193
Net gains (losses) from trading activities (2)	-	(2)	1,193	25	49	-	1,265
Net gains (losses) from debt securities (2)	-	25	-	-	(19)	-	6
Net gains (losses) from equity securities (2)	-	(6)	18	-	(37)	-	(25)
Lease income (2)	-	153	4	-	134	-	291
Other (2)	115	238	170	9	(40)	(402)	90
Total noninterest income	1,948	886	2,604	2,695	21	(402)	7,752
Total revenue	\$ 9,581	3,405	4,923	3,702	(248)	(506)	20,857
<b>Quarter ended September 30, 2022</b>							
Net interest income (2)	\$ 7,102	1,991	2,270	1,088	(248)	(105)	12,098
<b>Noninterest income:</b>							
Deposit-related fees	773	256	255	5	-	-	1,289
Lending-related fees (2)	32	126	198	2	-	-	358
Investment advisory and other asset-based fees (3)	-	13	32	2,066	-	-	2,111
Commissions and brokerage services fees	-	-	76	486	-	-	562
Investment banking fees	-	14	392	-	(31)	-	375
<b>Card fees:</b>							
Card interchange and network revenue (4)	915	60	15	1	-	-	991
Other card fees (2)	128	-	-	-	-	-	128
Total card fees	1,043	60	15	1	-	-	1,119
Mortgage banking (2)	212	-	115	(3)	-	-	324
Net gains (losses) from trading activities (2)	-	(4)	674	16	214	-	900
Net gains from debt securities (2)	-	-	-	-	6	-	6
Net gains (losses) from equity securities (2)	12	85	(2)	(1)	(128)	-	(34)
Lease income (2)	-	176	1	-	145	-	322
Other (2)/(5)	103	235	34	5	139	(380)	136
Total noninterest income	2,175	961	1,790	2,577	345	(380)	7,468
Total revenue	\$ 9,277	2,952	4,060	3,665	97	(485)	19,566
<b>Nine months ended September 30, 2023</b>							
Net interest income (2)	\$ 22,556	7,509	7,139	3,060	(344)	(316)	39,604
<b>Noninterest income:</b>							
Deposit-related fees	2,008	741	730	16	(3)	-	3,492
Lending-related fees (2)	90	393	591	6	-	-	1,080
Investment advisory and other asset-based fees (3)	-	54	112	6,335	-	-	6,501
Commissions and brokerage services fees	-	-	229	1,527	-	-	1,756
Investment banking fees	(4)	48	1,249	-	(99)	-	1,194
<b>Card fees:</b>							
Card interchange and network revenue (4)	2,701	171	46	3	2	-	2,923
Other card fees (2)	306	-	-	-	-	-	306
Total card fees	3,007	171	46	3	2	-	3,229
Mortgage banking (2)	397	-	239	(9)	-	-	627
Net gains (losses) from trading activities (2)	-	(9)	3,531	69	138	-	3,729
Net gains (losses) from debt securities (2)	-	25	-	-	(15)	-	10
Net gains (losses) from equity securities (2)	-	(16)	1	(2)	(459)	-	(476)
Lease income (2)	-	489	50	-	406	-	945
Other (2)	346	676	539	26	177	(1,336)	428
Total noninterest income	5,844	2,572	7,317	7,971	147	(1,336)	22,515
Total revenue	\$ 28,400	10,081	14,456	11,031	(197)	(1,652)	62,119

(continued on following page)

## Note 17: Revenue and Expenses (continued)

(continued from previous page)

(in millions)	Consumer Banking and Lending	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate	Reconciling Items (1)	Consolidated Company
Nine months ended September 30, 2022							
Net interest income (2)	\$ 19,470	4,932	6,317	2,803	(1,685)	(320)	31,517
Noninterest income:							
Deposit-related fees	2,397	894	828	19	-	-	4,138
Lending-related fees (2)	100	369	578	6	-	-	1,053
Investment advisory and other asset-based fees (3)	-	25	74	6,848	8	-	6,955
Commissions and brokerage services fees	-	-	242	1,399	-	-	1,641
Investment banking fees	(3)	44	1,161	-	(94)	-	1,108
Card fees:							
Card interchange and network revenue (4)	2,669	171	44	3	-	-	2,887
Other card fees (2)	373	-	-	-	-	-	373
Total card fees	3,042	171	44	3	-	-	3,260
Mortgage banking (2)	1,077	-	236	(9)	-	-	1,304
Net gains (losses) from trading activities (2)	-	(4)	1,280	28	260	-	1,564
Net gains from debt securities (2)	-	5	-	-	146	-	151
Net gains (losses) from equity securities (2)	(5)	104	(9)	(2)	(161)	-	(73)
Lease income (2)	-	534	14	-	434	-	982
Other (2)/(5)	269	697	338	32	592	(1,194)	734
Total noninterest income	6,877	2,839	4,786	8,324	1,185	(1,194)	22,817
Total revenue	\$ 26,347	7,771	11,103	11,127	(500)	(1,514)	54,334

- (1) Taxable-equivalent adjustments related to tax-exempt income on certain loans and debt securities are included in net interest income, while taxable-equivalent adjustments related to income tax credits for low-income housing and renewable energy investments are included in noninterest income, in each case with corresponding impacts to income tax expense (benefit). Adjustments are included in Corporate, Commercial Banking, and Corporate and Investment Banking and are eliminated to reconcile to the Company's consolidated financial results.
- (2) These revenue types are related to financial assets and liabilities, including loans, leases, securities and derivatives, with additional details included in other footnotes to our financial statements.
- (3) We earned trailing commissions of \$230 million and \$684 million for the third quarter and first nine months of 2023, respectively, and \$231 million and \$747 million for the third quarter and first nine months of 2022, respectively.
- (4) The cost of credit card rewards and rebates of \$652 million and \$1.9 billion for the third quarter and first nine months of 2023, respectively, and \$577 million and \$1.6 billion for the third quarter and first nine months of 2022, respectively, are presented net against the related revenue.
- (5) In first quarter 2023, we adopted ASU 2018-12 - Financial Services - Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts*. For additional information, see Note 1 (Summary of Significant Accounting Policies).

### Expenses

**OPERATING LOSSES** Operating losses consist of expenses related to:

- Legal actions such as litigation and regulatory matters. For additional information on legal actions, see Note 10 (Legal Actions);
- Customer remediation activities, which are associated with our efforts to identify areas or instances where customers may have experienced financial harm and provide remediation as appropriate. We have accrued for the probable and estimable costs related to our customer remediation activities, which amounts may change based on additional facts and information, as well as ongoing reviews and communications with our regulators; and
- Other business activities such as deposit overdraft losses, fraud losses, and isolated instances of customer redress.

Table 17.2 provides the components of our operating losses included in our consolidated statement of income.

**Table 17.2: Operating Losses**

(\$ in millions)	Quarter ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Legal actions	\$ 175	984	\$ 115	1,097
Customer remediation	(30)	978	133	1,615
Other	184	256	580	755
Total operating losses	\$ 329	2,218	\$ 828	3,467

Operating losses may have significant variability given the inherent and unpredictable nature of legal actions and customer remediation activities. The timing and determination of the amount of any associated losses for these matters depends on a variety of factors, some of which are outside of our control.

**OTHER EXPENSES** Regulatory Charges and Assessments expense, which is included in other noninterest expense, was \$277 million and \$849 million in the third quarter and first nine months of 2023, respectively, compared with \$207 million and \$640 million in the same periods a year ago, and primarily consisted of Federal Deposit Insurance Corporation (FDIC) deposit assessment expense.

In May 2023, the FDIC proposed a rule to recover by special assessment losses to the FDIC deposit insurance fund as a result of bank failures in the first half of 2023. Under the proposed rule, the FDIC would collect a special assessment based on a calculation using an insured depository institution's estimated amount of uninsured deposits. As currently proposed, the amount of our special assessment may be up to \$1.8 billion (pre-tax). We expect to expense the entire amount upon the FDIC's finalization of the rule, which we expect to occur in fourth quarter 2023. The proposed rule may be changed prior to finalization and any changes may affect the timing or amount of the special assessment.

## Note 18: Employee Benefits

### Pension and Postretirement Plans

We sponsor a frozen noncontributory qualified defined benefit retirement plan, the Wells Fargo & Company Cash Balance Plan (Cash Balance Plan), which covers eligible employees of Wells Fargo. The Cash Balance Plan was frozen on July 1, 2009, and no new benefits accrue after that date. For additional information on our pension and postretirement plans, including plan assumptions, investment strategy and asset allocation, projected benefit payments, and valuation methodologies used

for assets measured at fair value, see Note 1 (Summary of Significant Accounting Policies) and Note 21 (Employee Benefits) in our 2022 Form 10-K.

Table 18.1 presents the components of net periodic benefit cost. Service cost is reported in personnel expense and all other components of net periodic benefit cost are reported in other noninterest expense on our consolidated statement of income.

**Table 18.1: Net Periodic Benefit Cost**

(in millions)	2023			2022		
	Pension benefits		Other benefits	Pension benefits		Other benefits
	Qualified	Non-qualified		Qualified	Non-qualified	
<b>Quarter ended September 30,</b>						
Service cost	\$ 6	-	-	5	-	-
Interest cost	101	5	3	95	3	1
Expected return on plan assets	(126)	-	(5)	(119)	-	(5)
Amortization of net actuarial loss (gain)	35	1	(7)	34	3	(6)
Amortization of prior service credit	-	-	(2)	-	-	(2)
Settlement loss	-	-	-	48	-	-
Net periodic benefit cost	\$ 16	6	(11)	63	6	(12)
<b>Nine months ended September 30,</b>						
Service cost	\$ 19	-	-	15	-	-
Interest cost	302	14	11	244	8	6
Expected return on plan assets	(378)	-	(18)	(384)	-	(16)
Amortization of net actuarial loss (gain)	105	3	(19)	100	9	(17)
Amortization of prior service credit	-	-	(7)	-	-	(7)
Settlement loss	-	-	-	157	1	-
Net periodic benefit cost	\$ 48	17	(33)	132	18	(34)

## Note 19: Earnings and Dividends Per Common Share

Table 19.1 shows earnings per common share and diluted earnings per common share and reconciles the numerator and denominator of both earnings per common share calculations.

**Table 19.1: Earnings Per Common Share Calculations**

(in millions, except per share amounts)	Quarter ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Wells Fargo net income (1)	\$ 5,767	3,592	\$ 15,696	10,522
Less: Preferred stock dividends and other (2)	317	279	874	837
Wells Fargo net income applicable to common stock (numerator)	\$ 5,450	3,313	\$ 14,822	9,685
<b>Earnings per common share</b>				
Average common shares outstanding (denominator)	3,648.8	3,796.5	3,710.9	3,807.0
Per share	\$ 1.49	0.87	\$ 3.99	2.54
<b>Diluted earnings per common share</b>				
Average common shares outstanding	3,648.8	3,796.5	3,710.9	3,807.0
Add: Restricted share rights (3)	31.8	28.6	30.7	31.5
Diluted average common shares outstanding (denominator)	3,680.6	3,825.1	3,741.6	3,838.5
Per share	\$ 1.48	0.86	\$ 3.96	2.52

(1) In first quarter 2023, we adopted ASU 2018-12 - Financial Services - Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts*. For additional information, see Note 1 (Summary of Significant Accounting Policies).

(2) The balance for the quarter and the nine months ended September 30, 2023, includes \$19 million from the elimination of discounts or issuance costs associated with redemptions of preferred stock.

(3) Calculated using the treasury stock method.

Table 19.2 presents the outstanding securities that were anti-dilutive and therefore not included in the calculation of diluted earnings per common share.

**Table 19.2: Outstanding Anti-Dilutive Securities**

(in millions)	Quarter ended September 30,		Weighted-average shares	
	2023	2022	2023	2022
Convertible Preferred Stock, Series L (1)	25.3	25.3	25.3	25.3
Restricted share rights (2)	-	0.3	0.2	0.2

(1) Calculated using the if-converted method.

(2) Calculated using the treasury stock method.

Table 19.3 presents dividends declared per common share.

**Table 19.3: Dividends Declared Per Common Share**

Per common share	Quarter ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	\$ 0.35	0.30	\$ 0.95	0.80

## Note 20: Other Comprehensive Income

Table 20.1 provides the components of other comprehensive income (OCI), reclassifications to net income by income statement line item, and the related tax effects.

**Table 20.1: Summary of Other Comprehensive Income**

(in millions)	Quarter ended September 30,						Nine months ended September 30,					
	2023			2022			2023			2022		
	Before tax	Tax effect	Net of tax	Before tax	Tax effect	Net of tax	Before tax	Tax effect	Net of tax	Before tax	Tax effect	Net of tax
<b>Debt securities:</b>												
Net unrealized gains (losses) arising during the period	\$ (2,790)	686	(2,104)	(3,373)	829	(2,544)	(2,989)	737	(2,252)	(15,067)	3,709	(11,358)
Reclassification of net (gains) losses to net income	152	(37)	115	180	(44)	136	421	(104)	317	242	(60)	182
Net change	(2,638)	649	(1,989)	(3,193)	785	(2,408)	(2,568)	633	(1,935)	(14,825)	3,649	(11,176)
<b>Derivatives and hedging activities:</b>												
<b>Fair Value Hedges:</b>												
Change in fair value of excluded components on fair value hedges (1)	9	(2)	7	30	(7)	23	20	(5)	15	140	(34)	106
<b>Cash Flow Hedges:</b>												
Net unrealized gains (losses) arising during the period on cash flow hedges	(757)	187	(570)	(1,482)	366	(1,116)	(1,374)	340	(1,034)	(1,647)	407	(1,240)
Reclassification of net (gains) losses to net income	206	(50)	156	(24)	6	(18)	504	(124)	380	(53)	13	(40)
Net change	(542)	135	(407)	(1,476)	365	(1,111)	(850)	211	(639)	(1,560)	386	(1,174)
<b>Defined benefit plans adjustments:</b>												
Net actuarial and prior service gains (losses) arising during the period	-	-	-	(143)	36	(107)	-	-	-	(244)	61	(183)
Reclassification of amounts to noninterest expense (2)	27	(6)	21	77	(19)	58	82	(19)	63	243	(59)	184
Net change	27	(6)	21	(66)	17	(49)	82	(19)	63	(1)	2	1
<b>Debit valuation adjustments (DVA) and other:</b>												
Net unrealized gains (losses) arising during the period (3)	(13)	3	(10)	12	(3)	9	(22)	5	(17)	125	(27)	98
Reclassification of net (gains) losses to net income	-	-	-	-	-	-	-	-	-	-	-	-
Net change	(13)	3	(10)	12	(3)	9	(22)	5	(17)	125	(27)	98
<b>Foreign currency translation adjustments:</b>												
Net unrealized gains (losses) arising during the period	(48)	(1)	(49)	(174)	-	(174)	17	(2)	15	(301)	(2)	(303)
Reclassification of net (gains) losses to net income	-	-	-	-	-	-	-	-	-	-	-	-
Net change	(48)	(1)	(49)	(174)	-	(174)	17	(2)	15	(301)	(2)	(303)
Other comprehensive income (loss)	\$ (3,214)	780	(2,434)	(4,897)	1,164	(3,733)	(3,341)	828	(2,513)	(16,562)	4,008	(12,554)
Less: Other comprehensive income from noncontrolling interests, net of tax			2			2			2			3
Wells Fargo other comprehensive loss, net of tax		\$ (2,436)				(3,735)			(2,515)			(12,557)

- (1) Represents changes in fair value of cross-currency swaps attributable to changes in cross-currency basis spreads, which are excluded from the assessment of hedge effectiveness and recorded in other comprehensive income.  
(2) These items are included in the computation of net periodic benefit cost (see Note 18 (Employee Benefits) for additional information).  
(3) In first quarter 2023, we adopted ASU 2018-12 - Financial Services - Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts*. For additional information, see Note 1 (Summary of Significant Accounting Policies).

## Note 20: Other Comprehensive Income (continued)

Table 20.2 provides the accumulated OCI (AOCI) balance activity on an after-tax basis.

**Table 20.2: Accumulated OCI Balances**

(in millions)	Debt securities	Fair value hedges (1)	Cash flow hedges (2)	Defined benefit plans adjustments	Debit valuation adjustments (DVA) and other	Foreign currency translation adjustments	Accumulated other comprehensive income (loss)
<b>Quarter ended September 30, 2023</b>							
Balance, beginning of period	\$ (9,781)	(69)	(1,423)	(1,859)	7	(316)	(13,441)
Net unrealized gains (losses) arising during the period	(2,104)	7	(570)	-	(10)	(49)	(2,726)
Amounts reclassified from accumulated other comprehensive income	115	-	156	21	-	-	292
Net change	(1,989)	7	(414)	21	(10)	(49)	(2,434)
Less: Other comprehensive income from noncontrolling interests	-	-	-	-	-	2	2
Balance, end of period (3)(4)	\$ (11,770)	(62)	(1,837)	(1,838)	(3)	(367)	(15,877)
<b>Quarter ended September 30, 2022</b>							
Balance, beginning of period	\$ (8,103)	(60)	(173)	(2,005)	4	(272)	(10,609)
Transition adjustment (3)	-	-	-	-	41	-	41
Balance, beginning of period (3)	(8,103)	(60)	(173)	(2,005)	45	(272)	(10,568)
Net unrealized gains (losses) arising during the period	(2,544)	23	(1,116)	(107)	9	(174)	(3,909)
Amounts reclassified from accumulated other comprehensive income	136	-	(18)	58	-	-	176
Net change	(2,408)	23	(1,134)	(49)	9	(174)	(3,733)
Less: Other comprehensive income from noncontrolling interests	-	-	-	-	-	2	2
Balance, end of period (3)(4)	\$ (10,511)	(37)	(1,307)	(2,054)	54	(448)	(14,303)
<b>Nine months ended September 30, 2023</b>							
Balance, beginning of period	\$ (9,835)	(77)	(1,183)	(1,901)	(6)	(380)	(13,382)
Transition adjustment (3)	-	-	-	-	20	-	20
Balance, beginning of period (3)	(9,835)	(77)	(1,183)	(1,901)	14	(380)	(13,362)
Net unrealized gains (losses) arising during the period	(2,252)	15	(1,034)	-	(17)	15	(3,273)
Amounts reclassified from accumulated other comprehensive income	317	-	380	63	-	-	760
Net change	(1,935)	15	(654)	63	(17)	15	(2,513)
Less: Other comprehensive income from noncontrolling interests	-	-	-	-	-	2	2
Balance, end of period (3)(4)	\$ (11,770)	(62)	(1,837)	(1,838)	(3)	(367)	(15,877)
<b>Nine months ended September 30, 2022</b>							
Balance, beginning of period	\$ 665	(143)	(27)	(2,055)	-	(142)	(1,702)
Transition adjustment (3)	-	-	-	-	(44)	-	(44)
Balance, beginning of period (3)	665	(143)	(27)	(2,055)	(44)	(142)	(1,746)
Net unrealized gains (losses) arising during the period	(11,358)	106	(1,240)	(183)	98	(303)	(12,880)
Amounts reclassified from accumulated other comprehensive income	182	-	(40)	184	-	-	326
Net change	(11,176)	106	(1,280)	1	98	(303)	(12,554)
Less: Other comprehensive income from noncontrolling interests	-	-	-	-	-	3	3
Balance, end of period (3)(4)	\$ (10,511)	(37)	(1,307)	(2,054)	54	(448)	(14,303)

(1) Substantially all of the amounts for fair value hedges are foreign exchange contracts.

(2) Substantially all of the amounts for cash flow hedges are interest rate contracts.

(3) In first quarter 2023, we adopted ASU 2018-12 - Financial Services - Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts. For additional information, see Note 1 (Summary of Significant Accounting Policies).

(4) AOCI related to debt securities includes after-tax unrealized gains or losses associated with the transfer of securities from AFS to HTM of \$3.6 billion at both September 30, 2023 and 2022, respectively. These amounts are subsequently amortized from AOCI into earnings over the same period as the related unamortized premiums and discounts.



## Note 21: Regulatory Capital Requirements and Other Restrictions

### Regulatory Capital Requirements

The Company and each of its subsidiary banks are subject to regulatory capital adequacy requirements promulgated by federal banking regulators. The FRB establishes capital requirements for the consolidated financial holding company, and the Office of the Comptroller of the Currency (OCC) has similar requirements for the Company's national banks, including Wells Fargo Bank, N.A. (the Bank).

Table 21.1 presents regulatory capital information for the Company and the Bank in accordance with Basel III capital requirements. We must calculate our risk-based capital ratios

under both the Standardized and Advanced Approaches. The Standardized Approach applies assigned risk weights to broad risk categories, while the calculation of risk-weighted assets (RWAs) under the Advanced Approach differs by requiring applicable banks to utilize a risk-sensitive methodology, which relies upon the use of internal credit models, and includes an operational risk component.

At September 30, 2023, the Bank and our other insured depository institutions were considered well-capitalized under the requirements of the Federal Deposit Insurance Act.

**Table 21.1: Regulatory Capital Information**

(in millions, except ratios)	Wells Fargo & Company				Wells Fargo Bank, N.A.			
	Standardized Approach		Advanced Approach		Standardized Approach		Advanced Approach	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
<b>Regulatory capital:</b>								
Common Equity Tier 1	\$ 136,164	133,527	136,164	133,527	141,532	140,644	141,532	140,644
Tier 1	155,219	152,567	155,219	152,567	141,532	140,644	141,532	140,644
Total	188,766	186,747	178,367	177,258	165,197	163,885	155,056	154,292
<b>Assets:</b>								
Risk-weighted assets	1,237,122	1,259,889	1,130,775	1,112,307	1,146,182	1,177,300	969,932	977,713
Adjusted average assets	1,864,793	1,846,954	1,864,793	1,846,954	1,661,115	1,685,401	1,661,115	1,685,401
<b>Regulatory capital ratios:</b>								
Common Equity Tier 1 capital	11.01 % *	10.60	12.04	12.00	12.35 *	11.95	14.59	14.39
Tier 1 capital	12.55 *	12.11	13.73	13.72	12.35 *	11.95	14.59	14.39
Total capital	15.26 *	14.82	15.77	15.94	14.41 *	13.92	15.99	15.78
<b>Required minimum capital ratios:</b>								
Common Equity Tier 1 capital	9.20	9.20	8.50	8.50	7.00	7.00	7.00	7.00
Tier 1 capital	10.70	10.70	10.00	10.00	8.50	8.50	8.50	8.50
Total capital	12.70	12.70	12.00	12.00	10.50	10.50	10.50	10.50
<b>Regulatory leverage:</b>								
Total leverage exposure (1)	\$ 2,239,024	2,224,789	2,019,348	2,058,568				
Supplementary leverage ratio (1)	6.93 %	6.86	7.01	6.83				
Tier 1 leverage ratio (2)	8.32	8.26	8.52	8.34				
<b>Required minimum leverage:</b>								
Supplementary leverage ratio	5.00	5.00	6.00	6.00				
Tier 1 leverage ratio	4.00	4.00	4.00	4.00				

\* Denotes the binding ratio under the Standardized and Advanced Approaches at September 30, 2023.

(1) The supplementary leverage ratio consists of Tier 1 capital divided by total leverage exposure. Total leverage exposure consists of total average assets, less goodwill and other permitted Tier 1 capital deductions (net of deferred tax liabilities), plus certain off-balance sheet exposures.

(2) The Tier 1 leverage ratio consists of Tier 1 capital divided by total average assets, excluding goodwill and certain other items as determined under the rule.

At September 30, 2023, the Common Equity Tier 1 (CET1), Tier 1 and total capital ratio requirements for the Company included a global systemically important bank (G-SIB) surcharge of 1.50%. The G-SIB surcharge is not applicable to the Bank. In addition, the CET1, Tier 1 and total capital ratio requirements for the Company included a stress capital buffer of 3.20% under the Standardized Approach and a capital conservation buffer of 2.50% under the Advanced Approach. The capital ratio requirements for the Bank included a capital conservation buffer of 2.50% under both the Standardized and Advanced Approaches. The Company is required to maintain these risk-based capital ratios and to maintain a supplementary leverage ratio (SLR) of at least 5.00% (composed of a 3.00% minimum requirement plus a supplementary leverage buffer of 2.00%) to

avoid restrictions on capital distributions and discretionary bonus payments. The Bank is required to maintain an SLR of at least 6.00% to be considered well-capitalized under applicable regulatory capital adequacy rules.

### Capital Planning Requirements

The FRB's capital plan rule establishes capital planning and other requirements that govern capital distributions, including dividends and share repurchases, by certain large bank holding companies (BHCs), including Wells Fargo. The FRB conducts an annual Comprehensive Capital Analysis and Review exercise and has also published guidance regarding its supervisory expectations for capital planning, including capital policies

## Note 21: Regulatory Capital Requirements and Other Restrictions (continued)

regarding the process relating to common stock dividend and repurchase decisions in the FRB's SR Letter 15-18. The Parent's ability to make certain capital distributions is subject to the requirements of the capital plan rule and is also subject to the Parent meeting or exceeding certain regulatory capital minimums.

### Loan and Dividend Restrictions

Federal law restricts the amount and the terms of both credit and non-credit transactions between a bank and its nonbank affiliates. Additionally, federal laws and regulations limit, and regulators can impose additional limitations on, the dividends that a national bank may pay.

Our nonbank subsidiaries are also limited by certain federal and state statutory provisions and regulations covering the amount of dividends that may be paid in any given year. In addition, under a Support Agreement dated June 28, 2017, as amended and restated on June 26, 2019, among Wells Fargo & Company, the parent holding company (Parent), WFC Holdings, LLC, an intermediate holding company and subsidiary of the Parent (IHC), the Bank, Wells Fargo Securities, LLC, Wells Fargo Clearing Services, LLC, and certain other subsidiaries of the Parent designated from time to time as material entities for resolution planning purposes or identified from time to time as related support entities in our resolution plan, the IHC may be restricted from making dividend payments to the Parent if certain liquidity and/or capital metrics fall below defined triggers or if the Parent's board of directors authorizes it to file a case under the U.S. Bankruptcy Code.

For additional information on loan and dividend restrictions, see Note 25 (Regulatory Capital Requirements and Other Restrictions) in our 2022 Form 10-K.

### Cash Restrictions

Cash and cash equivalents may be restricted as to usage or withdrawal. Table 21.2 provides a summary of restrictions on cash and cash equivalents.

**Table 21.2: Nature of Restrictions on Cash and Cash Equivalents**

(in millions)	Sep 30, 2023	Dec 31, 2022
Reserve balance for non-U.S. central banks	\$ 233	238
Segregated for benefit of brokerage customers under federal and other brokerage regulations	564	898

## Glossary of Acronyms

<b>ACL</b>	Allowance for credit losses	<b>HTM</b>	Held-to-maturity
<b>AFS</b>	Available-for-sale	<b>LCR</b>	Liquidity coverage ratio
<b>AOCI</b>	Accumulated other comprehensive income	<b>LHFS</b>	Loans held for sale
<b>ARM</b>	Adjustable-rate mortgage	<b>LIBOR</b>	London Interbank Offered Rate
<b>ASC</b>	Accounting Standards Codification	<b>LIHTC</b>	Low-income housing tax credit
<b>ASU</b>	Accounting Standards Update	<b>LOCOM</b>	Lower of cost or fair value
<b>AVM</b>	Automated valuation model	<b>LTV</b>	Loan-to-value
<b>BCBS</b>	Basel Committee on Banking Supervision	<b>MBS</b>	Mortgage-backed securities
<b>BHC</b>	Bank holding company	<b>MSR</b>	Mortgage servicing right
<b>CCAR</b>	Comprehensive Capital Analysis and Review	<b>NAV</b>	Net asset value
<b>CD</b>	Certificate of deposit	<b>NPA</b>	Nonperforming asset
<b>CECL</b>	Current expected credit loss	<b>NSFR</b>	Net stable funding ratio
<b>CET1</b>	Common Equity Tier 1	<b>OCC</b>	Office of the Comptroller of the Currency
<b>CFPB</b>	Consumer Financial Protection Bureau	<b>OCI</b>	Other comprehensive income
<b>CLO</b>	Collateralized loan obligation	<b>OTC</b>	Over-the-counter
<b>CLTV</b>	Combined loan-to-value	<b>PCD</b>	Purchased credit-deteriorated
<b>CPI</b>	Collateral protection insurance	<b>PTPP</b>	Pre-tax pre-provision profit
<b>CRE</b>	Commercial real estate	<b>RMBS</b>	Residential mortgage-backed securities
<b>DPD</b>	Days past due	<b>ROA</b>	Return on average assets
<b>ESOP</b>	Employee Stock Ownership Plan	<b>ROE</b>	Return on average equity
<b>FASB</b>	Financial Accounting Standards Board	<b>ROTCE</b>	Return on average tangible common equity
<b>FDIC</b>	Federal Deposit Insurance Corporation	<b>RWAs</b>	Risk-weighted assets
<b>FHA</b>	Federal Housing Administration	<b>SEC</b>	Securities and Exchange Commission
<b>FHLB</b>	Federal Home Loan Bank	<b>S&amp;P</b>	Standard & Poor's Global Ratings
<b>FHLMC</b>	Federal Home Loan Mortgage Corporation	<b>SLR</b>	Supplementary leverage ratio
<b>FICO</b>	Fair Isaac Corporation (credit rating)	<b>SOFR</b>	Secured Overnight Financing Rate
<b>FNMA</b>	Federal National Mortgage Association	<b>SPE</b>	Special purpose entity
<b>FRB</b>	Board of Governors of the Federal Reserve System	<b>TDR</b>	Troubled debt restructuring
<b>GAAP</b>	Generally accepted accounting principles	<b>TLAC</b>	Total Loss Absorbing Capacity
<b>GNMA</b>	Government National Mortgage Association	<b>VA</b>	Department of Veterans Affairs
<b>GSE</b>	Government-sponsored entity	<b>VaR</b>	Value-at-Risk
<b>G-SIB</b>	Global systemically important bank	<b>VIE</b>	Variable interest entity
<b>HQLA</b>	High-quality liquid assets	<b>WIM</b>	Wealth and Investment Management

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

Information in response to this item can be found in Note 10 (Legal Actions) to Financial Statements in this Report which information is incorporated by reference into this item.

### Item 1A. Risk Factors

Information in response to this item can be found under the "Financial Review - Risk Factors" section in this Report which information is incorporated by reference into this item.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table shows Company repurchases of its common stock for each calendar month in the quarter ended September 30, 2023.

Calendar month	Total number of shares repurchased (1)	Weighted average price paid per share	Approximate dollar value of shares that may yet be repurchased under the authorization (in millions)
July	12,064,081	\$ 45.80	\$ 29,999
August	45,817	43.41	29,997
September	21,695,693	42.66	29,072
Total	33,805,591		

(1) All shares were repurchased under an authorization covering up to 500 million shares of common stock approved by the Board of Directors (Board) and publicly announced by the Company on January 15, 2021, or an authorization covering up to \$30 billion of common stock approved by the Board and publicly announced by the Company on July 25, 2023. Unless modified or revoked by the Board, the authorization announced on July 25, 2023, does not expire and supersedes the prior share repurchase authority approved by the Board.

### Item 5. Other Information

#### Trading Plans

During the three months ended September 30, 2023, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

A list of exhibits to this Form 10-Q is set forth below.

The Company's SEC file number is 001-2979. On and before November 2, 1998, the Company filed documents with the SEC under the name Norwest Corporation. The former Wells Fargo & Company filed documents under SEC file number 001-6214.

<u>Exhibit Number</u>	<u>Description</u>	<u>Location</u>
<a href="#">3(a)</a>	<a href="#">Restated Certificate of Incorporation, as amended and in effect on the date hereof.</a>	Filed herewith.
<a href="#">3(b)</a>	<a href="#">By-Laws.</a>	Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed June 29, 2023.
4(a)	See Exhibits 3(a) and 3(b).	
4(b)	The Company agrees to furnish upon request to the Commission a copy of each instrument defining the rights of holders of senior and subordinated debt of the Company.	
<a href="#">22</a>	<a href="#">Subsidiary guarantors and issuers of guaranteed securities and affiliates whose securities collateralize securities of the registrant.</a>	Incorporated by reference to Exhibit 22 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023.
<a href="#">31(a)</a>	<a href="#">Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>	Filed herewith.
<a href="#">31(b)</a>	<a href="#">Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>	Filed herewith.
<a href="#">32(a)</a>	<a href="#">Certification of Periodic Financial Report by Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and 18 U.S.C. § 1350.</a>	Furnished herewith.
<a href="#">32(b)</a>	<a href="#">Certification of Periodic Financial Report by Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and 18 U.S.C. § 1350.</a>	Furnished herewith.
101.INS	Inline XBRL Instance Document	The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document	Filed herewith.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith.
101.DEF	Inline XBRL Taxonomy Extension Definitions Linkbase Document	Filed herewith.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed herewith.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith.
104	Cover Page Interactive Data File	Formatted as Inline XBRL and contained in Exhibit 101.

**SIGNATURE**

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, thereunto duly authorized.

Dated: October 31, 2023 WELLS FARGO & COMPANY

By: /s/ MUNEEERA S. CARR  
Muneera S. Carr  
Executive Vice President,  
Chief Accounting Officer  
and Controller  
(Principal Accounting  
Officer)

**Exhibit 3(a)**

**RESTATED CERTIFICATE OF INCORPORATION**  
**OF**  
**WELLS FARGO & COMPANY**

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**Pursuant to Section 245 of the  
General Corporation Law of the State of Delaware**

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Wells Fargo & Company, a corporation organized and existing under the General Corporation Law of the State of Delaware, hereby certifies as follows:

1. The present name of the corporation is Wells Fargo & Company.

2. The corporation was originally incorporated under the name Northwest Bancorporation, and its original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on January 24, 1929. On April 26, 1983 the corporation filed an amendment to its Certificate of Incorporation to change its name from Northwest Bancorporation to Norwest Corporation effective April 29, 1983, and on November 2, 1998 the corporation filed an amendment to its Certificate of Incorporation to change its name from Norwest Corporation to Wells Fargo & Company.

3. The corporation's Board of Directors has duly adopted this Restated Certificate of Incorporation in accordance with the provisions of Section 245 of the General Corporation Law of the State of Delaware. This Restated Certificate of Incorporation only restates and integrates and does not further amend the provisions of the corporation's Certificate of Incorporation, as theretofore amended or supplemented or restated, and there is no discrepancy between those provisions and the provisions of this Restated Certificate of Incorporation.

4. The text of the corporation's Certificate of Incorporation, as heretofore amended or supplemented or restated, is hereby restated to read in its entirety as follows:

FIRST: The name of this corporation is Wells Fargo & Company.

SECOND: Its registered office in the State of Delaware is located in the City of Wilmington, County of New Castle. The name and address of its registered agent is Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808.

THIRD: The nature of the business, or objects or purposes to be transacted, promoted or carried on, are:

To acquire by purchase, subscription or otherwise, and to own and hold, for investment purposes, the capital stock, scrip or any voting trust certificates in respect of the shares of

capital stock issued or created by any moneyed, financial or investment corporation or association created and organized, or to be created and organized, under the laws of the United States of America or of any State or territory thereof; and to issue in exchange therefor shares of the capital stock of this corporation; and while the holder or owner of any such shares of capital stock, scrip or voting trust certificates, to possess and exercise in respect thereof any and all rights, powers and privileges of ownership, including the right to vote thereon;

To loan money to any aforesaid corporation or association, any of whose shares of capital stock, scrip or voting trust certificates aforesaid shall be owned at the time of such loan by this corporation, and to do any and all lawful things designed to protect, preserve, improve or enhance the value of any such shares, scrip or voting trust certificates;

In addition to and not in limitation of any of the aforesaid powers, to invest temporarily any of its capital or surplus funds in bonds, mortgages or evidences of indebtedness and any other securities issued or created by any individual, copartnership or other corporation, joint stock company or association, public or private, or of the Government of the United States of America, or of any Foreign Government, or of any State, territory, municipality or other political subdivision or of any governmental agency;

To acquire, hold, sell, reissue or cancel any shares of its own capital stock; provided, however, that this corporation may not use any of its funds or property for the purchase of its own shares of capital stock when such use would cause any impairment of the capital of this corporation, and provided further that the shares of its own capital stock belonging to this corporation shall not be voted, directly or indirectly;

To organize, incorporate and reorganize subsidiary corporations for all lawful purposes;

To conduct all or any part of its operations and business without restriction or limit as to amount in the State of Delaware or in any or all other States, territories, districts, colonies and dependencies of the United States of America;

To have and to exercise any and all powers and privileges now or hereafter conferred by the laws of the State of Delaware upon corporations formed under the Acts hereinafter referred to, or under any Act amendatory thereof or supplemental thereto or substituted therefor;

The foregoing clauses shall be construed both as objects and powers; and it is hereby expressly provided that the foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the powers of this corporation.

~~FOURTH: The total number of shares of all classes of stock which the corporation shall have authority to issue is Six Billion Twenty-Four Million (6,024,000,000), consisting of Twenty Million (20,000,000) shares of Preferred Stock without par value, Four Million (4,000,000) shares of Preference Stock without par value, and Six Billion (6,000,000,000) shares of Common Stock of the par value of \$1-2/3 per share.\*~~

\*On April 29, 2010, Wells Fargo & Company filed a Certificate of Amendment Amending Article Fourth to increase the authorized common stock to 9,000,000,000 shares.



The designations and the voting powers, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, of the Preferred Stock, the Preference Stock and the Common Stock which are fixed by the Certificate of Incorporation and the express grant of authority to the Board of Directors of the corporation (hereinafter referred to as the "Board of Directors") to fix by resolution or resolutions the designations and the voting powers, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, of the Preferred Stock and the Preference Stock which are not fixed by the Certificate of Incorporation are as follows:

1. The Preferred Stock may be issued at any time or from time to time in any amount, provided not more than 20,000,000 shares thereof shall be outstanding at any one time, as Preferred Stock of one or more series, as hereinafter provided. Each share of any one series of Preferred Stock shall be identical in all respects except as to the date from which dividends thereon may be cumulative, each series of Preferred Stock shall be distinctly designated by letter or descriptive words, and all series of Preferred Stock shall rank equally and be identical in all respects except as permitted by the provisions of Section 2 of this Article FOURTH. Shares of Preferred Stock shall be issued only as fully paid and non-assessable shares.

The Preference Stock may be issued at any time or from time to time in any amount, provided not more than 4,000,000 shares thereof shall be outstanding at any one time, as Preference Stock of one or more series, as hereinafter provided. Each share of any one series of Preference Stock shall be identical in all respects except as to the date from which dividends thereon may be cumulative, each series of Preference Stock shall be distinctly designated by letter or descriptive words, and all series of Preference Stock shall rank equally and be identical in all respects except as permitted by the provisions of Section 2 of this Article FOURTH. Shares of Preference Stock shall be issued only as fully paid and non-assessable shares.

2. Authority is hereby expressly granted to and vested in the Board of Directors at any time or from time to time to issue the Preferred Stock as Preferred Stock of any series and the Preference Stock as Preference Stock of any series and, in connection with the creation of each such series, to fix by resolution or resolutions providing for the issue of shares thereof the designations and the voting powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of such series so far as not inconsistent with the provisions of this Article FOURTH applicable to all series of Preferred Stock or Preference Stock, respectively, and to the full extent now or hereafter permitted by the laws of the State of Delaware, including the following:

(a) The distinctive designation of such series and the number of shares which shall constitute such series, which number may be increased (except where otherwise provided by the Board of Directors in creating such series) or decreased (but not below the number of shares thereof then outstanding) from time to time by like action of the Board of Directors;

(b) The annual rate or rates of dividends payable on shares of such series, whether dividends shall be cumulative and, if so, the date or dates from which dividends shall be cumulative on the shares of such series, the preferences, restrictions, limitations and conditions upon the payment of dividends, and the dates on which dividends, if declared, shall be payable;

(c) Whether shares of such series shall be redeemable and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be

redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

(d) The rights of the shares of such series in the event of voluntary or involuntary liquidation, dissolution or winding up of the corporation, and the relative rights of priority, if any, of payment of shares of such series;

(e) Whether shares of such series shall have a purchase, retirement or sinking fund for the purchase, retirement, or redemption of shares of such series and, if so, the terms and provisions thereof;

(f) Whether shares of such series shall have conversion privileges and, if so, the terms and provisions thereof, including provision for adjustment of the conversion rate in such events as the Board of Directors shall determine;

(g) Whether shares of such series shall have voting rights, in addition to voting rights provided by law, and, if so, the terms and provisions thereof; and

(h) Any other preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof.

3. The holders of the Preferred Stock of each series and the holders of the Preference Stock of each series, respectively, shall be entitled to receive such dividends, when and as declared by the Board of Directors, out of funds legally available therefor, as they may be entitled to in accordance with the resolution or resolutions adopted by the Board of Directors providing for the issue of such series, payable on such dates as may be fixed in such resolution or resolutions. So long as there shall be outstanding any shares of Preferred Stock of any series or any shares of Preference Stock of any series entitled to cumulative dividends pursuant to the resolution or resolutions providing for the issue of such series, no dividend, whether in cash or property, shall be paid or declared, nor shall any distribution be made, on the Common Stock, nor shall any shares of Common Stock be purchased, redeemed or otherwise acquired for value by the corporation, if at the time of making such payment, declaration, distribution, purchase, redemption or acquisition the corporation shall be in default with respect to any dividend payable on, or obligation to maintain a purchase, retirement or sinking fund with respect to or to redeem, shares of Preferred Stock of any series or shares of Preference Stock of any series. The foregoing provisions of this Section 3 shall not, however, apply to a dividend payable in Common Stock or to the acquisition of shares of Common Stock in exchange for, or through application of the proceeds of the sale of, shares of Common Stock.

Subject to the foregoing and to any further limitations prescribed in accordance with the provisions of Section 2 of this Article FOURTH, the Board of Directors may declare, out of any funds legally available therefor, dividends upon the then outstanding shares of Common Stock, and shares of Preferred Stock of any series and shares of Preference Stock of any series shall not be entitled to participate therein.

4. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the corporation, the holders of the Preferred Stock of each series and the holders of the Preference Stock of each series shall be entitled to receive, out of the assets of the corporation available for distribution to its stockholders, before any distribution of assets shall be made to

the holders of the Common Stock, the amount per share fixed by the Board of Directors pursuant to Section 2 of this Article FOURTH, plus in each such case an amount equal to any cumulative dividends thereon to the date of final distribution to the holders of the Preferred Stock or to the holders of the Preference Stock, respectively; and the holders of the Common Stock shall be entitled, to the exclusion of the holders of the Preferred Stock of any and all series and the holders of the Preference Stock of any and all series, respectively, to participate ratably in all the assets of the corporation then remaining in accordance with their respective rights and preferences. If upon any liquidation, dissolution or winding up of the corporation the assets available for distribution shall be insufficient to pay the holders of all outstanding shares of Preferred Stock or the holders of all outstanding shares of Preference Stock the full amounts to which they respectively shall be entitled, the holders of shares of Preferred Stock of all series and the holders of shares of Preference Stock of all series, respectively, shall participate ratably in any distribution of assets according to the respective amounts which would be payable in respect of the shares of Preferred Stock or shares of Preference Stock held by them upon such distribution if all amounts payable in respect of the Preferred Stock of all series or the Preference Stock of all series, respectively, were paid in full. Neither the statutory merger nor consolidation of the corporation into or with any other corporation, nor the statutory merger or consolidation of any other corporation into or with the corporation, nor a sale, transfer or lease of all or any part of the assets of the corporation, shall be deemed to be a liquidation, dissolution or winding up of the corporation within the meaning of this Section 4.

5. The corporation, at the option of the Board of Directors, may redeem the whole or any part of the Preferred Stock of any series or of the Preference Stock of any series at the price or prices and on the terms and conditions provided in the resolution or resolutions adopted by the Board of Directors providing for the issue of such series.

6. Anything herein or in any resolution or resolutions adopted by the Board of Directors providing for the issue of any series of Preferred Stock or any series of Preference Stock contained to the contrary notwithstanding, the rights of the holders of all classes of stock of the corporation in respect of dividends and purchase, retirement or sinking funds, if any, shall at all times be subject to the power of the Board of Directors from time to time to set aside such reserves and to make such other provisions, if any, as the Board of Directors shall deem to be necessary or advisable for working capital, for expansion of the corporation's business (including the acquisition of real and personal property for that purpose) and for any other purpose of the corporation.

7. Except as otherwise provided by the statutes of the State of Delaware or by the Certificate of Incorporation or by the resolution or resolutions adopted by the Board of Directors providing for the issue of any series of Preferred Stock or any series of Preference Stock, the holders of the Preferred Stock and the holders of the Preference Stock shall have no right to vote. The holders of the Preferred Stock and the holders of the Preference Stock shall not be entitled to receive notice of any meeting of stockholders at which they are not entitled to vote or consent. The holders of shares of Preference Stock shall not be entitled to more than one vote per share.

8. Except as otherwise provided by the statutes of the State of Delaware or by the Certificate of Incorporation or by the resolution or resolutions adopted by the Board of Directors providing for the issue of any series of Preferred Stock or any series of Preference Stock, the vote of the holders of all or any portion of any class of stock, as a class, shall not be required for

any action whatsoever to be taken or authorized by the stockholders of the corporation, including any amendment of the Certificate of Incorporation.

9. No holder of shares of the corporation of any class or of any security or obligation convertible into, or of any warrant, option or right to subscribe for, purchase or otherwise acquire, shares of the corporation of any class, whether now or hereafter authorized, shall, as such holder, have any preemptive right whatsoever to subscribe for, purchase or otherwise acquire shares of the corporation of any class or any security or obligation convertible into, or any warrant, option or right to subscribe for, purchase or otherwise acquire, shares of the corporation of any class, whether now or hereafter authorized.

10. If it deems it desirable so to do, the Board of Directors may from time to time issue scrip for fractional shares of stock. Such scrip shall not confer upon the holder any voting or other rights of a stockholder of the corporation, but the corporation shall from time to time, within such time as the Board of Directors may determine, issue one whole share of stock upon the surrender of scrip for fractional shares aggregating one whole share, properly endorsed if in registered form.

Pursuant to the authority conferred by this Article FOURTH, the following series of Preferred Stock have been designated, each such series consisting of such number of shares, with such voting powers, designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof as are stated and expressed in the exhibit with respect to such series attached hereto as specified below and incorporated herein by reference:

Exhibit A	<del>1997 ESOP Cumulative Convertible Preferred Stock*</del>
Exhibit B	<del>1998 ESOP Cumulative Convertible Preferred Stock*</del>
Exhibit C	<del>1999 ESOP Cumulative Convertible Preferred Stock*</del>
Exhibit D	<del>2000 ESOP Cumulative Convertible Preferred Stock*</del>
Exhibit E	<del>2001 ESOP Cumulative Convertible Preferred Stock*</del>
Exhibit F	<del>2002 ESOP Cumulative Convertible Preferred Stock*</del>
Exhibit G	<del>2003 ESOP Cumulative Convertible Preferred Stock*</del>
Exhibit H	<del>2004 ESOP Cumulative Convertible Preferred Stock*</del>
Exhibit I	<del>2005 ESOP Cumulative Convertible Preferred Stock*</del>
Exhibit J	<del>2006 ESOP Cumulative Convertible Preferred Stock*</del>

\*Wells Fargo & Company has filed Certificates Eliminating the Certificates of Designations for each of Wells Fargo's 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005 and 2006 ESOP Cumulative Convertible Preferred Stock (Exhibits A through J above)

FIFTH: The amount of capital with which this corporation will commence business is One Thousand Dollars (\$1,000.00), being twenty (20) shares of the par value of Fifty Dollars (\$50.00) each.

SIXTH: The names and places of residence of the subscribers to the capital stock and the number of shares subscribed for by each are as follows:

Name Residence No. of Shares

A. V. Lane Wilmington, Delaware 18  
C. S. Peabbles Wilmington, Delaware 1  
L. E. Gray Wilmington, Delaware 1

SEVENTH: This corporation is to have perpetual existence.

EIGHTH: The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

NINTH: The number of Directors of the corporation shall be as specified in the By-Laws, and such number may from time to time be increased or decreased in such manner as may be prescribed in the By-Laws, provided the number of Directors of the corporation shall not be less than three (3). In case of any increase in the number of Directors, the additional Directors may be elected by the Board of Directors to hold office until the next annual meeting of the stockholders and until their successors are elected and qualified. In case of a vacancy in the Board of Directors, a majority of the remaining members of the Board may elect Directors to fill such vacancy.

Directors shall be stockholders.

TENTH: In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized:

To make, alter, amend or repeal the By-Laws of the corporation, except as otherwise provided in said By-Laws;

To determine from time to time whether and to what extent and at what times and places and under what conditions and regulations the accounts and books of the corporation, or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any right to inspect any account or book or document of the corporation except as conferred by the laws of the State of Delaware, unless and until authorized so to do by resolution of the Board of Directors, or of the stockholders.

To set apart out of any funds of the corporation available for dividends a reserve or reserves for working capital or for any other lawful purpose, and also to abolish any such reserve in the same manner in which it was created;

If the By-Laws so provide, to designate two or more of its number to constitute an Executive Committee, which Committee shall for the time being, as provided in said resolution or in the By-Laws of this corporation, have and exercise any or all of the powers of the Board of Directors in the management of the business and affairs of this corporation and have power to authorize the seal of this corporation to be affixed to all papers which may require it.

This corporation may in its By-Laws confer powers upon its Directors in addition to the foregoing and in addition to the powers and authorities expressly conferred upon them by the Statute.

Both stockholders and Directors shall have power, if the By-Laws so provide, to hold their meetings and to have one or more offices within or without the State of Delaware and to keep the books of this corporation (subject to the provisions of the Statutes) outside of the State of Delaware at such places as may be from time to time designated by the Board of Directors.

ELEVENTH: In the absence of fraud, no contract or transaction between this corporation and any other association or corporation shall be affected by the fact that any of the Directors or officers of this corporation are interested in or are Directors or officers of such other association or corporation, and any Director or officer of this corporation individually may be a party to or may be interested in any such contract or transaction of this corporation; and no such contract or transaction of this corporation with any person or persons, firm, association or corporation shall be affected by the fact that any Director or officer of this corporation is a party to or interested in such contract or transaction in any way connected with such person or persons, firm, association or corporation; provided that such contract or other transaction shall be authorized or ratified by the vote of a majority of the Directors of this corporation not so interested; and each and every person who may become a Director or officer of this corporation is hereby relieved from any liability that might otherwise exist from thus contracting with this corporation for the benefit of himself or any person, firm, association or corporation in which he may be in anywise interested.

TWELFTH: This corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation in the manner now or hereafter prescribed by Statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

THIRTEENTH: The Board of Directors is expressly authorized:

(i) to adopt, and from time to time to amend, one or more pension, profit sharing, retirement, and benefit plans benefiting any or all officers and employees and former officers and employees of this corporation and affiliated banks and companies;

(ii) to adopt, and from time to time to amend, one or more stock option, stock purchase, stock bonus, incentive, and compensation plans benefiting any or all officers and employees of this corporation and affiliated banks and corporations; and

(iii) to authorize affiliated banks and companies, on behalf of this corporation as a stockholder therein, to adopt, and from time to time to amend, any of said types of plans enumerated in clause (i) of this Article THIRTEENTH benefiting any or all officers and employees and former officers and employees thereof and any of said types of plans enumerated in clause (ii) of this Article THIRTEENTH benefiting any or all officers and employees thereof.

No action shall be taken under this Article except by the affirmative vote of a majority of the directors in office at the time such action is taken, and such majority shall not include any director who is a salaried officer of the corporation or of any affiliated bank or company.

FOURTEENTH: (a) Elimination of Certain Liability of Directors. A director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in

good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

(b)(1) Right to Indemnification. Each person who was or is made a party or is threatened to be a made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action or inaction in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than said law permitted the corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except as provided in subparagraph (b)(2), the corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the corporation. The right to indemnification conferred in this paragraph (b) shall be a contract right and shall include the right to be paid by the corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the Delaware General Corporation Law requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this paragraph (b) or otherwise. The corporation may, by action of its Board of Directors, provide indemnification to employees and agents of the corporation with the same scope and effect as the foregoing indemnification of directors and officers.

(2) Right of Claimant to Bring Suit. If a claim under subparagraph (b)(1) is not paid in full by the corporation within 30 days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the corporation) that the claimant has not met the standards of conduct which make it permissible under the Delaware General Corporation Law for the corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be

on the corporation. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(3) Non-Exclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this paragraph (b) shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, by-law, agreement, vote of stockholders or disinterested directors or otherwise.

(4) Insurance. The corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

IN WITNESS WHEREOF, this Restated Certificate of Incorporation is executed on behalf of the corporation by its Chairman and attested by its Secretary this 28th day of September, 2006.

/s/ Richard M. Kovacevich  
Richard M. Kovacevich, Chairman

Attest: /s/ Laurel A. Holschuh  
Laurel A. Holschuh, Secretary

[As filed with the Delaware Secretary of State on September 28, 2006.]



**WELLS FARGO & COMPANY  
CERTIFICATE OF DESIGNATIONS  
Pursuant to Section 151(g) of the  
General Corporation Law  
of the State of Delaware**

**DIVIDEND EQUALIZATION PREFERRED SHARES  
(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "Board of Directors") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorizes the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law"), the following resolutions were duly adopted by the Committee pursuant to the written consent of the Committee duly adopted on November 20, 2008, in accordance with Section 141(f) of the General Corporation Law:

RESOLVED, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated October 2, 2008, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

1. Designation.

(a) The shares of such series of Preferred Stock shall be designated Dividend Equalization Preferred Shares ("DEPs"), and the number of shares constituting such series shall be 97,000.

(b) DEPs redeemed, purchased or otherwise acquired by the Corporation or any of its subsidiaries (other than in a bona fide fiduciary capacity) shall be cancelled and may not be reissued. DEPs may be issued in fractional shares which are whole number multiples of one one-millionth of a share, which fractional shares shall entitle the holder, in proportion to such holder's fractional share, to all rights of a holder of a whole share of DEPs.

(c) DEPs shall, with respect to distributions upon the liquidation, winding-up and dissolution of the Corporation, rank (x) senior to the Common Stock for the Liquidation Preference stated and defined in Section 3(a) below and (y) junior to each class or series of preferred stock issued in exchange for preferred stock of Wachovia Corporation established by the board of directors of Wachovia Corporation after September 1, 2001 and each class or series of preferred stock established by the Board of Directors after the date hereof.

2. Dividends. DEPs shall not entitle the holders thereof to any dividends, whether payable in cash, property, stock or otherwise.

3. Liquidation.

(a) In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the holders of full and fractional DEPs shall be entitled, before any distribution or payment is made on any date to the holders of the Common Stock or any other stock of the Corporation ranking junior to the DEPs upon liquidation, to be paid in full an amount per whole share of DEPs equal to \$10.00 (the "Liquidation Preference"), together with accrued dividends to such distribution or payment date, whether or not earned or declared. If such payment shall have been made in full to all holders of DEPs, the holders of DEPs as such shall have no right or claim to any of the remaining assets of the Corporation.

(b) In the event the assets of the Corporation available for distribution to the holders of DEPs upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to Section 3(a), no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the DEPs upon such liquidation, dissolution or winding up unless proportionate distributive amounts shall be paid on account of the DEPs, ratably in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such liquidation, dissolution or winding up.

(c) Upon the liquidation, dissolution or winding up of the Corporation, the holders of DEPs then outstanding shall be entitled to be paid out of assets of the Corporation available for distribution to its shareholders all amounts to which such holders are entitled pursuant to the first paragraph of this Section 3 before any payment shall be made to the holders of Common Stock or any other stock of the Corporation ranking junior upon liquidation to the DEPs.

(d) For the purposes of this Section 3, the consolidation or merger of, or binding statutory share exchange by, the Corporation with any other corporation shall not be deemed to constitute a liquidation, dissolution or winding up of the Corporation.

4. Redemption, Conversion, Exchange.

(a) The DEPs shall not be convertible or exchangeable. Other than as described in the next sentence, the DEPs shall not be redeemable. The DEPs shall be redeemable by the Corporation, at the Corporation's option and in its sole discretion, for an amount in cash equal to the Liquidation Preference per share of DEPs, after December 31, 2021.

(b) In case of redemption of less than all of the DEPs at the time outstanding, the shares to be redeemed shall be selected pro rata or by lot as determined by the Corporation in its sole discretion, provided that the Corporation may redeem all shares held by holders of fewer than 0.100 DEPs (or by holders that would hold fewer than 0.100 DEPs following such redemption) prior to its redemption of other DEPs.

(c) Notice of any redemption shall be sent by or on behalf of the Corporation no less than 30 nor more than 60 days prior to the date specified for redemption in such notice (the "Redemption Date"), by first class mail, postage prepaid, to all holders of record of the DEPs at their last addresses as they appear on the books of the Corporation; provided, however, that no failure to give such notice or any defect therein or in the mailing thereof shall affect the validity of the proceedings for the redemption of any DEPs except as to the holder to whom the Corporation has failed to give notice or except as to the holder to whom notice was defective. In addition to any information required by applicable law or regulation or the rules of any exchange upon which the DEPs may be listed or admitted to trading, such notice shall state (1) that such redemption is being made pursuant to the redemption provisions of this Section 5, (2) the Redemption Date, (3) the redemption price, (4) the total number of DEPs to be redeemed and, if less than all shares held by such holder are to be redeemed, the number of such shares to be redeemed, and (5) the place or places where certificates for such shares are to be surrendered for payment of the redemption price, including any procedures applicable to redemption to be accomplished through book-entry transfers. Upon the mailing of any such notice of redemption, the Corporation shall become obligated to redeem, on the Redemption Date, all shares called for redemption.

5. Voting Rights. Except as otherwise required by applicable law or regulation or the rules of a securities exchange upon which the DEPs may be listed or quoted, holders of the DEPs shall have no voting rights.

**IN WITNESS WHEREOF, WELLS FARGO & COMPANY** has caused this Certificate of Designations to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Laurel A. Holschuh, its Secretary, this 30<sup>th</sup> day of December, 2008.

WELLS FARGO & COMPANY

By: /s/ Barbara S. Brett

Barbara S. Brett, Senior Vice President  
and Assistant Treasurer

/s/ Laurel A. Holschuh  
Laurel A. Holschuh, Secretary

[As filed with the Delaware Secretary of State on December 30, 2008.]

**WELLS FARGO & COMPANY**  
**CERTIFICATE OF DESIGNATIONS**  
**Pursuant to Section 151(g) of the**  
**General Corporation Law**  
**of the State of Delaware**

**7.50% NON-CUMULATIVE PERPETUAL CONVERTIBLE**  
**CLASS A PREFERRED STOCK, SERIES L**  
**(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "Board of Directors") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorizes the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law"), the following resolutions were duly adopted by the Committee pursuant to the written consent of the Committee duly adopted on November 20, 2008, in accordance with Section 141(f) of the General Corporation Law:

RESOLVED, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated October 2, 2008, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

Section 1. Designation. The shares of such series of Preferred Stock shall be designated 7.50% Non-Cumulative Perpetual Convertible Class A Preferred Stock, Series L, with no par value and a liquidation preference of \$1,000 per share (hereinafter referred to as the "Series L Preferred Stock"). Each share of Series L Preferred Stock shall be identical in all respects to every other share of Series L Preferred Stock. Series L Preferred Stock will rank equally with Parity Stock, if any, and will rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary dissolution, winding-up and liquidation of the Corporation.

Section 2. Number of Shares. The authorized number of shares of Series L Preferred Stock shall be 4,025,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series L Preferred Stock then outstanding) by the board of directors. Shares of Series L Preferred Stock that are converted in accordance with the terms hereof, purchased or otherwise acquired by the Corporation shall be cancelled and shall revert to authorized but unissued shares of Preferred Stock undesignated as to series. The Corporation shall have the authority to issue fractional shares of Series L Preferred Stock.

Section 3. Definitions. As used herein with respect to Series L Preferred Stock:

“Applicable Conversion Price” at any given time means, for each share of Series L Preferred Stock, the price equal to \$1,000 divided by the Applicable Conversion Rate in effect at such time.

“Applicable Conversion Rate” means the Conversion Rate in effect at any given time.

“Base Price” has the meaning set forth in Section 13(d)(i).

“Business Day” means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions in Charlotte, North Carolina or New York, New York are not authorized or obligated by law, regulation or executive order to close.

“Capital Stock” of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any preferred stock, excluding any debt securities convertible into such equity.

“Closing Price” of the Common Stock on any date of determination means the closing sale price or, if no closing sale price is reported, the last reported sale price of the shares of the Common Stock on the New York Stock Exchange on that date. If the Common Stock is not traded on the New York Stock Exchange on any date of determination, the Closing Price of the Common Stock on such date of determination means the closing sale price as reported in the composite transactions for the principal U.S. national or regional securities exchange or securities exchange in the European Economic Area on which the Common Stock is so listed or quoted, or, if no closing sale price is reported, the last reported sale price on the principal U.S. national or regional securities exchange or securities exchange in the European Economic Area on which the Common Stock is so listed or quoted, or if the Common Stock is not so listed or quoted on a U.S. national or regional securities exchange or securities exchange in the European Economic Area, the last quoted bid price for the Common Stock in the over-the-counter market as reported by Pink Sheets LLC or a similar organization, or, if that bid price is not available, the market price of the Common Stock on that date as determined by a nationally recognized independent investment banking firm (unaffiliated with the Corporation) retained by the Corporation for this purpose. The “Closing Price” for any other share of Capital Stock shall be determined on a comparable basis, *mutatis mutandis*.

For purposes of this Certificate of Designations, all references herein to the “Closing Price” and “last reported sale price” of the Common Stock on the New York Stock Exchange shall be such closing sale price and last reported sale price as reflected on the website of the New York Stock Exchange (<http://www.nyse.com>) and as reported by Bloomberg Professional Service; provided that in the event that there is a discrepancy between the closing sale price or last reported sale price as reflected on the website of the New York Stock Exchange and as reported by Bloomberg Professional Service, the closing sale price and last reported sale price on the website of the New York Stock Exchange will govern.

For purposes of calculating the Closing Price, if a Reorganization Event has occurred and (1) the Exchange Property consists only of shares of common securities, the Closing Price shall be based on the Closing Price of such common securities; (2) the Exchange

Property consists only of cash, the Closing Price shall be the cash amount paid per share; and (3) the Exchange Property consists of securities, cash and/or other property, the Closing Price shall be based on the sum, as applicable, of (x) the Closing Price of such common securities, (y) the cash amount paid per share of Common Stock and (z) the value (as determined by the board of directors from time-to-time) of any other securities or property paid to holders of Common Stock in connection with the Reorganization Event.

“Common Stock” means the common stock, \$1-2/3 par value per share, of the Corporation.

“Conversion Agent” means American Stock Transfer & Trust Company acting in its capacity as conversion agent for the Series L Preferred Stock, and its successors and assigns or any other conversion agent appointed by the Corporation.

“Conversion Date” has the meaning set forth in Section 13(a)(iv)(B).

“Conversion Rate” means for each share of Series L Preferred Stock, 6.3814 shares of Common Stock, plus cash in lieu of fractional shares, subject to adjustment as set forth herein.

“Current Market Price” per share of Common Stock on any date of determination means the average of the VWAP per share of Common Stock on each of the 10 consecutive VWAP Trading Days ending on the earlier of the day in question and the day before the Ex-Date or other specified date with respect to the issuance or distribution requiring such computation, appropriately adjusted to take into account the occurrence during such period of any event described in Section 14(a)(i) through (v).

“Depository” means DTC or its nominee or any successor depository appointed by the Corporation.

“Dividend Payment Date” has the meaning set forth in Section 4(a).

“Dividend Period” has the meaning set forth in Section 4(a).

“Dividend Threshold Amount” has the meaning set forth in Section 14(a)(iv).

“DTC” means The Depository Trust Company, together with its successors and assigns.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Exchange Property” has the meaning set forth in Section 15(a).

“Ex-Date” when used with respect to any issuance or distribution, means the first date on which such shares of Common Stock or other securities trade without the right to receive an issuance or distribution with respect thereto.

“Expiration Time” has the meaning set forth in Section 12(a)(v).

“Expiration Date” has the meaning set forth in Section 14(a)(v).

“Fiscal Quarter” means, with respect to the Corporation, the fiscal quarter publicly disclosed by the Corporation.

“Fundamental Change” has the meaning set forth in Section 13(d)(i).

“Holder” means the Person in whose name the shares of Series L Preferred Stock are registered, which may be treated by the Corporation, Transfer Agent, Registrar, paying agent and Conversion Agent as the absolute owner of the shares of Series L Preferred Stock for the purpose of making payment and settling conversions and for all other purposes.

“Junior Stock” means the Common Stock and any other class or series of stock of the Corporation hereafter authorized over which Series L Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets in the event of any voluntary or involuntary dissolution, liquidation or winding-up of the affairs of the Corporation.

“Make-Whole Acquisition” means the occurrence, prior to any Conversion Date, of one of the following:

(a) “person” or “group” within the meaning of Section 13(d) of the Exchange Act files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect ultimate “beneficial owner,” as defined in Rule 13d-3 under the Exchange Act, of common equity of the Corporation representing more than 50% of the voting power of the Common Stock; or

(b) consummation of any consolidation or merger of the Corporation or similar transaction or any sale, lease or other transfer in one transaction or a series of related transactions of all or substantially all of the consolidated assets of the Corporation and its subsidiaries, taken as a whole, to any Person other than one of the Corporation’s subsidiaries, in each case, pursuant to which the Common Stock will be converted into cash, securities, or other property, other than pursuant to a transaction in which the Persons that “beneficially owned” (as defined in Rule 13d-3 under the Exchange Act) directly or indirectly, Voting Shares immediately prior to such transaction beneficially own, directly or indirectly, Voting Shares representing a majority of the total voting power of all outstanding classes of Voting Shares of the continuing or surviving Person immediately after the transaction; *provided, however* that a Make-Whole Acquisition will not be deemed to have occurred if at least 90% of the consideration received by holders of the Common Stock in the transaction or transactions (as determined by the board of directors) consists of shares of common securities of a Person or American Depositary Receipts in respect of such common securities that are traded on a U.S. national securities exchange or a securities exchange in the European Economic Area or that will be traded on a U.S. national securities exchange or a securities exchange in the European Economic Area when issued or exchanged in connection with a Make-Whole Acquisition.

“Make-Whole Acquisition Conversion” has the meaning set forth in Section 13(c)(i).

“Make-Whole Acquisition Conversion Period” has the meaning set forth in Section 13(c)(i).

“Make-Whole Acquisition Effective Date” has the meaning set forth in Section 13(c)(i).

“Make-Whole Acquisition Stock Price” means the price paid per share of Common Stock in the event of a Make-Whole Acquisition. If the holders of shares of Common Stock receive only cash in the Make-Whole Acquisition in a single per-share amount, other than with respect to appraisal and similar rights, the Make-Whole Acquisition Stock Price shall be the cash amount paid per share of Common Stock. For purposes of the preceding sentence as applied to a Make-Whole Acquisition of the type set forth in clause (a) of the definition Make-Whole Acquisition, a single price per share of Common Stock shall be deemed to have been paid only if the transaction or transactions that caused the Make-Whole Acquisition to occur was a tender offer for more than 50% of the then-outstanding Common Stock. Otherwise, the Make-Whole Acquisition Stock Price shall be the average of the Closing Price per share of Common Stock on the ten Trading Days up to, but not including, the Make-Whole Acquisition Effective Date.

“Make-Whole Shares” has the meaning set forth in Section 13(c)(i).

“Mandatory Conversion Date” has the meaning set forth in Section 13(b)(iii).

“Market Disruption Event” means any of the following events that has occurred:

(a) change or quotation system on which the VWAP is determined pursuant to the definition of the VWAP Trading Day (a “Relevant Exchange”) during the one-hour period prior to the close of trading for the regular trading session on the Relevant Exchange (or for purposes of determining the VWAP per share of Common Stock any period or periods aggregating one half-hour or longer during the regular trading session on the relevant day) and whether by reason of movements in price exceeding limits permitted by the Relevant Exchange, or otherwise relating to Common Stock or in futures or options contracts relating to the Common Stock on the Relevant Exchange;

(b) any event (other than an event described in clause (c)) that disrupts or impairs (as determined by the Corporation in its reasonable discretion) the ability of market participants during the one-hour period prior to the close of trading for the regular trading session on the Relevant Exchange (or for purposes of determining the VWAP per share of Common Stock any period or periods aggregating one half-hour or longer during the regular trading session on the relevant day) in general to effect transactions in, or obtain market values for, the Common Stock on the Relevant Exchange or to effect transactions in, or obtain market values for, futures or options contracts relating to the Common Stock on the Relevant Exchange; or

(c) the failure to open of the Relevant Exchange on which futures or options contracts relating to the Common Stock, are traded or the closure of such Relevant Exchange prior to its respective scheduled closing time for the regular trading session on such day (without regard to after hours or any other trading outside of the regular trading session hours) unless such earlier closing time is announced by such Relevant Exchange at least one hour prior to the earlier of the actual closing time for the regular trading session on such day and the submission deadline for orders to be entered into such Relevant Exchange for execution at the actual closing time on such day.



“Nonpayment Event” has the meaning set forth in Section 7(a).

“Notice of Mandatory Conversion” has the meaning set forth in Section 13(b)(iii).

“Parity Stock” means any other class or series of stock of the Corporation that ranks on a par with Series L Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary dissolution, winding-up and liquidation of the Corporation.

“Person” means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint-stock company, limited liability company or trust.

“Preferred Stock Directors” has the meaning set forth in Section 7(a).

“Purchased Shares” has the meaning set forth in Section 12(a)(v).

“Record Date” has the meaning set forth in Section 12(d), except for purposes of Section 14.

“Reference Price” means the applicable Make-Whole Acquisition Stock Price.

“Registrar” means American Stock Transfer & Trust Company acting in its capacity as registrar for the Series L Preferred Stock, and its successors and assigns or any other registrar appointed by the Corporation.

“Relevant Exchange” has the meaning set forth above in the definition of Market Disruption Event.

“Reorganization Event” has the meaning set forth in Section 15(a).

“Series L Preferred Stock” has the meaning set forth in Section 1.

“Trading Day” means a day on which the shares of Common Stock:

(a) are not suspended from trading on any national or regional securities exchange or association or over-the-counter market at the close of business; and

(b) have traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the Common Stock.

“Transfer Agent” shall mean American Stock Transfer & Trust Company acting in its capacity as transfer agent for the Series L Preferred Stock, and its successors and assigns or any other transfer agent appointed by the Corporation.

“Voting Parity Stock” means any Parity Stock having similar voting rights as the Series L Preferred Stock.

“Voting Shares” of a Person means shares of all classes of Capital Stock of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of the board of directors of such Person.

“VWAP” per share of the Common Stock on any VWAP Trading Day means the per share volume-weighted average price as displayed under the heading Bloomberg VWAP on Bloomberg page WFC<equity>AQR (or its equivalent successor if such page is not available) in respect of the period from the open of trading on the relevant VWAP Trading Day until the close of trading on the relevant VWAP Trading Day (or if such volume-weighted average price is unavailable, the market price of one share of Common Stock on such VWAP Trading Days determined, using a volume-weighted average method, by a nationally recognized investment banking firm (unaffiliated with the Corporation) retained for this purpose by the Corporation). The VWAP for any other share of Capital Stock shall be determined on a comparable basis, *mutatis mutandis*.

“VWAP Trading Day” means, for purposes of determining a VWAP per share of Common Stock, a Business Day on which the Relevant Exchange (as defined in the definition of Market Disruption Event) is scheduled to be open for business and on which there has not occurred or does not exist a Market Disruption Event.

#### Section 4. Dividends.

(a) Rate. Holders of Series L Preferred Stock shall be entitled to receive, if, as and when declared by the board of directors, but only out of funds legally available therefor, non-cumulative cash dividends on the liquidation preference of \$1,000 per share of Series L Preferred Stock, and no more, from the date of issuance at a rate *per annum* equal to 7.50%, payable quarterly in arrears on each March 15, June 15, September 15 and December 15, commencing June 15, 2008. The term “Dividend Payment Date” means March 15, June 15, September 15 and December 15. If any date specified pursuant the preceding sentence is not a Business Day, then dividends will be payable on the first Business Day following such date and dividends shall be payable to the actual payment date and no interest or other payment shall be paid with respect of such delay. The term “Dividend Period” means each period from and including a Dividend Payment Date (or the date of issuance of the Series L Preferred Stock for the first Dividend Payment Date) to but excluding the next Dividend Payment Date; provided that the first Dividend Period shall be deemed to have commenced on December 15, 2008. The amount of dividends payable for any Dividend Period shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

(b) Non-Cumulative Dividends. Dividends on shares of Series L Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series L Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to be payable and the Corporation shall have no obligation to pay, and the holders of Series L Preferred Stock shall have no right to receive, dividends payable in respect of the Dividend Period ending immediately prior to such Dividend Payment Date after such Dividend Payment Date, whether or not dividends are declared for any subsequent Dividend Period with respect to the Series L Preferred Stock, any Parity Stock, any Junior Stock or any other class or series of authorized preferred stock of the Corporation. Holders of Series L Preferred Stock shall

not be entitled to any dividends, whether payable in cash, property or stock, in excess of full dividends for each Dividend Period on the Series L Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any Dividend Payment or Dividend Payments or failure to make any Dividend Payment or Dividend Payments.

(c) Priority of Dividends. So long as any share of Series L Preferred Stock remains outstanding and, as to any Junior Stock or Parity Stock then outstanding, unless full dividends on all outstanding shares of Series L Preferred Stock for the Dividend Period ending on or immediately prior to the dividend payment date or other payment date for such Junior Stock or Parity Stock have been paid in full or declared and set aside for payment, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on such Junior Stock (other than a dividend payable solely in Junior Stock) or on such Parity Stock, subject to the immediately following paragraph in the case of Parity Stock, (ii) no shares of Junior Stock shall be purchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than (1) as a result of a reclassification of Junior Stock for or into Junior Stock, (2) the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, (3) through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock or (4) in connection with the satisfaction of the Corporation's obligations pursuant to any contract entered into in the ordinary course prior to the beginning of such Dividend Period), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation, and (iii) no shares of Parity Stock shall be purchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than (1) as a result of a reclassification of Parity Stock for or into Parity Stock or Junior Stock, (2) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or for or into Junior Stock, (3) through the use of the proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock or (4) in connection with the satisfaction of the Corporation's obligations pursuant to any contract entered into in the ordinary course prior to the beginning of such Dividend Period), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation (other than through the use of the proceeds of a substantially contemporaneous sale described in clause (ii)(3) or (iii)(3) above), otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series L Preferred Stock and such Parity Stock.

When dividends are not paid in full upon the Series L Preferred Stock and any Parity Stock, dividends upon shares of the Series L Preferred Stock and such Parity Stock will be declared on a proportional basis, based upon the ratio of the amount of dividends declared on the Series L Preferred Stock and such Parity Stock to the amount that, if declared, would be full dividends (including accrued and unpaid dividends as to any Parity Stock that bears dividends on a cumulative basis) on the Series L Preferred Stock and such Parity Stock through the next succeeding applicable dividend payment date. If the board of directors determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Corporation will provide written notice to the holders of the Series L Preferred Stock prior to such date. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the board of directors may be declared and paid on any Junior Stock from time to time out of any funds legally available therefor, and the shares of Series L Preferred Stock shall not be entitled to participate in any such dividend.

#### Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary dissolution, winding-up and liquidation of the Corporation, holders of Series L Preferred Stock shall be entitled, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any Parity Stock or class or series of securities ranking senior to or on parity with the Series L Preferred Stock upon liquidation and the rights of the Corporation's creditors, to receive in full a liquidation preference in an amount equal to \$1,000 per share, plus an amount equal to all declared and unpaid dividends for the then-current Dividend Period to the date of liquidation. The holder of Series L Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary dissolution, winding-up and liquidation of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference to all holders of Series L Preferred Stock and the liquidation preferences of any Parity Stock to all holders of such Parity Stock, the amounts paid to the holders of Series L Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences of Series L Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the applicable liquidation preference has been paid in full to all holders of Series L Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding-up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding-up of the affairs of the Corporation.

Section 6. Redemption. The shares of Series L Preferred Stock shall not be redeemable.

Section 7. Voting Rights. The holders of Series L Preferred Stock shall not have any voting rights except as set forth below or as otherwise from time to time required by applicable law.

(a) Right To Elect Two Directors Upon Nonpayment Events. If after the issuance of the Series L Preferred Stock the Corporation fails to pay, or declare and set aside for payment, full dividends on the Series L Preferred Stock or any class or series of Voting Parity Stock for six Dividend Periods or their equivalent (whether or not consecutive) (a "Nonpayment Event"), the number of directors then constituting the board of directors shall automatically be increased by two and the holders of Series L Preferred Stock, voting together as a single and separate class with the holders of all outstanding shares of Voting Parity Stock, shall be entitled

to elect the two additional directors (the “Preferred Stock Directors”) by a plurality of the votes cast; provided that it shall be a qualification for election for any such Preferred Stock Director that the election of such director shall not cause the Corporation to violate the corporate governance requirement of the New York Stock Exchange (or any other securities exchange or other trading facility on which securities of the Corporation may then be listed or traded) that listed or traded companies must have a majority of independent directors; and provided further that the board of directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights).

In the event that the holders of Series L Preferred Stock and such other holders of Voting Parity Stock shall be entitled to vote for the election of the Preferred Stock Directors following a Nonpayment Event, such directors shall be initially elected following such Nonpayment Event at the Corporation’s next annual meeting of shareholders, and, except as provided below, at each subsequent annual meeting of shareholders of the Corporation.

When dividends have been paid in full on the Series L Preferred Stock and any and all Voting Parity Stock for at least four consecutive Dividend Periods or their equivalent after a Nonpayment Event, then the right of the holders of Series L Preferred Stock to elect the Preferred Stock Directors shall cease (but subject always to reversion of such rights in the case of any future Nonpayment Event), and, if and when all rights of holders of Series L Preferred Stock and Voting Parity Stock to elect the Preferred Stock Directors shall have ceased, the terms of office of all the Preferred Stock Directors shall forthwith terminate and the number of directors constituting the board of directors shall automatically be reduced accordingly.

Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series L Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a single and separate class). In case any vacancy shall occur among the Preferred Stock Directors, a successor shall be elected by a plurality of the votes cast by the holders of Series L Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a single and separate class. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the board of directors for a vote.

(b) Other Voting Rights. So long as any shares of Series L Preferred Stock are outstanding, the vote or consent of the holders of at least  $\frac{66}{100}$  % of the shares of Series L Preferred Stock at the time outstanding and entitled to vote thereon, voting separately as a single class with all other classes or series of preferred stock ranking equally with the Series L Preferred Stock and entitled to vote thereon, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating any of the following actions, whether or not such approval is required by Delaware law:

(i) Amendment Affecting Series L Preferred Stock. Any amendment, alteration or repeal of any provision of the certificate of incorporation or bylaws so as to adversely affect the rights, preferences, privileges or voting powers of the Series L Preferred Stock.

(ii) Authorization or Issuance of Senior Stock. Any amendment or alteration of any provision of the certificate of incorporation or bylaws to authorize, create or increase the authorized amount of, or any issuance of, any shares of, or any securities convertible into shares of, any class or series of Capital Stock of the Corporation ranking senior to the Series L Preferred Stock with respect to either the payment of dividends or the distribution of assets in the event of any voluntary or involuntary dissolution, winding-up and liquidation of the affairs of the Corporation; or

(iii) Share Exchanges, Reclassifications, Mergers and Consolidations. Any consummation of a binding share exchange or reclassification involving the Series L Preferred Stock, or of a merger or consolidation of the Corporation with another Person, unless in each case (x) the shares of Series L Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting Person, are converted into or exchanged for preference securities of the surviving or resulting Person or a Person controlling such Person, and (y) such Series L Preferred Stock shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series L Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of Series L Preferred Stock or any class or series of Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series L Preferred Stock, and holders of the Series L Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, share exchange, reclassification, merger or consolidation specified in this Section 7(b) would adversely affect one or more but not all series of voting preferred stock (including the Series L Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a single class (in lieu of all other series of preferred stock).

(c) Changes for Clarification. Without the consent of the holders of Series L Preferred Stock, so long as such action does not adversely affect the rights, preferences, privileges and voting powers, and limitations and restrictions thereof, of the Series L Preferred Stock, the Corporation may amend, alter, supplement or repeal any terms of the Series L Preferred Stock:

(i) to cure any ambiguity, or to cure, correct or supplement any provision contained in this Certificate of Designations that may be defective or inconsistent; or

(ii) to make any provision with respect to matters or questions arising with respect to the Series L Preferred Stock that is not inconsistent with the provisions of this Certificate of Designations.

(d) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Series L Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard

to such a meeting or such consents shall be governed by any rules the board of directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the certificate of incorporation, the bylaws, applicable law and any national securities exchange or other trading facility in which the Series L Preferred Stock is listed or traded at the time. Whether the vote or consent of the holders of a plurality, majority or other portion of the shares of Series L Preferred Stock and any Voting Parity Stock has been cast or given on any matter on which the holders of shares of Series L Preferred Stock are entitled to vote shall be determined by the Corporation by reference to the specified liquidation amounts of the shares voted or covered by the consent.

For purposes of determining the voting rights of the holders of Series L Preferred Stock under this Section 7, each holder will be entitled to one vote for each \$1,000 of liquidation preference to which his or her shares are entitled. Holders of shares of Series L Preferred Stock will be entitled to one vote for each such share of Series L Preferred Stock held by them.

Section 8. Rank. Notwithstanding anything set forth in the certificate of incorporation or this Certificate of Designations to the contrary, the board of directors, without the vote of the holders of the Series L Preferred Stock, may authorize and issue additional shares of Junior Stock or Parity Stock.

Section 9. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series L Preferred Stock from time to time to such extent, in such manner, and upon such terms as the board of directors may determine; *provided, however*, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 10. Unissued or Reacquired Shares. Shares of Series L Preferred Stock not issued or which have been issued and converted in accordance with the terms hereof or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

Section 11. No Sinking Fund. Shares of Series L Preferred Stock are not subject to the operation of a sinking fund.

Section 12. Right to Convert. Each Holder shall have the right, at such Holder's option, at any time, to convert all or any portion of such Holder's Series L Preferred Stock into shares of Common Stock at the Applicable Conversion Rate (subject to the conversion procedures set forth in Section 13 herein) plus cash in lieu of fractional shares.

Section 13. Conversion.

(a) Conversion Procedures.

(i) Effective immediately prior to the close of business on the Mandatory Conversion Date or any applicable Conversion Date, dividends shall no longer be declared on any converted shares of Series L Preferred Stock and such shares of Series L Preferred Stock shall cease to be outstanding, in each case, subject to the right of Holders to receive any declared and unpaid dividends on such shares and any other payments to which they

are otherwise entitled pursuant to Section 12, Section 13(b), Section 13(c), Section 13(d), Section 15 or Section 16, as applicable.

(ii) Prior to the close of business on the Mandatory Conversion Date or any applicable Conversion Date, shares of Common Stock issuable upon conversion of, or other securities issuable upon conversion of, any shares of Series L Preferred Stock shall not be deemed outstanding for any purpose, and Holders shall have no rights with respect to the Common Stock or other securities issuable upon conversion (including voting rights, rights to respond to tender offers for the Common Stock and rights to receive any dividends or other distributions on the Common Stock and/or other securities issuable upon conversion), by virtue of holding shares of Series L Preferred Stock.

(iii) The Person or Persons entitled to receive the Common Stock and/or other securities issuable upon conversion of Series L Preferred Stock shall be treated for all purposes as the record holder(s) of such shares of Common Stock and/or such other securities as of the close of business on the Mandatory Conversion Date or any applicable Conversion Date except to the extent that all or a portion of such Common Stock is subject to the limitations set forth in Section 18. In the event that a Holder shall not by written notice designate the name in which shares of Common Stock and/or cash, other securities or other property (including payments of cash in lieu of fractional shares) to be issued or paid upon conversion of shares of Series L Preferred Stock should be registered or paid or the manner in which such shares should be delivered, the Corporation shall be entitled to register and deliver such shares, and make such payment, in the name of the Holder and in the manner shown on the records of the Corporation through book-entry transfer through the Depository.

(iv) Conversion into shares of Common Stock will occur on the Mandatory Conversion Date or any applicable Conversion Date as follows:

(A) On the Mandatory Conversion Date or applicable Conversion Date, certificates or evidence of shares in book-entry form representing shares of Common Stock shall be issued and delivered to Holders or their designee upon presentation and surrender of the certificate evidencing the Series L Preferred Stock to the Conversion Agent if shares of the Series L Preferred Stock are held in certificated form, and, if required, the furnishing of appropriate endorsements and transfer documents and the payment of all transfer and similar taxes. If a Holder's interest is a beneficial interest in a global certificate representing Series L Preferred Stock, a book-entry transfer through the Depository will be made by the Conversion Agent upon compliance with the Depository's procedures for converting a beneficial interest in a global security.

(B) On the date of any conversion at the option of Holders pursuant to Section 12, Section 13(c) or Section 13(d), if a Holder's interest is in certificated form, a Holder must do each of the following in order to convert:

(1) complete and manually sign the conversion notice provided by the Conversion Agent, or a facsimile of the conversion notice, and deliver this irrevocable notice to the Conversion Agent;

(2) surrender the shares of Series L Preferred Stock to the Conversion Agent;



(3) if required, furnish appropriate endorsements and transfer documents;

(4) if required, pay all transfer or similar taxes; and

(5) if required, pay funds equal to any declared and unpaid dividend payable on the next Dividend Payment Date.

If a Holder's interest is a beneficial interest in a global certificate representing Series L Preferred Stock, in order to convert a Holder must comply with clauses (3) through (5) listed above and comply with the Depository's procedures for converting a beneficial interest in a global security.

The date on which a Holder complies with the procedures in this clause (v) is the "Conversion Date."

(C) Conversion Agent shall, on a Holder's behalf, convert the Series L Preferred Stock into shares of Common Stock and/or cash, other securities or other property (involving payments of cash in lieu of fractional shares), in accordance with the terms of the notice delivered by such Holder described in clause (B) above. If a Conversion Date on which a Holder elects to convert Series L Preferred Stock is prior to the Record Date relating to any declared dividend for the Dividend Period, such Holder will not have the right to receive any declared dividends for that Dividend Period. If a Conversion Date on which a Holder elects to convert Series L Preferred Stock or the Mandatory Conversion Date is after the Record Date for any declared dividend and prior to the Dividend Payment Date, such Holder shall receive that dividend on the relevant Dividend Payment Date if such Holder was the Holder of record on the Record Date for that dividend. Notwithstanding the preceding sentence, if the Conversion Date is after the Record Date and prior to the Dividend Payment Date, whether or not such Holder was the Holder of record on the Record Date, the Holder must pay to the Conversion Agent upon conversion of the shares of Series L Preferred Stock an amount in cash equal to the full dividend actually paid on the Dividend Payment Date for the then-current Dividend Period on the shares of Series L Preferred Stock being converted, unless the Holder's shares of Series L Preferred Stock are being converted pursuant to Section 13(b), Section 13(c) or Section 13(d).

(b) Mandatory Conversion at the Corporation's Option.

(i) On or after March 15, 2013, the Corporation may, at its option, at any time or from time to time, cause some or all of the Series L Preferred Stock to be converted into shares of Common Stock at the Applicable Conversion Rate if, for 20 Trading Days during any period of 30 consecutive Trading Days, including the last Trading Day of such period, the Closing Price of the Common Stock exceeds 130% of the Applicable Conversion Price of the Series L Preferred Stock. The Corporation will provide Notice of Mandatory Conversion as set forth in Section 13(b)(iii) within three Trading Days after the end of the 30 consecutive Trading Day period.

(ii) If the Corporation elects to cause less than all of the Series L Preferred Stock to be converted under clause (i) above, the Conversion Agent will select the

Series L Preferred Stock to be converted by lot, or on a *pro rata* basis or by another method the Conversion Agent considers fair and appropriate, including any method required by the Depositary (so long as such method is not prohibited by the rules of any stock exchange or quotation association on which the Series L Preferred Stock is then traded or quoted). If the Conversion Agent selects a portion of a Holder's Series L Preferred Stock for partial conversion at the Corporation's option and such Holder converts a portion of its shares of Series L Preferred Stock at the same time, the portion converted at such Holder's option will reduce the portion selected for conversion at the Corporation's option under this Section 13(b).

(iii) If the Corporation exercises the optional conversion right described in this Section 13(b), the Corporation shall give notice (such notice a "Notice of Mandatory Conversion") by (i) providing a notice of such conversion by first class mail to each Holder of record for the shares of Series L Preferred Stock to be converted or (ii) issuing a press release and making this information available on its website. The Conversion Date shall be a date selected by the Corporation (the "Mandatory Conversion Date"), not less than 10 days, and not more than 20 days, after the date on which the Corporation provides the Notice of Mandatory Conversion. In addition to any information required by applicable law or regulation, the Notice of Mandatory Conversion shall state, as appropriate:

(A) the Mandatory Conversion Date;

(B) the number of shares of Common Stock to be issued upon conversion of each share of Series L Preferred Stock; and

(C) the aggregate number of shares of Series L Preferred Stock to be converted.

(c) Conversion upon Make-Whole Acquisition.

(i) In the event of a Make-Whole Acquisition occurring prior to a Mandatory Conversion Date or Conversion Date, each Holder shall have the option to convert its shares of Series L Preferred Stock (a "Make-Whole Acquisition Conversion") during the period (the "Make-Whole Acquisition Conversion Period") beginning on the effective date of the Make-Whole Acquisition (the "Make-Whole Acquisition Effective Date") and ending on the date that is 30 days after the Make-Whole Acquisition Effective Date and receive an additional number of shares of Common Stock (the "Make-Whole Shares") as set forth in clause (ii) below.

(ii) The number of Make-Whole Shares per share of Series L Preferred Stock shall be determined by reference to the table below for the applicable Make-Whole Acquisition Effective Date and the applicable Make-Whole Acquisition Stock Price:

**Make-Whole Acquisition Stock Price**

<u>Effective Date</u>	<u>\$</u>	<u>120.54</u>	<u>\$</u>	<u>125.57</u>	<u>\$</u>	<u>138.12</u>	<u>\$</u>	<u>150.68</u>	<u>\$</u>	<u>156.71</u>	<u>\$</u>	<u>175.79</u>	<u>\$</u>	<u>203.72</u>	<u>\$</u>	<u>226.02</u>	<u>\$</u>	<u>251.13</u>	<u>\$</u>	<u>301.36</u>	<u>\$</u>	<u>401.81</u>	<u>\$</u>	<u>502.26</u>
April 17, 2008.....		1.9153		1.8855		1.5191		1.1110		0.9497		0.6471		0.3962		0.2847		0.2091		0.1354		0.0757		<b>0.0458</b>
March 15, 2009.....		1.9153		1.8775		1.5052		1.0951		0.9437		0.6331		0.3763		0.2588		0.1852		0.1175		0.0697		<b>0.0438</b>
March 15, 2010.....		1.9153		1.8397		1.4913		1.0871		0.9378		0.6073		0.3365		0.2210		0.1533		0.0956		0.0577		<b>0.0358</b>
March 15, 2011.....		1.9153		1.7899		1.4694		1.0731		0.9238		0.5794		0.2887		0.1712		0.1075		0.0657		0.0398		<b>0.0259</b>
March 15, 2012.....		1.9153		1.7561		1.4355		1.0652		0.9139		0.5356		0.2051		0.0896		0.0458		0.0299		0.0199		<b>0.0119</b>
March 15, 2013.....		1.9153		1.6704		1.4275		1.0592		0.9119		0.5097		0.0916		0.0000		0.0000		0.0000		0.0000		<b>0.0000</b>
Thereafter.....		1.9153		1.6704		1.4275		1.0592		0.9119		0.5097		0.0916		0.0000		0.0000		0.0000		0.0000		<b>0.0000</b>

(A) The exact Make-Whole Acquisition Stock Prices and Make-Whole Acquisition Effective Dates may not be set forth in the table, in which case:

(1) if the Make-Whole Acquisition Stock Price is between two Make-Whole Acquisition Stock Price amounts in the table or the Make-Whole Acquisition Effective Date is between two dates in the table, the number of Make-Whole Shares will be determined by straight-line interpolation between the number of Make-Whole Shares set forth for the higher and lower Make-Whole Acquisition Stock Price amounts and the two Make-Whole Acquisition Effective Dates, as applicable, based on a 365-day year;

(2) if the Make-Whole Acquisition Stock Price is in excess of \$502.26 per share (subject to adjustment pursuant to Section 14), no Make-Whole Shares will be issued upon conversion of the Series L Preferred Stock; and

(3) if the Make-Whole Acquisition Stock Price is less than \$120.54 per share (subject to adjustment pursuant to Section 14), no Make-Whole Shares will be issued upon conversion of the Series L Preferred Stock.

(B) The Make-Whole Acquisition Stock Prices set forth in the table above are subject to adjustment pursuant to Section 14 hereof and shall be adjusted as of any date the Conversion Rate is adjusted. The adjusted Make-Whole Acquisition Stock Prices will equal the Make-Whole Acquisition Stock Prices applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the Conversion Rate immediately prior to the adjustment giving rise to the Make-Whole Acquisition Stock Prices adjustment and the denominator of which is the Conversion Rate as so adjusted. Each of the number of Make-Whole Shares in the table shall also be subject to adjustment in the same manner as the Conversion Rate pursuant to Section 14.

(iii) On or before the twentieth day prior to the date the Corporation anticipates being the effective date for the Make-Whole Acquisition or within two business days of becoming aware of a Make-Whole Acquisition of the type set forth in clause (a) of the definition Make-Whole Acquisition, a written notice shall be sent by or on behalf of the Corporation, by first-class mail, postage prepaid, to the Holders as they appear in the records of the Corporation. Such notice shall contain:

and (A) the anticipated effective date or effective date of the Make-Whole Acquisition;

(B) the date, which shall be 30 days after the Make-Whole Acquisition Effective Date, by which a Make-Whole Acquisition Conversion must be exercised.

(iv) On the Make-Whole Acquisition Effective Date or as soon as practicable thereafter, another written notice shall be sent by or on behalf of the Corporation, by first-class mail, postage prepaid, to the Holders as they appear in the records of the Corporation. Such notice shall contain:

(A) the date that shall be 30 days after the Make-Whole Acquisition Effective Date;

(B) the number of Make-Whole Shares;

(C) the amount of cash, securities and other consideration receivable by a Holder of Series L Preferred Stock upon conversion; and

(D) the instructions a Holder must follow to exercise its conversion option in connection with such Make-Whole Acquisition.

(v) To exercise a Make-Whole Acquisition Conversion option, a Holder must, no later than 5:00 p.m., New York City time on or before the date by which the Make-Whole Acquisition Conversion option must be exercised as specified in the notice delivered under clause (iv) above, comply with the procedures set forth in Section 13(a)(iv)(B).

(vi) If a Holder does not elect to exercise the Make-Whole Acquisition Conversion option in accordance with the provisions specified in this Section 13(c), the shares of Series L Preferred Stock or successor security held by it shall remain outstanding (unless otherwise converted as provided herein), and the Holder will not be eligible to receive Make-Whole Shares.

(vii) Upon a Make-Whole Acquisition Conversion, the Conversion Agent shall, except as otherwise provided in the instructions provided by the Holder thereof in the written notice provided to the Corporation or its successor as set forth in Section 13(a)(iv) above, deliver to the Holder such cash, securities or other property as are issuable with respect to Make-Whole Shares in the Make-Whole Acquisition.

(viii) In the event that a Make-Whole Acquisition Conversion is effected with respect to shares of Series L Preferred Stock or a successor security representing less than all the shares of Series L Preferred Stock or a successor security held by a Holder, upon such Make-Whole Acquisition Conversion the Corporation or its successor shall execute and the Conversion Agent shall, unless otherwise instructed in writing, countersign and deliver to the Holder thereof, at the expense of the Corporation or its successors, a certificate evidencing the shares of Series L Preferred Stock or such successor security held by the Holder as to which a Make-Whole Acquisition Conversion was not effected.

(d) Conversion Upon Fundamental Change.

(i) If the Reference Price in connection with a Make-Whole Acquisition is less than \$120.54 (a "Fundamental Change"), a Holder may elect to convert each share of Series L Preferred Stock during the period beginning on the effective date of the Fundamental Change and ending on the date that is 30 days after the effective date of such Fundamental Change at an adjusted conversion price equal to the greater of (1) the Reference Price and (2) \$60.27, subject to adjustment as described in clause (ii) below (the "Base Price"). If the Reference Price is less than the Base Price, Holders will receive a maximum of 16.5916 shares of Common Stock per share of Series L Preferred Stock converted, subject to adjustment as a result of any adjustment to the Base Price described in clause (ii) below.

(ii) The Base Price shall be adjusted as of any date the Conversion Rate of the Series L Preferred Stock is adjusted pursuant to Section 14. The adjusted Base Price shall equal the Base Price applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the Conversion Rate immediately prior to the adjustment giving rise to the Conversion Rate adjustment and the denominator of which is the Conversion Rate as so adjusted.

(iii) In lieu of issuing Common Stock upon conversion in the event of a Fundamental Change, the Corporation may at its option, and if it obtains any necessary regulatory approval, pay an amount in cash (computed to the nearest cent) equal to the Reference Price for each share of Common Stock otherwise issuable upon conversion.

(iv) On or before the twentieth day prior to the date the Corporation anticipates being the effective date for the Fundamental Change or within two business days of becoming aware of the Fundamental Change if it is a Make-Whole Acquisition of the type set forth in clause (a) of the definition Make-Whole Acquisition, a written notice shall be sent by or on behalf of the Corporation, by first-class mail, postage prepaid, to the Holders as they appear in the records of the Corporation. Such notice shall contain:

(A) the anticipated effective date of the Fundamental Change; and

(B) the date, which shall be 30 days after the anticipated effective date of a Fundamental Change, by which a Fundamental Change conversion must be exercised.

(v) On the effective date of a Fundamental Change or as soon as practicable thereafter, another written notice shall be sent by or on behalf of the Corporation, by first-class mail, postage prepaid, to the Holders as they appear in the records of the Corporation. Such notice shall contain:

(A) the date that shall be 30 days after the effective date of the Fundamental Change;

(B) the adjusted conversion price following the Fundamental Change;

(C) the amount of cash, securities and other consideration received by a Holder of Series L Preferred Stock upon conversion; and

(D) the instructions a Holder must follow to exercise its conversion option in connection with such Fundamental Change.

(vi) To exercise its conversion option upon a Fundamental Change, a Holder must, no later than 5:00 p.m., New York City time on or before the date by which the conversion option upon the Fundamental Change must be exercised as specified in the notice delivered under clause (v) above, comply with the procedures set forth in Section 13 (a)(v)(B) and indicate that it is exercising the Fundamental Change conversion option.

(vii) If a Holder does not elect to exercise its conversion option upon a Fundamental Change in accordance with the provisions specified in this Section 13(d), the shares of Series L Preferred Stock or successor security held by it shall remain outstanding (unless otherwise converted as provided herein) and the Holder will not be eligible to convert its shares pursuant to this Section 13(d).

(viii) Upon a conversion upon a Fundamental Change, the Conversion Agent shall, except as otherwise provided in the instructions provided by the Holder thereof in the written notice provided to the Corporation or its successor as set forth in Section 13(a)(iv), deliver to the Holder such cash, securities or other property as are issuable with respect to the adjusted conversion price following the Fundamental Change.

(ix) In the event that a conversion upon a Fundamental Change is effected with respect to shares of Series L Preferred Stock or a successor security representing less than all the shares of Series L Preferred Stock or a successor security held by a Holder, upon such conversion the Corporation or its successor shall execute and the Conversion Agent shall, unless otherwise instructed in writing, countersign and deliver to the Holder thereof, at the expense of the Corporation, a certificate evidencing the shares of Series L Preferred Stock or such successor security held by the Holder as to which a conversion upon a Fundamental Change was not effected.

#### Section 14. Anti-Dilution Adjustments.

(a) Adjustments. The Conversion Rate will be subject to adjustment, without duplication, under the following circumstances:

(i) The issuance of Common Stock as a dividend or distribution to all holders of Common Stock or a subdivision or combination of Common Stock (other than in connection with a Reorganization Event), in which event the Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times (OS_1 / OS_0)$$

where,

$CR_0$  = the Conversion Rate in effect at the close of business on the Record Date

$CR_1$  = the Conversion Rate in effect immediately after the Record Date

$OS_0$  = the number of shares of Common Stock outstanding at the close of business on the Record Date prior to giving effect to such event

$OS_1$  = the number of shares of Common Stock that would be outstanding immediately after, and solely as a result of, such event

Notwithstanding the foregoing, (1) no adjustment will be made for the issuance of Common Stock as a dividend or distribution to all holders of Common Stock that is made in lieu of a quarterly or annual cash dividend or distribution to such holders, to the extent such dividend or distribution does not exceed the applicable Dividend Threshold Amount (with the amount of any such dividend or distribution equaling the number of such shares being issued multiplied by the average of the VWAP of the Common Stock over each of the five consecutive VWAP Trading Days prior to the Ex-Date for such dividend or distribution) and (2) in the event any dividend, distribution, subdivision or combination that is the subject of this Section 14(a)(i) is declared but not so paid or made, the Conversion Rate shall be immediately readjusted, effective as of the date the board of directors publicly announces its decision not to pay or make such dividend or distribution or effect such subdivision or combination, to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared or such subdivision or combination had not been announced.

(ii) The issuance to all holders of Common Stock of certain rights or warrants (other than rights issued pursuant to a shareholder rights plan or rights or warrants issued in connection with a Reorganization Event) entitling them for a period expiring 60 days or less from the date of issuance of such rights or warrants to purchase shares of Common Stock (or securities convertible into Common Stock) at less than (or having a conversion price per share less than) the Current Market Price as of the Record Date, in which event each Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times [(OS_0 + X) / (OS_0 + Y)]$$

where,

$CR_0$  = the Conversion Rate in effect at the close of business on the Record Date

$CR_1$  = the Conversion Rate in effect immediately after the Record Date

$OS_0$  = the number of shares of Common Stock outstanding at the close of business on the Record Date

$X$  = the total number of shares of Common Stock issuable pursuant to such rights or warrants (or upon conversion of such securities)

$Y$  = the number of shares equal to the quotient of the aggregate price payable to exercise such rights or warrants (or the conversion price for such securities paid upon conversion) divided by the average of the VWAP of the Common Stock over each of the ten consecutive VWAP Trading Days prior to the Business Day immediately preceding the announcement of the issuance of such rights or warrants

Notwithstanding the foregoing, (1) in the event that such rights or warrants described in this Section 14(a)(ii) are not so issued, the Conversion Rate shall be immediately readjusted, effective as of the date the board of directors publicly announces its decision not to issue such rights or warrants, to the Conversion Rate that would then be in effect if such issuance had not been declared and (2) to the extent that such rights or warrants are not

exercised prior to their expiration or shares of the Common Stock are otherwise not delivered pursuant to such rights or warrants upon the exercise of such rights or warrants, the Conversion Rate shall be readjusted to the Conversion Rate that would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered.

In determining the aggregate price payable for such shares of the Common Stock, there shall be taken into account any consideration received by the Corporation for such rights or warrants and the value of such consideration (if other than cash, to be determined by the board of directors). If an adjustment to the Conversion Rate may be required pursuant to this Section 14(a)(ii), delivery of any additional shares of Common Stock that may be deliverable upon conversion as a result of an adjustment required pursuant to this Section 14(a)(ii) shall be delayed to the extent necessary in order to complete the calculations provided for in this Section 14(a)(ii).

(iii) The dividend or other distribution to all holders of Common Stock of shares of capital stock of the Corporation (other than Common Stock) or evidences of its indebtedness or its assets (excluding any dividend, distribution or issuance covered by clauses (a)(i) or (a)(ii) above or (a)(iv) below, any dividend or distribution in connection with a Reorganization Event or any spin-off to which the provisions set forth below in this clause (a)(iii) apply) in which event the Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times [SP_0 / (SP_0 - FMV)]$$

where,

$CR_0$  = the Conversion Rate in effect at the close of business on the Record Date

$CR_1$  = the Conversion Rate in effect immediately after the Record Date

$SP_0$  = the Current Market Price as of the Record Date

$FMV$  = the fair market value (as determined by the board of directors) on the Record Date of the shares of capital stock of the Corporation, evidences of indebtedness or assets so distributed, applicable to one share of Common Stock

However, if the transaction that gives rise to an adjustment pursuant to this clause (iii) is one pursuant to which the payment of a dividend or other distribution on Common Stock consists of shares of capital stock of the Corporation or, or similar equity interests in, a subsidiary or other business unit of the Corporation (*i.e.*, a spin-off) that are, or, when issued, will be, traded on the New York Stock Exchange, the Nasdaq Stock Market or any other national or regional securities exchange or market, then the Conversion Rate will instead be adjusted based on the following formula:

$$CR_1 = CR_0 \times [(FMV_0 + MP_0) / MP_0]$$

where,

$CR_0$  = the Conversion Rate in effect at the close of business on the Record Date

$CR_1$  = the Conversion Rate in effect immediately after the Record Date

$FMV_0$  = the average of the VWAP of the Capital Stock distributed to holders of Common Stock applicable to one share of Common Stock over each of the 10 consecutive



VWAP Trading Days commencing on and including the third VWAP Trading Day after the date on which “ex-distribution trading” commences for such dividend or distribution on the NYSE or such other national or regional exchange or association or over-the-counter market, or, if not so traded or quoted, the fair market value of the capital stock or similar equity interests distributed to holders of Common Stock applicable to one share of Common Stock as determined by the board of directors

$MP_0$  = the average of the VWAP of the Common Stock over each of the 10 consecutive VWAP Trading Days commencing on and including the third VWAP Trading Day after the date on which “ex-distribution trading” commences for such dividend or distribution on the NYSE or such other national or regional exchange or association or over-the-counter market on which Common Stock is then traded or quoted

Notwithstanding the foregoing, (1) if any dividend or distribution of the type described in this Section 14(a)(iii) is declared but not so paid or made, the Conversion Rate shall be immediately readjusted, effective as of the date the board of directors publicly announces its decision not to pay such dividend or distribution, to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared. If an adjustment to the Conversion Rate may be required under this Section 14(a)(iii), delivery of any additional shares of Common Stock that may be deliverable upon conversion as a result of an adjustment required under this Section 14(a)(iii) shall be delayed to the extent necessary in order to complete the calculations provided for in this Section 14(a)(iii).

(iv) The Corporation makes a distribution consisting exclusively of cash to all holders of Common Stock, excluding (a) any regular cash dividend on Common Stock to the extent that the aggregate cash dividend per share of Common Stock does not exceed \$1.8835 in any fiscal quarter (the “Dividend Threshold Amount”) and (b) any consideration payable in connection with a tender or exchange offer made by the Corporation or any its subsidiaries referred to in clause (v) below, in which event, the Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times [SP_0 / (SP_0 - C)]$$

where,

$CR_0$  = the Conversion Rate in effect at the close of business on the Record Date

$CR_1$  = the Conversion Rate in effect immediately after the Record Date

$SP_0$  = the Current Market Price as of the Record Date

$C$  = the amount in cash per share equal to (1) in the case of a regular quarterly dividend, the amount the Corporation distributes to holders or pays, less the Dividend Threshold Amount or (2) in any other case, the amount the Corporation distributes to holders or pays

The Dividend Threshold Amount is subject to adjustment on an inversely proportional basis whenever the Conversion Rate is adjusted; provided that no adjustment will be made to the Dividend Threshold Amount for any adjustment made to the Conversion Rate pursuant to this clause (iv).

Notwithstanding the foregoing, if any dividend or distribution of the type described in this Section 14(a)(iv) is declared but not so paid or made, the Conversion Rate shall

be immediately readjusted, effective as of the date the board of directors publicly announces its decision not to pay such dividend or distribution, to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(v) The Corporation or one or more of its subsidiaries make purchases of Common Stock pursuant to a tender offer or exchange offer by the Corporation or a subsidiary of the Corporation for Common Stock to the extent that the cash and value (as determined by the board of directors) of any other consideration included in the payment per share of Common Stock validly tendered or exchanged exceeds the VWAP per share of Common Stock on the VWAP Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer (the "Expiration Date"), in which event the Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times [(FMV + (SP_1 \times OS_1)) / (SP_1 \times OS_0)]$$

where,

$CR_0$  = the Conversion Rate in effect at the close of business on the Expiration Date

$CR_1$  = the Conversion Rate in effect immediately after the Expiration Date

$FMV$  = the fair market value (as determined by the board of directors), on the Expiration Date, of the aggregate value of all cash and any other consideration paid or payable for shares validly tendered or exchanged and not withdrawn as of the Expiration Date (the "Purchased Shares")

$OS_1$  = the number of shares of Common Stock outstanding as of the last time tenders or exchanges may be made pursuant to such tender or exchange offer (the "Expiration Time") less any Purchased Shares

$OS_0$  = the number of shares of Common Stock outstanding at the Expiration Time, including any Purchased Shares

$SP_1$  = the average of the VWAP of the Common Stock over each of the ten consecutive VWAP Trading Days commencing with the VWAP Trading Day immediately after the Expiration Date.

Notwithstanding the foregoing, if the Corporation, or one of its subsidiaries, is obligated to purchase shares of Common Stock pursuant to any such tender or exchange offer, but the Corporation or such subsidiary is permanently prevented by applicable law from effecting any such purchases, or all such purchases are rescinded, then the Conversion Rate shall be readjusted to be the Conversion Rate that would then be in effect if such tender or exchange offer had not been made. If an adjustment to the Conversion Rate may be required under this Section 14(a)(v), delivery of any additional shares of Common Stock that may be deliverable upon conversion as a result of an adjustment required under this Section 14(a)(v) shall be delayed to the extent necessary in order to complete the calculations provided for in this Section 14(a)(v).

(b) Calculation of Adjustments. All adjustments to the Conversion Rate shall be calculated by the Corporation to the nearest 1/10,000th of one share of Common Stock (or if there is not a nearest 1/10,000th of a share, to the next lower 1/10,000th of a share). No adjustment to the Conversion Rate will be required unless such adjustment would require an increase or decrease of at least one percent; *provided, however*, that any such minor

adjustments that are not required to be made will be carried forward and taken into account in any subsequent adjustment, and provided further that any such adjustment of less than one percent that has not been made will be made prior to any conversion pursuant to Section 13(b), Section 13(c) or Section 13(d).

(c) When No Adjustment Required.

(i) Except as otherwise provided in this Section 14, the Conversion Rate will not be adjusted for the issuance of Common Stock or any securities convertible into or exchangeable for Common Stock or carrying the right to purchase any of the foregoing or for the repurchase of Common Stock.

(ii) Rights Plans. To the extent that the Corporation has a stockholders' rights plan in effect upon conversion of the Series L Preferred Stock into Common Stock, Holders will receive, in addition to any of Common Stock deliverable and in lieu of any adjustment to the Conversion Rate, the rights under the stockholders' rights plan, unless prior to any conversion, the rights have separated from Common Stock, in which case the Conversion Rate will be adjusted at the time of separation as if we distributed to all holders of Common Stock, shares of the Corporation's Capital Stock, evidences of indebtedness or assets as described in Section 14(a)(iii). A further adjustment will occur as described in Section 14(a)(iii), if such rights become exercisable to purchase different securities, evidences of indebtedness or assets, subject to readjustment in the event of the expiration, termination or redemption of such rights.

(iii) No adjustment to the Conversion Rate need be made:

(A) upon the issuance of any shares of Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and the investment of additional optional amounts in Common Stock under any plan;

(B) upon the issuance of any shares of Common Stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by the Corporation or any of its subsidiaries; or

(C) upon the issuance of any shares of Common Stock pursuant to any option, warrant, right, or exercisable, exchangeable or convertible security outstanding as of the date the Series L Preferred Stock was first issued.

(iv) No adjustment to the Conversion Rate need be made for a transaction referred to in Section 14(a)(i) through (v) if Holders may participate in the transaction on a basis and with notice that the board of directors determines to be fair and appropriate in light of the basis and notice on which holders of Common Stock participate in the transaction.

(v) No adjustment to the Conversion Rate need be made for a change in the par value or no par value of the Common Stock.

(vi) No adjustment to the Conversion Rate will be made to the extent that such adjustment would result in the Conversion Price being less than the par value of the Common Stock.

(d) Record Date. For purposes of this Section 14, "Record Date" means, with respect to any dividend, distribution or other transaction or event in which the holders of the Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of holders of the Common Stock entitled to receive such cash, securities or other property (whether such date is fixed by the board of directors or by statute, contract or otherwise).

(e) Successive Adjustments. After an adjustment to the Conversion Rate under this Section 14, any subsequent event requiring an adjustment under this Section 14 shall cause an adjustment to such Conversion Rate as so adjusted.

(f) Multiple Adjustments. For the avoidance of doubt, if an event occurs that would trigger an adjustment to the Conversion Rate pursuant to this Section 14 under more than one subsection hereof, such event, to the extent fully taken into account in a single adjustment, shall not result in multiple adjustments hereunder.

(g) Other Adjustments. The Corporation may (but is not required to) make such increases in the Conversion Rate, in addition to those required by Section 14(a)(i) through (v), as the board of directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

In addition to the foregoing, to the extent permitted by applicable law and subject to the applicable rules of the New York Stock Exchange, the Corporation from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 business days, the increase is irrevocable during the period and the board of directors shall have made a determination that such increase would be in the best interests of the Corporation, which determination shall be conclusive.

(h) Notice of Adjustments. Whenever a Conversion Rate is adjusted as provided under Section 14, the Corporation shall within 10 Business Days following the occurrence of an event that requires such adjustment (or if the Corporation is not aware of such occurrence, as soon as reasonably practicable after becoming so aware) or within 15 calendar days of the date the Corporation makes an adjustment pursuant to Section 14(g):

(i) compute the adjusted applicable Conversion Rate in accordance with Section 14 and prepare and transmit to the Conversion Agent an Officers' Certificate setting forth the applicable Conversion Rate, as the case may be, the method of calculation thereof in reasonable detail, and the facts requiring such adjustment and upon which such adjustment is based; and

(ii) provide a written notice to the Holders of the occurrence of such event and a statement in reasonable detail setting forth the method by which the

adjustment to the applicable Conversion Rate was determined and setting forth the adjusted applicable Conversion Rate.

(i) Conversion Agent. The Conversion Agent shall not at any time be under any duty or responsibility to any Holder to determine whether any facts exist that may require any adjustment of the applicable Conversion Rate or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed in making the same. The Conversion Agent shall be fully authorized and protected in relying on any Officers' Certificate delivered pursuant to Section 14(h) and any adjustment contained therein and the Conversion Agent shall not be deemed to have knowledge of any adjustment unless and until it has received such certificate. The Conversion Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities or property, that may at the time be issued or delivered with respect to any of the Series L Preferred Stock; and the Conversion Agent makes no representation with respect thereto. The Conversion Agent shall not be responsible for any failure of the Corporation to issue, transfer or deliver any shares of Common Stock pursuant to a the conversion of the Series L Preferred Stock or to comply with any of the duties, responsibilities or covenants of the Corporation contained in this Section 14.

Section 15. Reorganization Events.

(a) In the event of:

(i) any consolidation or merger of the Corporation with or into another Person, in each case pursuant to which the Common Stock will be converted into cash, securities, or other property of the Corporation or another Person;

(ii) any sale, transfer, lease, or conveyance to another Person of all or substantially all of the consolidated assets of the Corporation and its subsidiaries, taken as a whole, in each case pursuant to which the Common Stock will be converted into cash, securities, or other property; or

(iii) any reclassification of the Common Stock into securities, including securities other than the Common Stock; or

(iv) any statutory exchange of the Corporation's securities with another Person (other than in connection with a merger or acquisition); (any such event specified in this Section 15(a), a "Reorganization Event"); each share of Series L Preferred Stock outstanding immediately prior to such Reorganization Event shall, without the consent of Holders, become convertible into the types and amounts of securities, cash, and other property that is or was receivable in such Reorganization Event by a holder of the shares of Common Stock that was not the counterparty to the Reorganization Event or an affiliate of such other party in exchange for such Common Stock (such securities, cash, and other property, the "Exchange Property").

(b) In the event that holders of the shares of the Common Stock have the opportunity to elect the form of consideration to be received in such transaction, the consideration that the Holders are entitled to receive upon conversion shall be deemed to be the types and amounts of consideration received by the majority of the holders of the shares of the

Common Stock that affirmatively make an election (or of all such holders if none make an election). On each Conversion Date following a Reorganization Event, the Conversion Rate then in effect will be applied to the value on such Conversion Date of the securities, cash, or other property received per share of Common Stock, determined as set forth above. The amount of Exchange Property receivable upon conversion of any Series L Preferred Stock in accordance with Section 12, Section 13(b), Section 13(c) or Section 13(d) hereof shall be determined based upon the then Applicable Conversion Rate.

(c) The above provisions of this Section 15 shall similarly apply to successive Reorganization Events and the provisions of Section 14 shall apply to any shares of Capital Stock of the Corporation (or any successor) received by the holders of the Common Stock in any such Reorganization Event.

(d) The Corporation (or any successor) shall, within 20 days of the occurrence of any Reorganization Event, provide written notice to the Holders of such occurrence of such event and of the type and amount of the cash, securities or other property that constitutes the Exchange Property. Failure to deliver such notice shall not affect the operation of this Section 15.

#### Section 16. Fractional Shares.

(a) No fractional shares of Common Stock will be issued as a result of any conversion of shares of Series L Preferred Stock.

(b) In lieu of any fractional share of Common Stock otherwise issuable in respect of any conversion at the Corporation's option pursuant to Section 13(b) hereof or any conversion at the option of the Holder pursuant to Section 12, Section 13(c) or Section 13(d) hereof, the Corporation shall pay an amount in cash (computed to the nearest cent) equal to the same fraction of the Closing Price of the Common Stock determined as of the second Trading Day immediately preceding the effective date of conversion.

(c) If more than one share of the Series L Preferred Stock is surrendered for conversion at one time by or for the same Holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of the Series L Preferred Stock so surrendered.

#### Section 17. Reservation of Common Stock.

(a) The Corporation shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of Series L Preferred Stock as provided in this Certificate of Designations, free from any preemptive or other similar rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of Series L Preferred Stock then outstanding, calculated assuming the Applicable Conversion Price equals the Base Price, subject to adjustment as described under Section 14. For purposes of this Section 17(a), the number of shares of Common Stock that shall be deliverable upon the conversion of all outstanding shares of Series L Preferred Stock shall be computed as if at the time of computation all such outstanding shares were held by a single Holder.

(b) All shares of Common Stock delivered upon conversion of the Series L Preferred Stock shall be duly authorized, validly issued, fully paid and non-assessable, free and clear of all liens, claims, security interests and other encumbrances (other than liens, charges, security interests and other encumbrances created by the Holders).

(c) Prior to the delivery of any securities that the Corporation shall be obligated to deliver upon conversion of the Series L Preferred Stock, the Corporation shall use its reasonable best efforts to comply with all federal and state laws and regulations thereunder requiring the registration of such securities with, or any approval of or consent to the delivery thereof by, any governmental authority.

(d) The Corporation hereby covenants and agrees that, so long as the Common Stock shall be listed on the New York Stock Exchange or any other national securities exchange or automated quotation system, the Corporation will, if permitted by the rules of such exchange or automated quotation system, list and keep listed all the Common Stock issuable upon conversion of the Series L Preferred Stock; *provided, however*, that if the rules of such exchange or automated quotation system permit the Corporation to defer the listing of such Common Stock until the first conversion of Series L Preferred Stock into Common Stock in accordance with the provisions hereof, the Corporation covenants to list such Common Stock issuable upon conversion of the Series L Preferred Stock in accordance with the requirements of such exchange or automated quotation system at such time.

Section 18. Limitations on Beneficial Ownership. Notwithstanding anything to the contrary contained herein, and subject to the last sentence of this Section 18, no holder of Series L Preferred Stock will be entitled to receive shares of Common Stock upon conversion pursuant to Section 12 and Section 13 hereof to the extent, but only to the extent, that such receipt would cause such converting holder to become, directly or indirectly, a "beneficial owner" (within the meaning of Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder) of more than 9.9% of the shares of Common Stock outstanding at such time. Any delivery of shares of Common Stock upon a purported conversion of Series L Preferred Stock shall be void and have no effect and such shares shall for all purposes continue to represent outstanding shares of Series L Preferred Stock to the extent (but only to the extent) that such delivery would result in the converting holder becoming the beneficial owner of more than 9.9% of the shares of Common Stock outstanding at such time. If any delivery of shares of Common Stock owed to a holder upon conversion of Series L Preferred Stock is not made, in whole or in part, as a result of this limitation, the Corporation's obligation to make such delivery shall not be extinguished and the Corporation shall deliver such shares as promptly as practicable after any such converting holder gives notice to the Corporation that such delivery would not result in it being the beneficial owner of more than 9.9% of the shares of Common Stock outstanding at such time. Notwithstanding anything in this paragraph to the contrary, these limitations on beneficial ownership shall not be applicable to or limit the number of shares of Series L Preferred Stock to be converted as a result of a mandatory conversion by the Corporation pursuant to Section 13(b).

Section 19. Preemptive or Subscription Rights. The Holders of Series L Preferred Stock shall not have any preemptive or subscription rights.

**IN WITNESS WHEREOF, WELLS FARGO & COMPANY** has caused this Certificate of Designations to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Laurel A. Holschuh, its Secretary, this 30<sup>th</sup> day of December, 2008.

WELLS FARGO & COMPANY

By: /s/ Barbara S. Brett  
Barbara S. Brett, Senior Vice President  
and Assistant Treasurer

/s/ Laurel A. Holschuh  
Laurel A. Holschuh, Secretary

[As filed with the Delaware Secretary of State on December 30, 2008.]



WELLS FARGO & COMPANY

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CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION

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Pursuant to Section 242 of the  
General Corporation Law of the State of Delaware

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Laurel A. Holschuh, Senior Vice President, and Rachelle M. Graham, Assistant Secretary, of Wells Fargo & Company, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Company"), do hereby certify:

FIRST: That at a meeting of the Board of Directors of the Company duly held on February 23, 2010, a resolution was duly adopted setting forth a proposed amendment of the Restated Certificate of Incorporation of the Company, declaring the advisability of the amendment, and directing that the amendment be presented to stockholders of the Company for their consideration at the next annual meeting of the stockholders to be held on April 27, 2010. The resolution setting forth the proposed amendment is as follows:

RESOLVED that an amendment to ARTICLE FOURTH of the Company's Restated Certificate of Incorporation, as amended, to increase the authorized common stock to 9,000,000,000 shares is hereby proposed and declared advisable, and the following amendment to the first sentence of ARTICLE FOURTH is hereby directed to be presented to the stockholders of the Company for consideration at the annual meeting of stockholders to be held on April 27, 2010:

FOURTH: The total number of shares of all classes of stock which the corporation shall have authority to issue is Nine Billion Twenty-Four Million (9,024,000,000), consisting of Twenty Million (20,000,000) shares of Preferred Stock without par value, Four Million (4,000,000) shares of Preference Stock without par value, and Nine Billion (9,000,000,000) shares of Common Stock of the par value of \$1 2/3 per share.

SECOND: That at such annual meeting of stockholders, duly called and held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, which notice set forth in full the proposed amendment, a majority of the outstanding shares of common stock of the Company were voted in favor of the amendment.

THIRD: That the amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, WELLS FARGO & COMPANY has caused this Certificate to be signed by Laurel A. Holschuh, its Senior Vice President, and attested by Rachelle M. Graham, its Assistant Secretary, this 29<sup>th</sup> day of April, 2010.

WELLS FARGO & COMPANY:

(Corporate Seal)

By: /s/ Laurel A. Holschuh  
Senior Vice President

ATTEST:

By: /s/ Rachelle M. Graham

Assistant Secretary

[As filed with the Delaware Secretary of State on April 29, 2010.]

**WELLS FARGO & COMPANY**

**CERTIFICATE OF DESIGNATION**

Pursuant to Section 151(g) of the  
General Corporation Law  
of the State of Delaware

**6.625% FIXED-TO-FLOATING RATE NON-CUMULATIVE PERPETUAL  
CLASS A PREFERRED STOCK, SERIES R  
(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on December 11, 2013, in accordance with Section 141(f) of the General Corporation Law:

**Resolved**, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated January 27, 2009, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

**RIGHTS AND PREFERENCES**

**Section 1. Designation.** The shares of such series of Preferred Stock shall be designated 6.625% Fixed-to-Floating Rate Non-Cumulative Perpetual Class A Preferred Stock, Series R, with no par value and a liquidation preference amount of \$25,000 per share (the "*Series R Preferred Stock*"). Each share of Series R Preferred Stock shall be identical in all respects to every other share of Series R Preferred Stock except with respect to the date from which dividends may accrue. Series R Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the

payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares.** The number of authorized shares of Series R Preferred Stock shall be 34,500. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series R Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series R Preferred Stock.

**Section 3. Definitions.** As used herein with respect to Series R Preferred Stock:

*“Business Day”* means for dividends payable for the Fixed Rate Period (as defined below) any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York, and for dividends payable for the Floating Rate Period (as defined below), it means any date that would be considered a Business Day during the Fixed Rate Period that is also a London Banking Day (as defined below).

*“Calculation Agent”* means Wells Fargo Bank, N.A. or any other successor appointed by the Corporation, acting as Calculation Agent.

*“Certificate of Designation”* means this Certificate of Designation relating to the Series R Preferred Stock, as it may be amended from time to time.

*“Common Stock”* means the common stock of the Corporation, par value \$1 $\frac{2}{3}$  per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

*“Depository Company”* has the meaning set forth in Section 6(d) hereof.

*“Designated LIBOR Page”* means the display on Reuters, or any successor service, on page LIBOR01, or any other page as may replace that page on that service, for the purpose of displaying the London interbank rates for U.S. dollars.

*“Dividend Payment Date”* has the meaning set forth in Section 4(a) hereof.

*“Dividend Period”* has the meaning set forth in Section 4(a) hereof.

*“DTC”* means The Depository Trust Company, together with its successors and assigns.

“*Fixed Rate Period*” has the meaning set forth in Section 4(a) hereof.

“*Floating Rate Period*” has the meaning set forth in Section 4(a) hereof.

“*Junior Stock*” means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series R Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“*LIBOR Determination Date*” means the second London Banking Day immediately preceding the first day of the relevant Dividend Period.

“*Liquidation Preference*” has the meaning set forth in Section 5(a) hereof.

“*London Banking Day*” means any day on which commercial banks and foreign exchange markets settle payments in London.

“*Nonpayment Event*” shall have the meaning set forth in Section 7(b).

“*Parity Stock*” means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series R Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“*Preference Stock*” means any and all series of preference stock, having no par value, of the Corporation.

“*Preferred Stock*” means any and all series of preferred stock, having no par value, of the Corporation, including the Series R Preferred Stock.

“*Preferred Stock Directors*” shall have the meaning set forth in Section 7(b).

“*Regulatory Capital Treatment Event*” means the Corporation’s reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after December 11, 2013; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after December 11, 2013; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after December 11, 2013, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all

shares of Series R Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series R Preferred Stock is outstanding.

“*Series R Preferred Stock*” has the meaning set forth in Section 1 hereof.

“*Three-month LIBOR*” means, for any LIBOR Determination Date, the arithmetic mean of the offered rates for deposits in U.S. dollars for a three-month period commencing on the second London Banking Day immediately following that LIBOR Determination Date that appear on the Designated LIBOR Page as of 11:00 a.m., London time, on that LIBOR Determination Date, if at least two offered rates appear on the Designated LIBOR Page, provided that if the specified Designated LIBOR Page by its terms provides only for a single rate, that single rate will be used. If (i) fewer than two offered rates appear or (ii) no rate appears and the Designated LIBOR Page by its terms provides only for a single rate, then the Calculation Agent will request the principal London offices of each of four major banks in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in U.S. dollars for a three-month period commencing on the second London Banking Day immediately following that LIBOR Determination Date to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that LIBOR Determination Date and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, Three-month LIBOR determined on that LIBOR Determination Date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, Three-month LIBOR will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York City time, on that LIBOR Determination Date by three major banks in New York City selected by the Calculation Agent for loans in U.S. dollars to leading European banks for a three-month period and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If the banks so selected by the Calculation Agent are not quoting as set forth above, Three-month LIBOR for that LIBOR Determination Date will remain Three-month LIBOR for the immediately preceding Dividend Period or, in the case of the Dividend Period beginning March 15, 2024, 6.625%. All percentages used in or resulting from any calculation of Three-month LIBOR will be rounded, if necessary, to the nearest one hundred-thousandth of a percentages point, with .000005% rounded up to .00001%. The determination of Three-month LIBOR for each relevant Dividend Period by the Calculation Agent will (in the absence of manifest error) be final and binding.

“*Voting Parity Stock*” means any Parity Stock having similar voting rights as the Series R Preferred Stock.

#### **Section 4. Dividends.**

**(a) Rate.** Dividends on the Series R Preferred Stock will not be mandatory. Holders of Series R Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25,000 per share of the Series R Preferred Stock, payable quarterly in arrears on the 15<sup>th</sup> day of March, June, September and December, commencing March 15, 2014, From December 18, 2013 to, but excluding, March 15, 2024 (the “*Fixed Rate Period*”), dividends will accrue at an annual rate of 6.625%, and from, and including, March 15, 2024 (the “*Floating Rate Period*”), dividends will accrue at an annual rate equal to Three-month LIBOR plus 3.69%. Notwithstanding the foregoing, if any date on or prior to March 15, 2024 on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay, and if any date after March 15, 2024 on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding Business Day unless that day falls in the next calendar month, in which case payment of any dividend otherwise payable on that date will be the immediately preceding Business Day, and dividends will accrue to the actual payment date (each such day on which dividends are payable a “*Dividend Payment Date*”). A “*Dividend Period*” means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, December 18, 2013 to, but excluding, March 15, 2014. The record date for payment of dividends on the Series R Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation’s Board of Directors. The amount of dividends payable for the Fixed Rate Period shall be computed on the basis of a 360-day year of twelve 30-day months. The amount of dividends payable for the Floating Rate Period shall be computed on the basis of a 360-day year and the actual number of days elapsed. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward. The Calculation Agent’s determination of any dividend rate, and its calculation of the amount of dividends payable for the Floating Rate Period, will be maintained on file at the Calculation Agent’s principal offices.

**(b) Non-Cumulative Dividends.** Dividends on shares of Series R Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series R Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series R Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series R Preferred Stock or

any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

**(c) Priority of Dividends.** So long as any shares of Series R Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after December 11, 2013, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and



(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series R Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after December 11, 2013, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business), unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series R Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series R Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series R Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series R Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series R Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series R Preferred Stock shall not be entitled to participate in any such dividends.

## **Section 5. Liquidation Rights.**

**(a) Liquidation.** In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series R Preferred

Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series R Preferred Stock as to such distribution, a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series R Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment.** If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series R Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series R Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series R Preferred Stock and all such Parity Stock.

**(c) Residual Distributions.** If the Liquidation Preference has been paid in full to all holders of Series R Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation.** For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

## **Section 6. Redemption.**

**(a) Optional Redemption.** The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series R Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after March 15, 2024, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series R Preferred Stock shall be \$25,000 per share plus

an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series R Preferred Stock at the time outstanding, prior to March 15, 2024, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series R Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

**(b) Notice of Redemption.** Notice of every redemption of shares of Series R Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series R Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series R Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series R Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series R Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption.** In case of any redemption of only part of the shares of Series R Preferred Stock at the time outstanding, the shares of Series R Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series R Preferred Stock in proportion to the number of Series R Preferred Stock held by such holders or in such other manner consistent with the rules and policies of the New York Stock Exchange as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series R Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption.** If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the “*Depository Company*”) in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

## **Section 7. Voting Rights.**

**(a) General.** The holders of Series R Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

**(b) Right To Elect Two Directors Upon Nonpayment Events.** Whenever dividends payable on any shares of Series R Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a “*Nonpayment Event*”), the holders of the outstanding Series R Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation’s Board of Directors at the Corporation’s next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the “*Preferred Stock Directors*”) by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series R Preferred

Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series R Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series R Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series R Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series R Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series R Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series R Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

**(c) Other Voting Rights.** In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series R Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series R Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series R Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series R Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the Bylaws that would adversely affect the rights, preferences, privileges or voting powers of the Series

R Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or Bylaws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series R Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series R Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series R Preferred Stock will have no right to vote under this section 7(c)(iv) if in each case (a) the shares of Series R Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series R Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series R Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series R Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series R Preferred Stock, and holders of the Series R Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series R Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series R Preferred Stock will have 25 votes per share on any matter on which holders of the Series R Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

**(d) Changes after Provision for Redemption.** No vote or consent of the holders of Series R Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series R Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

**(e) Procedures for Voting and Consents.** The rules and procedures for calling and conducting any meeting of the holders of Series R Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the Bylaws, applicable law and any national securities exchange or other trading facility in which the Series R Preferred Stock is listed or traded at the time.

**Section 8. Preemption and Conversion.** The holders of Series R Preferred Stock shall not have any rights of preemption or rights to convert such Series R Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Recquired Shares.** Shares of Series R Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

**Section 10. No Sinking Fund.** Shares of Series R Preferred Stock are not subject to the operation of a sinking fund.

**Section 11. Additional Classes or Series of Stock.** Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series R Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series R Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series R Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

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**In Witness Whereof, Wells Fargo & Company** has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 17<sup>th</sup> day of December, 2013.

**Wells Fargo & Company**

By: /s/ Barbara S. Brett

Barbara S. Brett, Senior Vice President and  
Assistant Treasurer

/s/ Jeannine E. Zahn

Jeannine E. Zahn, Assistant Secretary

[As filed with the Delaware Secretary of State on December 17, 2013.]



**WELLS FARGO & COMPANY**

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**CERTIFICATE OF DESIGNATION**

Pursuant to Section 151(g) of the  
General Corporation Law  
of the State of Delaware

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**5.90% FIXED-TO-FLOATING RATE NON-CUMULATIVE PERPETUAL  
CLASS A PREFERRED STOCK, SERIES S  
(Without Par Value)**

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WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on April 17, 2014, in accordance with Section 141(f) of the General Corporation Law:

**Resolved**, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated January 27, 2009, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

**RIGHTS AND PREFERENCES**

**Section 1. Designation.** The shares of such series of Preferred Stock shall be designated 5.90% Fixed-to-Floating Rate Non-Cumulative Perpetual Class A Preferred Stock, Series S, with no par value and a liquidation preference amount of \$25,000 per share (the "*Series S Preferred Stock*"). Each share of Series S Preferred Stock shall be identical in all respects to every other share of Series S Preferred Stock except with

respect to the date from which dividends may accrue. Series S Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares.** The number of authorized shares of Series S Preferred Stock shall be 80,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series S Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series S Preferred Stock.

**Section 3. Definitions.** As used herein with respect to Series S Preferred Stock:

“*Business Day*” means for dividends payable for the Fixed Rate Period (as defined below) any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York, and for dividends payable for the Floating Rate Period (as defined below), it means any date that would be considered a Business Day during the Fixed Rate Period that is also a London Banking Day (as defined below).

“*Calculation Agent*” means Wells Fargo Securities, LLC or any other successor appointed by the Corporation, acting as Calculation Agent.

“*Certificate of Designation*” means this Certificate of Designation relating to the Series S Preferred Stock, as it may be amended from time to time.

“*Common Stock*” means the common stock of the Corporation, par value \$1 $\frac{2}{3}$  per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

“*Depository Company*” has the meaning set forth in Section 6(d) hereof.

“*Designated LIBOR Page*” means the display on Reuters, or any successor service, on page LIBOR01, or any other page as may replace that page on that service, for the purpose of displaying the London interbank rates for U.S. dollars.

“*Dividend Payment Date*” has the meaning set forth in Section 4(a) hereof.

“*Dividend Period*” has the meaning set forth in Section 4(a) hereof.

“DTC” means The Depository Trust Company, together with its successors and assigns.

“Fixed Rate Period” has the meaning set forth in Section 4(a) hereof.

“Floating Rate Period” has the meaning set forth in Section 4(a) hereof.

“Junior Stock” means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series S Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“LIBOR Determination Date” means the second London Banking Day immediately preceding the first day of the relevant Dividend Period.

“Liquidation Preference” has the meaning set forth in Section 5(a) hereof.

“London Banking Day” means any day on which commercial banks and foreign exchange markets settle payments in London.

“Nonpayment Event” shall have the meaning set forth in Section 7(b).

“Parity Stock” means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series S Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“Preference Stock” means any and all series of preference stock, having no par value, of the Corporation.

“Preferred Stock” means any and all series of preferred stock, having no par value, of the Corporation, including the Series S Preferred Stock.

“Preferred Stock Directors” shall have the meaning set forth in Section 7(b).

“Regulatory Capital Treatment Event” means the Corporation’s reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after April 14, 2014; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after April 14, 2014; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after April 14, 2014, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series S

Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series S Preferred Stock is outstanding.

“*Series S Preferred Stock*” has the meaning set forth in Section 1 hereof.

“*Three-month LIBOR*” means, for any LIBOR Determination Date, the arithmetic mean of the offered rates for deposits in U.S. dollars for a three-month period commencing on the second London Banking Day immediately following that LIBOR Determination Date that appear on the Designated LIBOR Page as of 11:00 a.m., London time, on that LIBOR Determination Date, if at least two offered rates appear on the Designated LIBOR Page, provided that if the specified Designated LIBOR Page by its terms provides only for a single rate, that single rate will be used. If (i) fewer than two offered rates appear or (ii) no rate appears and the Designated LIBOR Page by its terms provides only for a single rate, then the Calculation Agent will request the principal London offices of each of four major banks in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in U.S. dollars for a three-month period commencing on the second London Banking Day immediately following that LIBOR Determination Date to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that LIBOR Determination Date and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, Three-month LIBOR determined on that LIBOR Determination Date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, Three-month LIBOR will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York City time, on that LIBOR Determination Date by three major banks in New York City selected by the Calculation Agent for loans in U.S. dollars to leading European banks for a three-month period and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If the banks so selected by the Calculation Agent are not quoting as set forth above, Three-month LIBOR for that LIBOR Determination Date will remain Three-month LIBOR for the immediately preceding Dividend Period or, in the case of the Dividend Period beginning June 15, 2024, 5.90%. All percentages used in or resulting from any calculation of Three-month LIBOR will be rounded, if necessary, to the nearest one hundred-thousandth of a percentages point, with .000005% rounded up to .00001%. The determination of Three-month LIBOR for each relevant Dividend Period by the Calculation Agent will (in the absence of manifest error) be final and binding.

“*Voting Parity Stock*” means any Parity Stock having similar voting rights as the Series S Preferred Stock.

#### **Section 4. Dividends.**

**(a) Rate.** Dividends on the Series S Preferred Stock will not be mandatory. Holders of Series S Preferred Stock shall be entitled to receive, when, as and if declared

by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25,000 per share of the Series S Preferred Stock, payable (i) from April 22, 2014 to, but excluding, June 15, 2024 (the “*Fixed Rate Period*”), semi-annually in arrears on the 15<sup>th</sup> day of each June and December, commencing December 15, 2014 at an annual rate of 5.90%, and (ii) from, and including, June 15, 2024 (the “*Floating Rate Period*”), quarterly in arrears on the 15<sup>th</sup> day of each March, June, September and December, commencing September 15, 2024, at an annual rate equal to Three-month LIBOR plus 3.11%. Notwithstanding the foregoing, if any date on or prior to June 15, 2024 on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay, and if any date after June 15, 2024 on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding Business Day unless that day falls in the next calendar month, in which case payment of any dividend otherwise payable on that date will be the immediately preceding Business Day, and dividends will accrue to the actual payment date (each such day on which dividends are payable a “*Dividend Payment Date*”). A “*Dividend Period*” means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, April 22, 2014 to, but excluding, December 15, 2014. The record date for payment of dividends on the Series S Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation’s Board of Directors. The amount of dividends payable for the Fixed Rate Period shall be computed on the basis of a 360-day year of twelve 30-day months. The amount of dividends payable for the Floating Rate Period shall be computed on the basis of a 360-day year and the actual number of days elapsed. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward. The Calculation Agent’s determination of any dividend rate, and its calculation of the amount of dividends payable for the Floating Rate Period, will be maintained on file at the Calculation Agent’s principal offices.

**(b) Non-Cumulative Dividends.** Dividends on shares of Series S Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series S Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series S Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series S Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

**(c) Priority of Dividends.** So long as any shares of Series S Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after April 14, 2014, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series S Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for

or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after April 14, 2014, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business),

unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series S Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series S Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series S Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series S Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series S Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series S Preferred Stock shall not be entitled to participate in any such dividends.

## **Section 5. Liquidation Rights.**

**(a) Liquidation.** In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series S Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the

Corporation ranking senior to the Series S Preferred Stock as to such distribution, a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series S Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment.** If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series S Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series S Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series S Preferred Stock and all such Parity Stock.

**(c) Residual Distributions.** If the Liquidation Preference has been paid in full to all holders of Series S Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation.** For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

#### **Section 6. Redemption.**

**(a) Optional Redemption.** The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series S Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after June 15, 2024, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series S Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation,



at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series S Preferred Stock at the time outstanding, prior to June 15, 2024, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series S Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

**(b) Notice of Redemption.** Notice of every redemption of shares of Series S Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series S Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series S Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series S Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series S Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption.** In case of any redemption of only part of the shares of Series S Preferred Stock at the time outstanding, the shares of Series S Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series S Preferred Stock in proportion to the number of Series S Preferred Stock held by such holders as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series S Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption.** If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the

Corporation or any duly authorized committee of the Board of Directors (the “*Depository Company*”) in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

### **Section 7. Voting Rights.**

**(a) General.** The holders of Series S Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

**(b) Right To Elect Two Directors Upon Nonpayment Events.** Whenever dividends payable on any shares of Series S Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least three semi-annual Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a “*Nonpayment Event*”), the holders of the outstanding Series S Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation’s Board of Directors at the Corporation’s next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the “*Preferred Stock Directors*”) by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series S Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series S Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series S Preferred Stock (voting together as a class with the holders of shares of any one

or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least two semi-annual Dividend Periods or their equivalent, at which time such right with respect to the Series S Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series S Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series S Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series S Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

**(c) Other Voting Rights.** In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series S Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series S Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series S Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series S Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the Bylaws that would adversely affect the rights, preferences, privileges or voting powers of the Series S Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or Bylaws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series S Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary

liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series S Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series S Preferred Stock will have no right to vote under this section 7(c)(iv) if in each case (a) the shares of Series S Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series S Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series S Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series S Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series S Preferred Stock, and holders of the Series S Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series S Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series S Preferred Stock will have 25 votes per share on any matter on which holders of the Series S Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

**(d) Changes after Provision for Redemption.** No vote or consent of the holders of Series S Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series S Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

**(e) Procedures for Voting and Consents.** The rules and procedures for calling and conducting any meeting of the holders of Series S Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which

rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the Bylaws and applicable law.

**Section 8. Preemption and Conversion.** The holders of Series S Preferred Stock shall not have any rights of preemption or rights to convert such Series S Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Reacquired Shares.** Shares of Series S Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

**Section 10. No Sinking Fund.** Shares of Series S Preferred Stock are not subject to the operation of a sinking fund.

**Section 11. Additional Classes or Series of Stock.** Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series S Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series S Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series S Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**In Witness Whereof, Wells Fargo & Company** has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 17<sup>th</sup> day of April, 2014.

**Wells Fargo & Company**

By: /s/ Barbara S. Brett

Barbara S. Brett, Senior Vice President and Assistant  
Treasurer

/s/ Jeannine E. Zahn

Jeannine E. Zahn, Assistant Secretary

[As filed with the Delaware Secretary of State on April 21, 2014.]

**WELLS FARGO & COMPANY**

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**CERTIFICATE OF DESIGNATION**

Pursuant to Section 151(g) of the  
General Corporation Law  
of the State of Delaware

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**5.875% FIXED-TO-FLOATING RATE NON-CUMULATIVE PERPETUAL  
CLASS A PREFERRED STOCK, SERIES U  
(Without Par Value)**

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WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on January 22, 2015, in accordance with Section 141(f) of the General Corporation Law:

**Resolved**, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated April 29, 2014, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

**RIGHTS AND PREFERENCES**

**Section 1. Designation.** The shares of such series of Preferred Stock shall be designated 5.875% Fixed-to-Floating Rate Non-Cumulative Perpetual Class A Preferred

Stock, Series U, with no par value and a liquidation preference amount of \$25,000 per share (the “*Series U Preferred Stock*”). Each share of Series U Preferred Stock shall be identical in all respects to every other share of Series U Preferred Stock except with respect to the date from which dividends may accrue. Series U Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares.** The number of authorized shares of Series U Preferred Stock shall be 80,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series U Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series U Preferred Stock.

**Section 3. Definitions.** As used herein with respect to Series U Preferred Stock:

“*Business Day*” means for dividends payable for the Fixed Rate Period (as defined below) any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York, and for dividends payable for the Floating Rate Period (as defined below), it means any date that would be considered a Business Day during the Fixed Rate Period that is also a London Banking Day (as defined below).

“*Calculation Agent*” means Wells Fargo Securities, LLC or any other successor appointed by the Corporation, acting as Calculation Agent.

“*Certificate of Designation*” means this Certificate of Designation relating to the Series U Preferred Stock, as it may be amended from time to time.

“*Common Stock*” means the common stock of the Corporation, par value \$1 $\frac{1}{2}$  per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

“*Depository Company*” has the meaning set forth in Section 6(d) hereof.

“*Designated LIBOR Page*” means the display on Reuters, or any successor service, on page LIBOR01, or any other page as may replace that page on that service, for the purpose of displaying the London interbank rates for U.S. dollars.



“*Dividend Payment Date*” has the meaning set forth in Section 4(a) hereof.

“*Dividend Period*” has the meaning set forth in Section 4(a) hereof.

“*DTC*” means The Depository Trust Company, together with its successors and assigns.

“*Fixed Rate Period*” has the meaning set forth in Section 4(a) hereof.

“*Floating Rate Period*” has the meaning set forth in Section 4(a) hereof.

“*Junior Stock*” means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series U Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“*LIBOR Determination Date*” means the second London Banking Day immediately preceding the first day of the relevant Dividend Period.

“*Liquidation Preference*” has the meaning set forth in Section 5(a) hereof.

“*London Banking Day*” means any day on which commercial banks and foreign exchange markets settle payments in London.

“*Nonpayment Event*” shall have the meaning set forth in Section 7(b).

“*Parity Stock*” means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series U Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“*Preference Stock*” means any and all series of preference stock, having no par value, of the Corporation.

“*Preferred Stock*” means any and all series of preferred stock, having no par value, of the Corporation, including the Series U Preferred Stock.

“*Preferred Stock Directors*” shall have the meaning set forth in Section 7(b).

“*Regulatory Capital Treatment Event*” means the Corporation’s reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after January 15, 2015; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after January 15, 2015; or (iii) official

administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after January 15, 2015, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series U Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series U Preferred Stock is outstanding.

“*Series U Preferred Stock*” has the meaning set forth in Section 1 hereof.

“*Three-month LIBOR*” means, for any LIBOR Determination Date, the arithmetic mean of the offered rates for deposits in U.S. dollars for a three-month period commencing on the second London Banking Day immediately following that LIBOR Determination Date that appear on the Designated LIBOR Page as of 11:00 a.m., London time, on that LIBOR Determination Date, if at least two offered rates appear on the Designated LIBOR Page, provided that if the specified Designated LIBOR Page by its terms provides only for a single rate, that single rate will be used. If (i) fewer than two offered rates appear or (ii) no rate appears and the Designated LIBOR Page by its terms provides only for a single rate, then the Calculation Agent will request the principal London offices of each of four major banks in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in U.S. dollars for a three-month period commencing on the second London Banking Day immediately following that LIBOR Determination Date to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that LIBOR Determination Date and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, Three-month LIBOR determined on that LIBOR Determination Date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, Three-month LIBOR will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York City time, on that LIBOR Determination Date by three major banks in New York City selected by the Calculation Agent for loans in U.S. dollars to leading European banks for a three-month period and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If the banks so selected by the Calculation Agent are not quoting as set forth above, Three-month LIBOR for that LIBOR Determination Date will remain Three-month LIBOR for the immediately preceding Dividend Period or, in the case of the Dividend Period beginning June 15, 2025, 5.875%. All percentages used in or resulting from any calculation of Three-month LIBOR will be rounded, if necessary, to the nearest one hundred-thousandth of a percentages point, with .000005% rounded up to .00001%. The determination of Three-month LIBOR for each relevant Dividend Period by the Calculation Agent will (in the absence of manifest error) be final and binding.

“*Voting Parity Stock*” means any Parity Stock having similar voting rights as the Series U Preferred Stock.

#### Section 4. Dividends.

**(a) Rate.** Dividends on the Series U Preferred Stock will not be mandatory. Holders of Series U Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25,000 per share of the Series U Preferred Stock, payable (i) from January 23, 2015 to, but excluding, June 15, 2025 (the “*Fixed Rate Period*”), semi-annually in arrears on the 15<sup>th</sup> day of each June and December, commencing June 15, 2015 at an annual rate of 5.875%, and (ii) from, and including, June 15, 2025 (the “*Floating Rate Period*”), quarterly in arrears on the 15<sup>th</sup> day of each March, June, September and December, commencing September 15, 2025, at an annual rate equal to Three-month LIBOR plus 3.99%. Notwithstanding the foregoing, if any date on or prior to June 15, 2025 on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay, and if any date after June 15, 2025 on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding Business Day unless that day falls in the next calendar month, in which case payment of any dividend otherwise payable on that date will be the immediately preceding Business Day, and dividends will accrue to the actual payment date (each such day on which dividends are payable a “*Dividend Payment Date*”). A “*Dividend Period*” means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, January 23, 2015 to, but excluding, June 15, 2015. The record date for payment of dividends on the Series U Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation’s Board of Directors. The amount of dividends payable for the Fixed Rate Period shall be computed on the basis of a 360-day year of twelve 30-day months. The amount of dividends payable for the Floating Rate Period shall be computed on the basis of a 360-day year and the actual number of days elapsed. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward. The Calculation Agent’s determination of any dividend rate, and its calculation of the amount of dividends payable for the Floating Rate Period, will be maintained on file at the Calculation Agent’s principal offices.

**(b) Non-Cumulative Dividends.** Dividends on shares of Series U Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series U Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series U Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time

in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series U Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

**(c) Priority of Dividends.** So long as any shares of Series U Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after January 15, 2015, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series U Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after January 15, 2015, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business),

unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series U Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series U Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series U Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series U Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series U Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series U Preferred Stock shall not be entitled to participate in any such dividends.

## **Section 5. Liquidation Rights.**

**(a) Liquidation.** In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series U Preferred

Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series U Preferred Stock as to such distribution, a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series U Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment.** If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series U Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series U Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series U Preferred Stock and all such Parity Stock.

**(c) Residual Distributions.** If the Liquidation Preference has been paid in full to all holders of Series U Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation.** For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

#### **Section 6. Redemption.**

**(a) Optional Redemption.** The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series U Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after June 15, 2025, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series U Preferred Stock shall be \$25,000 per share plus

an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series U Preferred Stock at the time outstanding, prior to June 15, 2025, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series U Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

**(b) Notice of Redemption.** Notice of every redemption of shares of Series U Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series U Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series U Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series U Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series U Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption.** In case of any redemption of only part of the shares of Series U Preferred Stock at the time outstanding, the shares of Series U Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series U Preferred Stock in proportion to the number of Series U Preferred Stock held by such holders as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series U Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption.** If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the “*Depository Company*”) in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

#### **Section 7. Voting Rights.**

**(a) General.** The holders of Series U Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

**(b) Right To Elect Two Directors Upon Nonpayment Events.** Whenever dividends payable on any shares of Series U Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least three semi-annual Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a “*Nonpayment Event*”), the holders of the outstanding Series U Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation’s Board of Directors at the Corporation’s next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the “*Preferred Stock Directors*”) by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series U



Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series U Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series U Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least two semi-annual Dividend Periods or their equivalent, at which time such right with respect to the Series U Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series U Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series U Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series U Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

**(c) Other Voting Rights.** In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series U Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series U Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series U Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series U Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the Bylaws that would adversely affect the rights, preferences, privileges or voting powers of the Series

U Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or Bylaws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series U Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series U Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series U Preferred Stock will have no right to vote under this section 7(c)(iv) if in each case (a) the shares of Series U Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series U Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series U Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series U Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series U Preferred Stock, and holders of the Series U Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series U Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series U Preferred Stock will have 25 votes per share on any matter on which holders of the Series U Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

**(d) Changes after Provision for Redemption.** No vote or consent of the holders of Series U Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series U Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

**(e) Procedures for Voting and Consents.** The rules and procedures for calling and conducting any meeting of the holders of Series U Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the Bylaws and applicable law.

**Section 8. Preemption and Conversion.** The holders of Series U Preferred Stock shall not have any rights of preemption or rights to convert such Series U Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Recquired Shares.** Shares of Series U Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

**Section 10. No Sinking Fund.** Shares of Series U Preferred Stock are not subject to the operation of a sinking fund.

**Section 11. Additional Classes or Series of Stock.** Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series U Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series U Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series U Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**In Witness Whereof, Wells Fargo & Company** has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 22<sup>nd</sup> day of January, 2015.

**Wells Fargo & Company**

By: /s/ Barbara S. Brett  
Barbara S. Brett, Senior Vice President and Assistant  
Treasurer

/s/ Jeannine E. Zahn  
Jeannine E. Zahn, Assistant Secretary

[As filed with the Delaware Secretary of State on January 22, 2015.]

**WELLS FARGO & COMPANY**

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**CERTIFICATE OF DESIGNATION**

Pursuant to Section 151(g) of the  
General Corporation Law  
of the State of Delaware

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**NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES Y  
(Without Par Value)**

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WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on April 21, 2017, in accordance with Section 141(f) of the General Corporation Law:

**Resolved**, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated October 25, 2016, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

**RIGHTS AND PREFERENCES**

**Section 1. Designation.** The shares of such series of Preferred Stock shall be designated Non-Cumulative Perpetual Class A Preferred Stock, Series Y, with no par value and a liquidation preference amount of \$25,000 per share (the "*Series Y Preferred Stock*"). Each share of Series Y Preferred Stock shall be identical in all respects to every other share of Series Y Preferred Stock except with respect to the date from which dividends may accrue. Series Y Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the

Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares.** The number of authorized shares of Series Y Preferred Stock shall be 27,600. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series Y Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series Y Preferred Stock.

**Section 3. Definitions.** As used herein with respect to Series Y Preferred Stock:

“*Business Day*” means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York.

“*Certificate of Designation*” means this Certificate of Designation relating to the Series Y Preferred Stock, as it may be amended from time to time.

“*Common Stock*” means the common stock of the Corporation, par value \$1 $\frac{2}{3}$  per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

“*Depository Company*” has the meaning set forth in Section 6(d) hereof.

“*Dividend Payment Date*” has the meaning set forth in Section 4(a) hereof.

“*Dividend Period*” has the meaning set forth in Section 4(a) hereof.

“*DTC*” means The Depository Trust Company, together with its successors and assigns.

“*Junior Stock*” means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series Y Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“*Liquidation Preference*” has the meaning set forth in Section 5(a) hereof.

“*Nonpayment Event*” shall have the meaning set forth in Section 7(b).

“*Parity Stock*” means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series Y Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“*Preference Stock*” means any and all series of preference stock, having no par value, of the Corporation.

“*Preferred Stock*” means any and all series of preferred stock, having no par value, of the Corporation, including the Series Y Preferred Stock.

“*Preferred Stock Directors*” shall have the meaning set forth in Section 7(b).

“*Regulatory Capital Treatment Event*” means the Corporation’s reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after April 17, 2017; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after April 17, 2017; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after April 17, 2017, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series Y Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series Y Preferred Stock is outstanding.

“*Series Y Preferred Stock*” has the meaning set forth in Section 1 hereof.

“*Voting Parity Stock*” means any Parity Stock having similar voting rights as the Series Y Preferred Stock.

#### **Section 4. Dividends.**

**(a) Rate.** Dividends on the Series Y Preferred Stock will not be mandatory. Holders of Series Y Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25,000 per share of the Series Y Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December of each year (commencing on June 15, 2017); provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay (each such

day on which dividends are payable a “*Dividend Payment Date*”). A “*Dividend Period*” means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, April 24, 2017 to, but excluding, June 15, 2017. Dividends on each share of Series Y Preferred Stock will accrue at a rate *per annum* equal to 5.625%. The record date for payment of dividends on the Series Y Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation’s Board of Directors. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

**(b) Non-Cumulative Dividends.** Dividends on shares of Series Y Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series Y Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series Y Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series Y Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

**(c) Priority of Dividends.** So long as any shares of Series Y Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the



redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after April 17, 2017, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series Y Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after April 17, 2017, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business),

unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series Y Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series Y Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series Y Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series Y Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series Y Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series Y Preferred Stock shall not be entitled to participate in any such dividends.

### **Section 5. Liquidation Rights.**

**(a) Liquidation.** In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series Y Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series Y Preferred Stock as to such distribution, a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series Y Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment.** If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series Y Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series Y Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series Y Preferred Stock and all such Parity Stock.

**(c) Residual Distributions.** If the Liquidation Preference has been paid in full to all holders of Series Y Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled

to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation.** For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

#### **Section 6. Redemption.**

**(a) Optional Redemption.** The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series Y Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after June 15, 2022, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series Y Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series Y Preferred Stock at the time outstanding, prior to June 15, 2022, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series Y Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

**(b) Notice of Redemption.** Notice of every redemption of shares of Series Y Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series Y Preferred Stock designated for redemption shall not affect the validity of the

proceedings for the redemption of any other shares of Series Y Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series Y Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series Y Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption.** In case of any redemption of only part of the shares of Series Y Preferred Stock at the time outstanding, the shares of Series Y Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series Y Preferred Stock in proportion to the number of Series Y Preferred Stock held by such holders or in such other manner consistent with the rules and policies of the New York Stock Exchange as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series Y Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption.** If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depository Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

## Section 7. Voting Rights.

**(a) General.** The holders of Series Y Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

**(b) Right To Elect Two Directors Upon Nonpayment Events.** Whenever dividends payable on any shares of Series Y Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a “*Nonpayment Event*”), the holders of the outstanding Series Y Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation’s Board of Directors at the Corporation’s next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the “*Preferred Stock Directors*”) by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series Y Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series Y Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series Y Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series Y Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series Y Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series Y Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series Y Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled.

The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

**(c) Other Voting Rights.** In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series Y Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series Y Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series Y Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series Y Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the By-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series Y Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or By-laws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series Y Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series Y Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series Y Preferred Stock will have no right to vote under this Section 7(c)(iv) if in each case (a) the shares of Series Y Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series Y Preferred Stock remaining outstanding or such preference

securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series Y Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series Y Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-

cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series Y Preferred Stock, and holders of the Series Y Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series Y Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series Y Preferred Stock will have 25 votes per share on any matter on which holders of the Series Y Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

**(d) Changes after Provision for Redemption.** No vote or consent of the holders of Series Y Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series Y Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

**(e) Procedures for Voting and Consents.** The rules and procedures for calling and conducting any meeting of the holders of Series Y Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the By-laws, applicable law and any national securities exchange or other trading facility in which the Series Y Preferred Stock is listed or traded at the time.

**Section 8. Preemption and Conversion.** The holders of Series Y Preferred Stock shall not have any rights of preemption or rights to convert such Series Y Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Reacquired Shares.** Shares of Series Y Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

**Section 10. No Sinking Fund.** Shares of Series Y Preferred Stock are not subject to the operation of a sinking fund.

**Section 11. Additional Classes or Series of Stock.** Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series Y Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series Y Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series Y Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

*[Signature Page Follows]*



**In Witness Whereof, Wells Fargo & Company** has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 21<sup>st</sup> day of April, 2017.

**Wells Fargo & Company**

By: /s/ Barbara S. Brett  
Barbara S. Brett, Senior Vice President and Assistant  
Treasurer

/s/ Jeannine E. Zahn  
Jeannine E. Zahn, Assistant Secretary

[As filed with the Delaware Secretary of State on April 27, 2017]

**WELLS FARGO & COMPANY**

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**CERTIFICATE OF DESIGNATION**

Pursuant to Section 151(g) of the  
General Corporation Law  
of the State of Delaware

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**NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES Z  
(Without Par Value)**

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WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "Board of Directors") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on January 23, 2020, in accordance with Section 141(f) of the General Corporation Law:

**RESOLVED**, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated October 25, 2016, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

**RIGHTS AND PREFERENCES**

**Section 1. Designation.** The shares of such series of Preferred Stock shall be designated Non-Cumulative Perpetual Class A Preferred Stock, Series Z, with no par value and a liquidation preference amount of \$25,000 per share (the "*Series Z Preferred Stock*"). Each share of Series Z Preferred Stock shall be identical in all respects to every other share of Series Z Preferred Stock except with respect to the date from which dividends may accrue. Series Z Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the

Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares.** The number of authorized shares of Series Z Preferred Stock shall be 80,500. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series Z Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series Z Preferred Stock.

**Section 3. Definitions.** As used herein with respect to Series Z Preferred Stock:

“*Business Day*” means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York.

“*Certificate of Designation*” means this Certificate of Designation relating to the Series Z Preferred Stock, as it may be amended from time to time.

“*Common Stock*” means the common stock of the Corporation, par value \$1 $\frac{2}{3}$  per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

“*Depository Company*” has the meaning set forth in Section 6(d) hereof.

“*Dividend Payment Date*” has the meaning set forth in Section 4(a) hereof.

“*Dividend Period*” has the meaning set forth in Section 4(a) hereof.

“*DTC*” means The Depository Trust Company, together with its successors and assigns.

“*Junior Stock*” means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series Z Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“*Liquidation Preference*” has the meaning set forth in Section 5(a) hereof.

“*Nonpayment Event*” shall have the meaning set forth in Section 7(b).

“*Parity Stock*” means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series Z Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“*Preference Stock*” means any and all series of preference stock, having no par value, of the Corporation.

“*Preferred Stock*” means any and all series of preferred stock, having no par value, of the Corporation, including the Series Z Preferred Stock.

“*Preferred Stock Directors*” shall have the meaning set forth in Section 7(b).

“*Regulatory Capital Treatment Event*” means the Corporation’s reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after January 15, 2020; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after January 15, 2020; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after January 15, 2020, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series Z Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series Z Preferred Stock is outstanding.

“*Series Z Preferred Stock*” has the meaning set forth in Section 1 hereof.

“*Voting Parity Stock*” means any Parity Stock having similar voting rights as the Series Z Preferred Stock.

#### **Section 4. Dividends.**

**(a) Rate.** Dividends on the Series Z Preferred Stock will not be mandatory. Holders of Series Z Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25,000 per share of the Series Z Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December of each year (commencing on March 15, 2020); provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay (each such

day on which dividends are payable a “*Dividend Payment Date*”). A “*Dividend Period*” means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, January 27, 2020 to, but excluding, March 15, 2020. Dividends on each share of Series Z Preferred Stock will accrue at a rate *per annum* equal to 4.75%. The record date for payment of dividends on the Series Z Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation’s Board of Directors. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

**(b) Non-Cumulative Dividends.** Dividends on shares of Series Z Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series Z Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series Z Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series Z Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

**(c) Priority of Dividends.** So long as any shares of Series Z Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the

redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after January 15, 2020, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series Z Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after January 15, 2020, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business),

unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series Z Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series Z Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series Z Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series Z Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series Z Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series Z Preferred Stock shall not be entitled to participate in any such dividends.

### **Section 5. Liquidation Rights.**

**(a) Liquidation.** In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series Z Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series Z Preferred Stock as to such distribution, a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series Z Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment.** If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series Z Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series Z Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series Z Preferred Stock and all such Parity Stock.

**(c) Residual Distributions.** If the Liquidation Preference has been paid in full to all holders of Series Z Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled

to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation.** For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

#### **Section 6. Redemption.**

**(a) Optional Redemption.** The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series Z Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after March 15, 2025, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series Z Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series Z Preferred Stock at the time outstanding, prior to March 15, 2025, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series Z Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

**(b) Notice of Redemption.** Notice of every redemption of shares of Series Z Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series Z Preferred Stock designated for redemption shall not affect the validity of the



proceedings for the redemption of any other shares of Series Z Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series Z Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series Z Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption.** In case of any redemption of only part of the shares of Series Z Preferred Stock at the time outstanding, the shares of Series Z Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series Z Preferred Stock in proportion to the number of Series Z Preferred Stock held by such holders or in such other manner consistent with the rules and policies of the New York Stock Exchange as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series Z Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption.** If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depository Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

## Section 7. Voting Rights.

**(a) General.** The holders of Series Z Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

**(b) Right To Elect Two Directors Upon Nonpayment Events.** Whenever dividends payable on any shares of Series Z Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a “*Nonpayment Event*”), the holders of the outstanding Series Z Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation’s Board of Directors at the Corporation’s next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the “*Preferred Stock Directors*”) by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series Z Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series Z Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series Z Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series Z Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series Z Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series Z Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series Z Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled.

The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

**(c) Other Voting Rights.** In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series Z Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series Z Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series Z Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series Z Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the By-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series Z Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or By-laws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series Z Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series Z Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series Z Preferred Stock will have no right to vote under this Section 7(c)(iv) if in each case (a) the shares of Series Z Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series Z Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series Z Preferred Stock, taken as a whole; *provided, however,* that any authorization, creation or increase in the authorized amount of or issuance of the Series Z Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights,

preferences, privileges or voting powers of the Series Z Preferred Stock, and holders of the Series Z Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series Z Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series Z Preferred Stock will have 25 votes per share on any matter on which holders of the Series Z Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

**(d) Changes after Provision for Redemption.** No vote or consent of the holders of Series Z Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series Z Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

**(e) Procedures for Voting and Consents.** The rules and procedures for calling and conducting any meeting of the holders of Series Z Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the By-laws, applicable law and any national securities exchange or other trading facility in which the Series Z Preferred Stock is listed or traded at the time.

**Section 8. Preemption and Conversion.** The holders of Series Z Preferred Stock shall not have any rights of preemption or rights to convert such Series Z Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Reacquired Shares.** Shares of Series Z Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

**Section 10. No Sinking Fund.** Shares of Series Z Preferred Stock are not subject to the operation of a sinking fund.

**Section 11. Additional Classes or Series of Stock.** Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to

the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series Z Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series Z Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series Z Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

*[Signature Page Follows]*

US.123687035.08

**In Witness Whereof, Wells Fargo & Company** has caused this Certificate of Designation to be signed by Le Roy Davis, its Senior Vice President and Assistant Treasurer, and John J. Muller, its Assistant Secretary, this 24<sup>th</sup> day of January, 2020.

**Wells Fargo & Company**

By: /s/ Le Roy Davis  
Le Roy Davis, Senior Vice President and Assistant Treasurer

/s/ John J. Muller  
John J. Muller, Assistant Secretary

[As filed with the Delaware Secretary of State on January 24, 2020]

**WELLS FARGO & COMPANY**

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**CERTIFICATE OF DESIGNATION**

Pursuant to Section 151(g) of the  
General Corporation Law  
of the State of Delaware

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**NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES AA  
(Without Par Value)**

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WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "Board of Directors") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on October 26, 2020, in accordance with Section 141(f) of the General Corporation Law:

**RESOLVED**, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated October 25, 2016, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

**RIGHTS AND PREFERENCES**

**Section 1. Designation.** The shares of such series of Preferred Stock shall be designated Non-Cumulative Perpetual Class A Preferred Stock, Series AA, with no par value and a liquidation preference amount of \$25,000 per share (the "*Series AA Preferred Stock*"). Each share of Series AA Preferred Stock shall be identical in all respects to every other share of Series AA Preferred Stock except with respect to the date from which dividends may accrue. Series AA Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the

Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares.** The number of authorized shares of Series AA Preferred Stock shall be 46,800. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series AA Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series AA Preferred Stock.

**Section 3. Definitions.** As used herein with respect to Series AA Preferred Stock:

“*Business Day*” means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York.

“*Certificate of Designation*” means this Certificate of Designation relating to the Series AA Preferred Stock, as it may be amended from time to time.

“*Common Stock*” means the common stock of the Corporation, par value \$1 $\frac{2}{3}$  per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

“*Depository Company*” has the meaning set forth in Section 6(d) hereof.

“*Dividend Payment Date*” has the meaning set forth in Section 4(a) hereof.

“*Dividend Period*” has the meaning set forth in Section 4(a) hereof.

“*DTC*” means The Depository Trust Company, together with its successors and assigns.

“*Junior Stock*” means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series Z Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“*Liquidation Preference*” has the meaning set forth in Section 5(a) hereof.

“*Nonpayment Event*” shall have the meaning set forth in Section 7(b).



“*Parity Stock*” means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series AA Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“*Preference Stock*” means any and all series of preference stock, having no par value, of the Corporation.

“*Preferred Stock*” means any and all series of preferred stock, having no par value, of the Corporation, including the Series AA Preferred Stock.

“*Preferred Stock Directors*” shall have the meaning set forth in Section 7(b).

“*Regulatory Capital Treatment Event*” means the Corporation’s reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after October 21, 2020; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after October 21, 2020; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after October 21, 2020, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series AA Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series AA Preferred Stock is outstanding.

“*Series AA Preferred Stock*” has the meaning set forth in Section 1 hereof.

“*Voting Parity Stock*” means any Parity Stock having similar voting rights as the Series AA Preferred Stock.

#### **Section 4. Dividends.**

**(a) Rate.** Dividends on the Series AA Preferred Stock will not be mandatory. Holders of Series AA Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25,000 per share of the Series AA Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December of each year (commencing on December 15, 2020); provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay (each

such day on which dividends are payable a “*Dividend Payment Date*”). A “*Dividend Period*” means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, October 28, 2020 to, but excluding, December 15, 2020. Dividends on each share of Series AA Preferred Stock will accrue at a rate *per annum* equal to 4.70%. The record date for payment of dividends on the Series AA Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation’s Board of Directors. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

**(b) Non-Cumulative Dividends.** Dividends on shares of Series AA Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series AA Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series AA Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series AA Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

**(c) Priority of Dividends.** So long as any shares of Series AA Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the

redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after October 21, 2020, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series AA Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after October 21, 2020, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business),

unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series AA Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series AA Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series AA Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series AA Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series AA Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series AA Preferred Stock shall not be entitled to participate in any such dividends.

### **Section 5. Liquidation Rights.**

**(a) Liquidation.** In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series AA Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series AA Preferred Stock as to such distribution, a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series AA Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment.** If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series AA Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series AA Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series AA Preferred Stock and all such Parity Stock.

**(c) Residual Distributions.** If the Liquidation Preference has been paid in full to all holders of Series AA Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all

holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation.** For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

### **Section 6. Redemption.**

**(a) Optional Redemption.** The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series AA Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after December 15, 2025, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series AA Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series AA Preferred Stock at the time outstanding, prior to December 15, 2025, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series AA Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

**(b) Notice of Redemption.** Notice of every redemption of shares of Series AA Preferred Stock shall be provided to a Depository Company (as defined below), as sole holder of the Series AA Preferred Stock, pursuant to the applicable procedures of such Depository Company. Such notice shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice given as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure to duly give such notice, or any defect in such notice, to any holder of shares of Series AA Preferred Stock designated for redemption shall not

affect the validity of the proceedings for the redemption of any other shares of Series AA Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series AA Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series AA Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption.** In case of any redemption of only part of the shares of Series AA Preferred Stock at the time outstanding, the shares of Series AA Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series AA Preferred Stock in proportion to the number of Series AA Preferred Stock held by such holders or in such other manner consistent with the rules and policies of the New York Stock Exchange as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series AA Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption.** If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depository Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

## Section 7. Voting Rights.

**(a) General.** The holders of Series AA Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

**(b) Right To Elect Two Directors Upon Nonpayment Events.** Whenever dividends payable on any shares of Series AA Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a “*Nonpayment Event*”), the holders of the outstanding Series AA Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation’s Board of Directors at the Corporation’s next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the “*Preferred Stock Directors*”) by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series AA Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series AA Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series AA Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series AA Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series AA Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series AA Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series AA Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has

already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

**(c) Other Voting Rights.** In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series AA Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series AA Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series AA Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series AA Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the By-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series AA Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or By-laws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series AA Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series AA Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series AA Preferred Stock will have no right to vote under this Section 7(c)(iv) if in each case (a) the shares of Series AA Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series AA Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series AA Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series AA Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed



not to adversely affect the rights, preferences, privileges or voting powers of the Series AA Preferred Stock, and holders of the Series AA Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series AA Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series AA Preferred Stock will have 25 votes per share on any matter on which holders of the Series AA Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

**(d) Changes after Provision for Redemption.** No vote or consent of the holders of Series AA Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series AA Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

**(e) Procedures for Voting and Consents.** The rules and procedures for calling and conducting any meeting of the holders of Series AA Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the By-laws, applicable law and any national securities exchange or other trading facility in which the Series AA Preferred Stock is listed or traded at the time.

**Section 8. Preemption and Conversion.** The holders of Series AA Preferred Stock shall not have any rights of preemption or rights to convert such Series AA Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Reacquired Shares.** Shares of Series AA Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

**Section 10. No Sinking Fund.** Shares of Series AA Preferred Stock are not subject to the operation of a sinking fund.

**Section 11. Additional Classes or Series of Stock.** Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series AA Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series AA Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series AA Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

*[Signature Page Follows]*

**In Witness Whereof, Wells Fargo & Company** has caused this Certificate of Designation to be signed by Le Roy Davis, its Senior Vice President and Assistant Treasurer, and John J. Muller, its Assistant Secretary, this 27<sup>th</sup> day of October, 2020.

**Wells Fargo & Company**

By: /s/ Le Roy Davis  
Le Roy Davis, Senior Vice President and Assistant Treasurer

/s/ John J. Muller  
John J. Muller, Assistant Secretary

[As filed with the Delaware Secretary of State on October 27, 2020]

**WELLS FARGO & COMPANY**

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**CERTIFICATE OF DESIGNATION**

Pursuant to Section 151(g) of the  
General Corporation Law  
of the State of Delaware

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**3.90% FIXED RATE RESET NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES  
BB  
(Without Par Value)**

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WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the “Corporation”), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the “Board of Directors”) by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon Securities Committee I of the Board of Directors (the “Committee”) in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the “General Corporation Law”), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on January 21, 2021, in accordance with Section 141(f) of the General Corporation Law:

**Resolved**, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated October 25, 2016, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

**RIGHTS AND PREFERENCES**

**Section 1. Designation.** The shares of such series of Preferred Stock shall be designated 3.90% Fixed Rate Reset Non-Cumulative Perpetual Class A Preferred Stock, Series BB, with no par value and a liquidation preference amount of \$25,000 per share (the “Series BB Preferred Stock”). Each share of Series BB Preferred Stock shall be identical in all respects to every other share of Series BB Preferred Stock except with respect to the date from which dividends may accrue. Series BB Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares.** The number of authorized shares of Series BB Preferred Stock shall be 140,400. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series BB Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series BB Preferred Stock.

**Section 3. Definitions.** As used herein with respect to Series BB Preferred Stock:

*“Business Day”* means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York, subject to any adjustments made by the Calculation Agent as provided for herein.

*“Calculation Agent”* means a calculation agent appointed by the Corporation prior to the first Reset Dividend Determination Date or any successor appointed by the Corporation thereafter. A record of the selection of the Calculation Agent or any successor will be maintained by the Corporation and available to any stockholder upon request.

*“Certificate of Designation”* means this Certificate of Designation relating to the Series BB Preferred Stock, as it may be amended from time to time.

*“Common Stock”* means the common stock of the Corporation, par value \$1 $\frac{2}{3}$  per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

*“Depository Company”* has the meaning set forth in Section 6(d) hereof.

*“Dividend Payment Date”* has the meaning set forth in Section 4(a) hereof.

*“Dividend Period”* has the meaning set forth in Section 4(a) hereof.

*“DTC”* means The Depository Trust Company, together with its successors and assigns.

*“First Reset Date”* has the meaning set forth in Section 4(a) hereof.

*“Five-year Treasury Rate”* means:

- (1) the average of the yields on actively traded U.S. treasury securities adjusted to constant maturity, for five-year maturities, for the five Business Days appearing under the caption “Treasury Constant Maturities” in the most recently published

statistical release designated H.15 Daily Update or any successor publication which is published by the Federal Reserve Board as of 5:00 p.m. (Eastern Time) as of any date of determination, as determined by the Calculation Agent in its sole discretion; or

- (2) if no calculation is provided as described above, then the Calculation Agent will use a substitute or successor rate that it has determined, in its sole discretion after consulting any source it deems to be reasonable, is (i) the industry-accepted substitute or successor for the Five-year Treasury Rate or (ii) if there is no such industry-accepted substitute or successor for the Five-year Treasury Rate, a substitute or successor rate that is most comparable to the Five-year Treasury Rate. Upon selection of a substitute or successor rate, the Calculation Agent may determine, in its sole discretion after consulting any source it deems to be reasonable, the day count convention, the Business Day convention, the definition of Business Day, the Reset Dividend Determination Date and any other relevant methodology or definition for calculating such substitute or successor rate, including any adjustment factor it determines is needed to make such substitute or successor rate comparable to the Five-year Treasury Rate, in a manner that is consistent with any industry-accepted practices for such substitute or successor rate.

“*Junior Stock*” means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series BB Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“*Liquidation Preference*” has the meaning set forth in Section 5(a) hereof.

“*Nonpayment Event*” shall have the meaning set forth in Section 7(b).

“*Parity Stock*” means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series BB Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“*Preference Stock*” means any and all series of preference stock, having no par value, of the Corporation.

“*Preferred Stock*” means any and all series of preferred stock, having no par value, of the Corporation, including the Series BB Preferred Stock.

“*Preferred Stock Directors*” shall have the meaning set forth in Section 7(b).

“*Regulatory Capital Treatment Event*” means the Corporation’s reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after January 19, 2021; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after January 19, 2021; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after January 19, 2021, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series BB Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series BB Preferred Stock is outstanding.

“*Reset Date*” has the meaning set forth in Section 4(a) hereof.

“*Reset Dividend Determination Date*” has the meaning set forth in Section 4(a) hereof.

“*Reset Period*” has the meaning set forth in Section 4(a) hereof.

“*Series BB Preferred Stock*” has the meaning set forth in Section 1 hereof.

“*Voting Parity Stock*” means any Parity Stock having similar voting rights as the Series BB Preferred Stock.

#### **Section 4. Dividends.**

**(a) Rate.** Dividends on the Series BB Preferred Stock will not be mandatory. Holders of Series BB Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25,000 per share of the Series BB Preferred Stock, payable quarterly in arrears on the 15th day of each March, June, September and December, commencing March 15, 2021, and accruing at an annual rate equal to (i) 3.90% from, and including, January 26, 2021 to, but excluding, March 15, 2026 (the “*First Reset Date*”), and (ii) the Five-year Treasury Rate as of the most recent Reset Dividend Determination Date plus 3.453% for each Reset Period, from, and including, the First Reset Date, commencing on June 15, 2026; provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay (each such day on which dividends are payable a “*Dividend Payment Date*”). A “*Dividend Period*” means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, January 26, 2021 to, but excluding, March 15, 2021. A

“*Reset Period*” means the period from, and including, a Reset Date to, but excluding, the next succeeding Reset Date, except for the initial Reset Period, which will be the period from, and including, the First Reset Date to, but excluding, the next succeeding Reset Date. A “*Reset Date*” means the First Reset Date and each date falling on the fifth anniversary of the immediately preceding Reset Date, and no Reset Date, including the First Reset Date, will be adjusted due to the occurrence of a non-Business Day. A “*Reset Dividend Determination Date*” means, in respect of any Reset Period, the day that is three Business Days prior to the applicable Reset Date, subject to any adjustments made by the Calculation Agent as provided for herein. The record date for payment of dividends on the Series BB Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation’s Board of Directors. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward. The Calculation Agent’s determination of the rate of any dividend for each Reset Period and its calculation of the amount of dividends, and any other adjustments made by the Calculation Agent pursuant to the terms hereof will be maintained on file at the Calculation Agent’s principal offices, will be made available to any stockholder upon request and will be final and binding in the absence of manifest error.

**(b) Non-Cumulative Dividends.** Dividends on shares of Series BB Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series BB Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series BB Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series BB Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

**(c) Priority of Dividends.** So long as any shares of Series BB Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock



other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after January 19, 2021, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series BB Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after January 19, 2021, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business),

unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series BB Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series BB Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series BB Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series BB Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series BB Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series BB Preferred Stock shall not be entitled to participate in any such dividends.

#### **Section 5. Liquidation Rights.**

**(a) Liquidation.** In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series BB Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series BB Preferred Stock as to such distribution, a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series BB Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment.** If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series BB Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series BB Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series BB Preferred Stock and all such Parity Stock.

**(c) Residual Distributions.** If the Liquidation Preference has been paid in full to all holders of Series BB Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation.** For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

## **Section 6. Redemption.**

**(a) Optional Redemption.** The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series BB Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after March 15, 2026, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series BB Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series BB Preferred Stock at the time outstanding, prior to March 15, 2026, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series BB Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

**(b) Notice of Redemption.** Notice of every redemption of shares of Series BB Preferred Stock shall be provided to a Depositary Company (as defined below), as sole holder of the Series BB Preferred Stock, pursuant to the applicable procedures of such Depositary Company. Such notice shall be provided at least 25 days and not more than 55 days before the date fixed for redemption. Any notice given as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure to duly give such notice, or any defect in such

notice, to any holder of shares of Series BB Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series BB Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series BB Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series BB Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption.** In case of any redemption of only part of the shares of Series BB Preferred Stock at the time outstanding, the shares of Series BB Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series BB Preferred Stock in proportion to the number of Series BB Preferred Stock held by such holders or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series BB Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption.** If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depository Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

## Section 7. Voting Rights.

**(a) General.** The holders of Series BB Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

**(b) Right To Elect Two Directors Upon Nonpayment Events.** Whenever dividends payable on any shares of Series BB Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a “*Nonpayment Event*”), the holders of the outstanding Series BB Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation’s Board of Directors at the Corporation’s next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the “*Preferred Stock Directors*”) by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series BB Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series BB Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series BB Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series BB Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series BB Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series BB Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series BB Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote.

Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

**(c) Other Voting Rights.** In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series BB Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series BB Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series BB Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series BB Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the By-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series BB Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or By-laws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series BB Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series BB Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series BB Preferred Stock will have no right to vote under this Section 7(c)(iv) if in each case (a) the shares of Series BB Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series BB Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series BB Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series BB Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series BB Preferred Stock, and holders of the Series BB Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series BB Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series BB Preferred Stock will have 25 votes per share on any matter on which holders of the Series BB Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

**(d) Changes after Provision for Redemption.** No vote or consent of the holders of Series BB Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series BB Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

**(e) Procedures for Voting and Consents.** The rules and procedures for calling and conducting any meeting of the holders of Series BB Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the By-laws and applicable law.

**Section 8. Preemption and Conversion.** The holders of Series BB Preferred Stock shall not have any rights of preemption or rights to convert such Series BB Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Recquired Shares.** Shares of Series BB Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

**Section 10. No Sinking Fund.** Shares of Series BB Preferred Stock are not subject to the operation of a sinking fund.

**Section 11. Additional Classes or Series of Stock.** Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series BB Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series BB Preferred

Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series BB Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

*[Signature Page Follows]*

US.131149925.01



**In Witness Whereof, Wells Fargo & Company** has caused this Certificate of Designation to be signed by Bryant Owens, its Senior Vice President and Assistant Treasurer, and John J. Muller, its Assistant Secretary, this 21st day of January, 2021.

**Wells Fargo & Company**

By: /s/ Bryant Owens

\_\_\_\_\_  
Bryant Owens, Senior Vice President and Assistant Treasurer

/s/ John J. Muller  
John J. Muller, Assistant Secretary

[As filed with the Delaware Secretary of State on January 22, 2021]

**WELLS FARGO & COMPANY**

**CERTIFICATE OF DESIGNATION**

Pursuant to Section 151(g) of the  
General Corporation Law  
of the State of Delaware

**NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES CC  
(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon Securities Committee I of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on January 27, 2021, in accordance with Section 141(f) of the General Corporation Law:

**Resolved**, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated October 25, 2016, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

**RIGHTS AND PREFERENCES**

**Section 1. Designation.** The shares of such series of Preferred Stock shall be designated Non-Cumulative Perpetual Class A Preferred Stock, Series CC, with no par value and a liquidation preference amount of \$25,000 per share (the "*Series CC Preferred Stock*"). Each share of Series CC Preferred Stock shall be identical in all respects to every other share of Series CC Preferred Stock except with respect to the date from which dividends may accrue. Series CC Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares.** The number of authorized shares of Series CC Preferred Stock shall be 46,000. Such number may from time to time be increased (but

not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series CC Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series CC Preferred Stock.

**Section 3. Definitions.** As used herein with respect to Series CC Preferred Stock:

“*Business Day*” means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York.

“*Certificate of Designation*” means this Certificate of Designation relating to the Series CC Preferred Stock, as it may be amended from time to time.

“*Common Stock*” means the common stock of the Corporation, par value \$1 $\frac{1}{2}$  per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

“*Depository Company*” has the meaning set forth in Section 6(d) hereof.

“*Dividend Payment Date*” has the meaning set forth in Section 4(a) hereof.

“*Dividend Period*” has the meaning set forth in Section 4(a) hereof.

“*DTC*” means The Depository Trust Company, together with its successors and assigns.

“*Junior Stock*” means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series CC Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“*Liquidation Preference*” has the meaning set forth in Section 5(a) hereof.

“*Nonpayment Event*” shall have the meaning set forth in Section 7(b).

“*Parity Stock*” means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series CC Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“*Preference Stock*” means any and all series of preference stock, having no par value, of the Corporation.

“*Preferred Stock*” means any and all series of preferred stock, having no par value, of the Corporation, including the Series CC Preferred Stock.

“*Preferred Stock Directors*” shall have the meaning set forth in Section 7(b).

“*Regulatory Capital Treatment Event*” means the Corporation’s reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after January 25, 2021; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after January 25, 2021; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after January 25, 2021, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series CC Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series CC Preferred Stock is outstanding.

“*Series CC Preferred Stock*” has the meaning set forth in Section 1 hereof.

“*Voting Parity Stock*” means any Parity Stock having similar voting rights as the Series CC Preferred Stock.

#### **Section 4. Dividends.**

**(a) Rate.** Dividends on the Series CC Preferred Stock will not be mandatory. Holders of Series CC Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25,000 per share of the Series CC Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December of each year (commencing on March 15, 2021); provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay (each such day on which dividends are payable a “*Dividend Payment Date*”). A “*Dividend Period*” means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, February 1, 2021 to, but excluding, March 15, 2021. Dividends on each share of Series CC Preferred Stock will accrue at a rate *per annum* equal to 4.375%. The record date for payment of dividends on the Series CC Preferred Stock shall be the last Business Day of the calendar month immediately preceding the

month during which the Dividend Payment Date falls or such other date as determined by the Corporation's Board of Directors. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

**(b) Non-Cumulative Dividends.** Dividends on shares of Series CC Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series CC Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series CC Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series CC Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

**(c) Priority of Dividends.** So long as any shares of Series CC Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common

Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after January 25, 2021, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series CC Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after January 25, 2021, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business),

unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series CC Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series CC Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series CC Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series CC Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series CC Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.



Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series CC Preferred Stock shall not be entitled to participate in any such dividends.

### **Section 5. Liquidation Rights.**

**(a) Liquidation.** In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series CC Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series CC Preferred Stock as to such distribution, a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series CC Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment.** If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series CC Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series CC Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series CC Preferred Stock and all such Parity Stock.

**(c) Residual Distributions.** If the Liquidation Preference has been paid in full to all holders of Series CC Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation.** For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed

to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

### **Section 6. Redemption.**

**(a) Optional Redemption.** The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series CC Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after March 15, 2026, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series CC Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series CC Preferred Stock at the time outstanding, prior to March 15, 2026, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series CC Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

**(b) Notice of Redemption.** Notice of every redemption of shares of Series CC Preferred Stock shall be provided to a Depository Company (as defined below), as sole holder of the Series CC Preferred Stock, pursuant to the applicable procedures of such Depository Company. Such notice shall be provided at least 40 days and not more than 70 days before the date fixed for redemption. Any notice given as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure to duly give such notice, or any defect in such notice, to any holder of shares of Series CC Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series CC Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series CC Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series CC Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption.** In case of any redemption of only part of the shares of Series CC Preferred Stock at the time outstanding, the shares of Series CC Preferred

Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series CC Preferred Stock in proportion to the number of Series CC Preferred Stock held by such holders or in such other manner consistent with the rules and policies of the New York Stock Exchange as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series CC Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption.** If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depository Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

## **Section 7. Voting Rights.**

**(a) General.** The holders of Series CC Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

**(b) Right To Elect Two Directors Upon Nonpayment Events.** Whenever dividends payable on any shares of Series CC Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a "*Nonpayment Event*"), the holders of the outstanding Series CC Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation's Board of Directors at the Corporation's

next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the “*Preferred Stock Directors*”) by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series CC Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series CC Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series CC Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series CC Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series CC Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series CC Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series CC Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

**(c) Other Voting Rights.** In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series CC Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series CC Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series CC Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by

Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series CC Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the By-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series CC Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or By-laws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series CC Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series CC Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series CC Preferred Stock will have no right to vote under this Section 7(c)(iv) if in each case (a) the shares of Series CC Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series CC Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series CC Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series CC Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series CC Preferred Stock, and holders of the Series CC Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series CC Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series CC Preferred Stock will have 25 votes per share on any matter on which holders of the Series CC Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

**(d) Changes after Provision for Redemption.** No vote or consent of the holders of Series CC Preferred Stock shall be required pursuant to Section 7(b) or (c)

above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series CC Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

**(e) Procedures for Voting and Consents.** The rules and procedures for calling and conducting any meeting of the holders of Series CC Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the By-laws, applicable law and any national securities exchange or other trading facility in which the Series CC Preferred Stock is listed or traded at the time.

**Section 8. Preemption and Conversion.** The holders of Series CC Preferred Stock shall not have any rights of preemption or rights to convert such Series CC Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Recquired Shares.** Shares of Series CC Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

**Section 10. No Sinking Fund.** Shares of Series CC Preferred Stock are not subject to the operation of a sinking fund.

**Section 11. Additional Classes or Series of Stock.** Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series CC Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series CC Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series CC Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

*[Signature Page Follows]*

**In Witness Whereof, Wells Fargo & Company** has caused this Certificate of Designation to be signed by Bryant Owens, its Senior Vice President and Assistant Treasurer, and John J. Muller, its Assistant Secretary, this 28th day of January, 2021.

**Wells Fargo & Company**

By: /s/ Bryant Owens  
Bryant Owens, Senior Vice President and Assistant  
Treasurer

/s/ John J. Muller  
John J. Muller, Assistant Secretary

[As filed with the Delaware Secretary of State on January 28, 2021]

**WELLS FARGO & COMPANY**

**CERTIFICATE OF DESIGNATION**

Pursuant to Section 151(g) of the  
General Corporation Law  
of the State of Delaware

**NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES DD  
(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the “*Corporation*”), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the “*Board of Directors*”) by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon Securities Committee I of the Board of Directors (the “*Committee*”) in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the “*General Corporation Law*”), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on July 22, 2021, in accordance with Section 141(f) of the General Corporation Law:

**Resolved**, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated October 25, 2016, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

**RIGHTS AND PREFERENCES**

**Section 1. Designation.** The shares of such series of Preferred Stock shall be designated Non-Cumulative Perpetual Class A Preferred Stock, Series DD, with no par value and a liquidation preference amount of \$25,000 per share (the “*Series DD Preferred Stock*”). Each share of Series DD Preferred Stock shall be identical in all respects to every other share of Series DD Preferred Stock except with respect to the date from which dividends may accrue. Series DD Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares.** The number of authorized shares of Series DD Preferred Stock shall be 50,000. Such number may from time to time be increased (but



not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series DD Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series DD Preferred Stock.

**Section 3. Definitions.** As used herein with respect to Series DD Preferred Stock:

*“Business Day”* means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York.

*“Certificate of Designation”* means this Certificate of Designation relating to the Series DD Preferred Stock, as it may be amended from time to time.

*“Common Stock”* means the common stock of the Corporation, par value \$1 $\frac{1}{2}$  per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

*“Depository Company”* has the meaning set forth in Section 6(d) hereof.

*“Dividend Payment Date”* has the meaning set forth in Section 4(a) hereof.

*“Dividend Period”* has the meaning set forth in Section 4(a) hereof.

*“DTC”* means The Depository Trust Company, together with its successors and assigns.

*“Junior Stock”* means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series DD Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

*“Liquidation Preference”* has the meaning set forth in Section 5(a) hereof.

*“Nonpayment Event”* shall have the meaning set forth in Section 7(b).

*“Parity Stock”* means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series DD Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“*Preference Stock*” means any and all series of preference stock, having no par value, of the Corporation.

“*Preferred Stock*” means any and all series of preferred stock, having no par value, of the Corporation, including the Series DD Preferred Stock.

“*Preferred Stock Directors*” shall have the meaning set forth in Section 7(b).

“*Regulatory Capital Treatment Event*” means the Corporation’s reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after July 20, 2021; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after July 20, 2021; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after July 20, 2021, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series DD Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series DD Preferred Stock is outstanding.

“*Series DD Preferred Stock*” has the meaning set forth in Section 1 hereof.

“*Voting Parity Stock*” means any Parity Stock having similar voting rights as the Series DD Preferred Stock.

#### **Section 4. Dividends.**

**(a) Rate.** Dividends on the Series DD Preferred Stock will not be mandatory. Holders of Series DD Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25,000 per share of the Series DD Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December of each year (commencing on September 15, 2021); provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay (each such day on which dividends are payable a “*Dividend Payment Date*”). A “*Dividend Period*” means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, July 27, 2021 to, but excluding, September 15, 2021. Dividends on each share of Series DD Preferred Stock will accrue at a rate *per annum* equal to 4.25%. The record date for payment of dividends on the Series DD Preferred Stock shall be the last Business Day of the calendar month immediately preceding the

month during which the Dividend Payment Date falls or such other date as determined by the Corporation's Board of Directors. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

**(b) Non-Cumulative Dividends.** Dividends on shares of Series DD Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series DD Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series DD Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series DD Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

**(c) Priority of Dividends.** So long as any shares of Series DD Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common

Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after July 20, 2021, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series DD Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after July 20, 2021, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business),

unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series DD Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series DD Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series DD Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series DD Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series DD Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series DD Preferred Stock shall not be entitled to participate in any such dividends.

### **Section 5. Liquidation Rights.**

**(a) Liquidation.** In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series DD Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series DD Preferred Stock as to such distribution, a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series DD Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment.** If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series DD Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series DD Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series DD Preferred Stock and all such Parity Stock.

**(c) Residual Distributions.** If the Liquidation Preference has been paid in full to all holders of Series DD Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation.** For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed

to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

### **Section 6. Redemption.**

**(a) Optional Redemption.** The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series DD Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after September 15, 2026, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series DD Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series DD Preferred Stock at the time outstanding, prior to September 15, 2026, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series DD Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

**(b) Notice of Redemption.** Notice of every redemption of shares of Series DD Preferred Stock shall be provided to a Depository Company (as defined below), as sole holder of the Series DD Preferred Stock, pursuant to the applicable procedures of such Depository Company. Such notice shall be provided at least 40 days and not more than 70 days before the date fixed for redemption. Any notice given as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure to duly give such notice, or any defect in such notice, to any holder of shares of Series DD Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series DD Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series DD Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series DD Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption.** In case of any redemption of only part of the shares of Series DD Preferred Stock at the time outstanding, the shares of Series DD Preferred

Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series DD Preferred Stock in proportion to the number of Series DD Preferred Stock held by such holders or in such other manner consistent with the rules and policies of the New York Stock Exchange as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series DD Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption.** If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the “*Depositary Company*”) in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depositary Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

## **Section 7. Voting Rights.**

**(a) General.** The holders of Series DD Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

**(b) Right To Elect Two Directors Upon Nonpayment Events.** Whenever dividends payable on any shares of Series DD Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a “*Nonpayment Event*”), the holders of the outstanding Series DD Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation’s Board of Directors at the Corporation’s

next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the “*Preferred Stock Directors*”) by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series DD Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series DD Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series DD Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series DD Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series DD Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series DD Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series DD Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

**(c) Other Voting Rights.** In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series DD Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series DD Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series DD Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by



Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series DD Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the By-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series DD Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or By-laws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series DD Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series DD Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series DD Preferred Stock will have no right to vote under this Section 7(c)(iv) if in each case (a) the shares of Series DD Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series DD Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series DD Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series DD Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series DD Preferred Stock, and holders of the Series DD Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series DD Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series DD Preferred Stock will have 25 votes per share on any matter on which holders of the Series DD Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

**(d) Changes after Provision for Redemption.** No vote or consent of the holders of Series DD Preferred Stock shall be required pursuant to Section 7(b) or (c)

above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series DD Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

**(e) Procedures for Voting and Consents.** The rules and procedures for calling and conducting any meeting of the holders of Series DD Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the By-laws, applicable law and any national securities exchange or other trading facility in which the Series DD Preferred Stock is listed or traded at the time.

**Section 8. Preemption and Conversion.** The holders of Series DD Preferred Stock shall not have any rights of preemption or rights to convert such Series DD Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Recquired Shares.** Shares of Series DD Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

**Section 10. No Sinking Fund.** Shares of Series DD Preferred Stock are not subject to the operation of a sinking fund.

**Section 11. Additional Classes or Series of Stock.** Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series DD Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series DD Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series DD Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

*[Signature Page Follows]*

**In Witness Whereof, Wells Fargo & Company** has caused this Certificate of Designation to be signed by Bryant Owens, its Senior Vice President and Assistant Treasurer, and John J. Muller, its Assistant Secretary, this 28th day of January, 2021.

**Wells Fargo & Company**

By: /s/ Bryant Owens

Bryant Owens, Senior Vice President and Assistant  
Treasurer

/s/ John J. Muller

John J. Muller, Assistant Secretary

[As filed with the Delaware Secretary of State on July 23, 2021]

## WELLS FARGO & COMPANY

### CERTIFICATE OF DESIGNATION

Pursuant to Section 151(g) of the  
General Corporation Law  
of the State of Delaware

#### 7.625% FIXED RATE RESET NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES EE (Without Par Value)

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended (the "*Restated Certificate of Incorporation*"), which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon Securities Committee I of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on July 19, 2023, in accordance with Section 141(f) of the General Corporation Law:

**Resolved**, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated October 25, 2016, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

#### RIGHTS AND PREFERENCES

**Section 1. Designation.** The shares of such series of Preferred Stock shall be designated 7.625% Fixed Rate Reset Non-Cumulative Perpetual Class A Preferred Stock, Series EE, with no par value and a liquidation preference amount of \$25,000 per share (the "*Series EE Preferred Stock*"). Each share of Series EE Preferred Stock shall be identical in all respects to every other share of Series EE Preferred Stock except with respect to the date from which dividends may accrue. Series EE Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares.** The number of authorized shares of Series EE Preferred Stock shall be 69,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series EE Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series EE Preferred Stock.

**Section 3. Definitions.** As used herein with respect to Series EE Preferred Stock:

*“Business Day”* means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York, subject to any adjustments made by the Calculation Agent as provided for herein.

*“Calculation Agent”* means a calculation agent appointed by the Corporation prior to the first Reset Dividend Determination Date or any successor appointed by the Corporation thereafter. A record of the selection of the Calculation Agent or any successor will be maintained by the Corporation and available to any stockholder upon request.

*“Certificate of Designation”* means this Certificate of Designation relating to the Series EE Preferred Stock, as it may be amended from time to time.

*“Common Stock”* means the common stock of the Corporation, par value \$1 $\frac{2}{3}$  per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

*“Depository Company”* has the meaning set forth in Section 6(d) hereof.

*“Dividend Payment Date”* has the meaning set forth in Section 4(a) hereof.

*“Dividend Period”* has the meaning set forth in Section 4(a) hereof.

*“DTC”* means The Depository Trust Company, together with its successors and assigns.

*“First Reset Date”* has the meaning set forth in Section 4(a) hereof.

*“Five-year Treasury Rate”* means:

- (1) the average of the yields on actively traded U.S. treasury securities adjusted to constant maturity, for five-year maturities, for the five Business Days appearing under the caption “Treasury Constant Maturities”

in the most recently published statistical release designated H.15 Daily Update or any successor publication which is published by the Federal Reserve Board as of 5:00 p.m. (Eastern Time) as of any date of determination, as determined by the Calculation Agent in its sole discretion; or

- (2) if no calculation is provided as described above, then the Calculation Agent will use a substitute or successor rate that it has determined, in its sole discretion after consulting any source it deems to be reasonable, is (i) the industry-accepted substitute or successor for the Five-year Treasury Rate or (ii) if there is no such industry-accepted substitute or successor for the Five-year Treasury Rate, a substitute or successor rate that is most comparable to the Five-year Treasury Rate. Upon selection of a substitute or successor rate, the Calculation Agent may determine, in its sole discretion after consulting any source it deems to be reasonable, the day count convention, the Business Day convention, the definition of Business Day, the Reset Dividend Determination Date and any other relevant methodology or definition for calculating such substitute or successor rate, including any adjustment factor it determines is needed to make such substitute or successor rate comparable to the Five-year Treasury Rate, in a manner that is consistent with any industry-accepted practices for such substitute or successor rate.

“*Junior Stock*” means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series EE Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“*Liquidation Preference*” has the meaning set forth in Section 5(a) hereof.

“*Nonpayment Event*” shall have the meaning set forth in Section 7(b).

“*Parity Stock*” means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series EE Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“*Preference Stock*” means any and all series of preference stock, having no par value, of the Corporation.

“*Preferred Stock*” means any and all series of preferred stock, having no par value, of the Corporation, including the Series EE Preferred Stock.

“*Preferred Stock Directors*” shall have the meaning set forth in Section 7(b).

“*Regulatory Capital Treatment Event*” means the Corporation’s reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after July 17, 2023; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after July 17, 2023; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after July 17, 2023, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series EE Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series EE Preferred Stock is outstanding.

“*Reset Date*” has the meaning set forth in Section 4(a) hereof.

“*Reset Dividend Determination Date*” has the meaning set forth in Section 4(a) hereof.

“*Reset Period*” has the meaning set forth in Section 4(a) hereof.

“*Series EE Preferred Stock*” has the meaning set forth in Section 1 hereof.

“*Voting Parity Stock*” means any Parity Stock having similar voting rights as the Series EE Preferred Stock.

#### **Section 4. Dividends.**

**(a) Rate.** Dividends on the Series EE Preferred Stock will not be mandatory. Holders of Series EE Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25,000 per share of the Series EE Preferred Stock, payable quarterly in arrears on the 15th day of each March, June, September and December, commencing September 15, 2023, and accruing at an annual rate equal to (i) 7.625% from, and including, July 24, 2023 to, but excluding, September 15, 2028 (the “*First Reset Date*”), and (ii) the Five-year Treasury Rate as of the most recent Reset Dividend Determination Date plus 3.606% for each Reset Period, from, and including, the First Reset Date, commencing on December 15, 2028; provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay (each such day on which dividends are payable a “*Dividend Payment Date*”). A “*Dividend Period*” means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, July 24, 2023 to, but excluding, September 15, 2023. A “*Reset Period*” means

the period from, and including, a Reset Date to, but excluding, the next succeeding Reset Date, except for the initial Reset Period, which will be the period from, and including, the First Reset Date to, but excluding, the next succeeding Reset Date. A “Reset Date” means the First Reset Date and each date falling on the fifth anniversary of the immediately preceding Reset Date, and no Reset Date, including the First Reset Date, will be adjusted due to the occurrence of a non-Business Day. A “Reset Dividend Determination Date” means, in respect of any Reset Period, the day that is three Business Days prior to the applicable Reset Date, subject to any adjustments made by the Calculation Agent as provided for herein. The record date for payment of dividends on the Series EE Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation’s Board of Directors. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward. The Calculation Agent’s determination of the rate of any dividend for each Reset Period and its calculation of the amount of dividends, and any other adjustments made by the Calculation Agent pursuant to the terms hereof will be maintained on file at the Calculation Agent’s principal offices, will be made available to any stockholder upon request and will be final and binding in the absence of manifest error.

**(b) Non-Cumulative Dividends.** Dividends on shares of Series EE Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series EE Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series EE Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series EE Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

**(c) Priority of Dividends.** So long as any shares of Series EE Preferred Stock remain outstanding:

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock, and no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock by the Corporation (other than, subject to any other provision of the Restated Certificate of Incorporation, (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the



dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after July 17, 2023, (viii) any purchase of fractional interests in shares of Junior Stock pursuant to the conversion or exchange provisions of such Junior Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(2) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series EE Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after July 17, 2023, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business),

unless, in each case, full dividends on all outstanding shares of Series EE Preferred Stock for the Dividend Period ending on or immediately prior to the dividend payment date or other payment date for such Junior Stock or Parity Stock have been declared and paid or declared and a sum sufficient for payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series EE Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series EE Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series EE Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of

Series EE Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series EE Preferred Stock shall not be entitled to participate in any such dividends.

### **Section 5. Liquidation Rights.**

**(a) Liquidation.** In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series EE Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series EE Preferred Stock as to such distribution, a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series EE Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment.** If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series EE Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series EE Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series EE Preferred Stock and all such Parity Stock.

**(c) Residual Distributions.** If the Liquidation Preference has been paid in full to all holders of Series EE Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock and any other series of Preferred Stock or Preference Stock ranking senior to the Common Stock upon a liquidation, dissolution or winding up of the Corporation, the holders of Common Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation.** For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other

corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

### **Section 6. Redemption.**

**(a) Optional Redemption.** The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series EE Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after September 15, 2028, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series EE Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series EE Preferred Stock at the time outstanding, prior to September 15, 2028, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series EE Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

**(b) Notice of Redemption.** Notice of every redemption of shares of Series EE Preferred Stock shall be provided to a Depository Company (as defined below), as sole holder of the Series EE Preferred Stock, pursuant to the applicable procedures of such Depository Company. Such notice shall be provided at least 25 days and not more than 55 days before the date fixed for redemption. Any notice given as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure to duly give such notice, or any defect in such notice, to any holder of shares of Series EE Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other holder's shares of Series EE Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series EE Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series EE Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption.** In case of any redemption of only part of the shares of Series EE Preferred Stock at the time outstanding, the shares of Series EE Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series EE Preferred Stock in proportion to the number of Series EE Preferred Stock held by such holders or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series EE Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption.** If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depository Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

## **Section 7. Voting Rights.**

**(a) General.** The holders of Series EE Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

**(b) Right To Elect Two Directors Upon Nonpayment Events.** Whenever dividends payable on any shares of Series EE Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a "*Nonpayment Event*"), the holders of the outstanding Series EE Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election

of two additional directors of the Corporation's Board of Directors at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "*Preferred Stock Directors*") by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series EE Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series EE Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series EE Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series EE Preferred Stock shall terminate, except as provided by law, and subject to re-vesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series EE Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately (in which case each such director shall thereupon cease to be qualified as, and shall cease to be, a director). Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series EE Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series EE Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in or determined in accordance with the By-Laws irrespective of any increase made pursuant to this Section 7(b).

**(c) Other Voting Rights.** In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series EE Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series EE Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series EE Preferred Stock and such Voting Parity Stock, voting

together as a class, given in person or by proxy, either by consent without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series EE Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the By-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series EE Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or By-laws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series EE Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series EE Preferred Stock or a merger or consolidation of the Corporation with another corporation or other entity, except holders of the Series EE Preferred Stock will have no right to vote under this Section 7(c)(iv) if in each case (a) the shares of Series EE Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series EE Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series EE Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series EE Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series EE Preferred Stock, and holders of the Series EE Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series EE Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series EE Preferred Stock will have 25 votes per share on any matter on which holders of the Series EE Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by consent.

**(d) Changes after Provision for Redemption.** No vote or consent of the holders of Series EE Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series EE Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably set aside in trust or deposited with a bank or trust company to effect such redemption.

**(e) Procedures for Voting and Consents.** The rules and procedures for calling and conducting any meeting of the holders of Series EE Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the By-laws and applicable law.

**Section 8. Preemption and Conversion.** The holders of Series EE Preferred Stock shall not have any rights of preemption or rights to convert such Series EE Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. reacquired Shares.** Shares of Series EE Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

**Section 10. No Sinking Fund.** Shares of Series EE Preferred Stock are not subject to the operation of a sinking fund.

**Section 11. Additional Classes or Series of Stock.** Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series EE Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series EE Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series EE Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

*[Signature Page Follows]*

**In Witness Whereof, Wells Fargo & Company** has caused this Certificate of Designation to be signed by Bryant Owens, its Senior Vice President and Assistant Treasurer, and Mary E. Schaffner, its Assistant Secretary, this 20th day of July, 2023.

**Wells Fargo & Company**

By: /s/ Bryant Owens

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Bryant Owens, Senior Vice President and Assistant  
Treasurer

/s/ Mary E. Schaffner

Mary E. Schaffner, Assistant Secretary

[As filed with the Delaware Secretary of State on July 20, 2023.]



## Exhibit 31(a)

### CERTIFICATION

I, Charles W. Scharf, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2023, of Wells Fargo & Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CHARLES W. SCHARF

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Charles W. Scharf  
Chief Executive Officer

Date: October 31, 2023

## Exhibit 31(b)

### CERTIFICATION

I, Michael P. Santomassimo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2023, of Wells Fargo & Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MICHAEL P. SANTOMASSIMO

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Michael P. Santomassimo  
Chief Financial Officer

Date: October 31, 2023

**Exhibit 32(a)**

**Certifications Pursuant to  
18 U.S.C. Section 1350,  
As Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Wells Fargo & Company (the "Company") for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles W. Scharf, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ CHARLES W. SCHARF

Charles W. Scharf  
Chief Executive Officer

Date: October 31, 2023

**Exhibit 32(b)**

**Certifications Pursuant to  
18 U.S.C. Section 1350,  
As Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Wells Fargo & Company (the "Company") for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael P. Santomassimo, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MICHAEL P. SANTOMASSIMO

Michael P. Santomassimo  
Chief Financial Officer

Date: October 31, 2023