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 March 31, 2022

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	**No. 41-0449260**
(State of incorporation)	(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
Depositary Shares, each representing a 1/1000th interest in a share of 5.85% Fixed-to-Floating Rate Non-Cumulative Perpetual Class A Preferred Stock, Series Q	WFC.PRQ	NYSE
Depositary 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
Depositary Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series Y	WFC.PRY	NYSE
Depositary Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series Z	WFC.PRZ	NYSE
Depositary Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series AA	WFC.PRA	NYSE
Depositary Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series CC	WFC.PRC	NYSE
Depositary 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 April 22, 2022
Common stock, $1-2/3 par value	3,790,352,243

FORM 10-Q
CROSS-REFERENCE INDEX

		Page
PART I	**Financial Information**	
Item 1.	Financial Statements	
	Consolidated Statement of Income	59
	Consolidated Statement of Comprehensive Income	60
	Consolidated Balance Sheet	61
	Consolidated Statement of Changes in Equity	62
	Consolidated Statement of Cash Flows	63
	Notes to Financial Statements	
	1 — Summary of Significant Accounting Policies	64
	2 — Trading Activities	66
	3 — Available-for-Sale and Held-to-Maturity Debt Securities	67
	4 — Loans and Related Allowance for Credit Losses	73
	5 — Leasing Activity	88
	6 — Equity Securities	89
	7 — Other Assets	91
	8 — Securitizations and Variable Interest Entities	92
	9 — Mortgage Banking Activities	97
	10 — Intangible Assets	99
	11 — Guarantees and Other Commitments	100
	12 — Pledged Assets and Collateral	102
	13 — Legal Actions	105
	14 — Derivatives	108
	15 — Fair Values of Assets and Liabilities	115
	16 — Preferred Stock	122
	17 — Revenue from Contracts with Customers	124
	18 — Employee Benefits and Other Expenses	125
	19 — Restructuring Charges	126
	20 — Earnings and Dividends Per Common Share	127
	21 — Other Comprehensive Income	128
	22 — Operating Segments	130
	23 — Regulatory Capital Requirements and Other Restrictions	132
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations (Financial Review)	
	Summary Financial Data	1
	Overview	3
	Earnings Performance	6
	Balance Sheet Analysis	23
	Off-Balance Sheet Arrangements	26
	Risk Management	27
	Capital Management	46
	Regulatory Matters	52
	Critical Accounting Policies	53
	Current Accounting Developments	54
	Forward-Looking Statements	55
	Risk Factors	57
	Glossary of Acronyms	134
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	40
Item 4.	Controls and Procedures	58
PART II	**Other Information**	
Item 1.	Legal Proceedings	135
Item 1A.	Risk Factors	135
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	135
Item 6.	Exhibits	136
Signature		137

FINANCIAL REVIEW

Summary Financial Data

			Quarter ended	Mar 31, 2022 % Change from	
($ in millions, except per share amounts)	**Mar 31, 2022**	Dec 31, 2021	Mar 31, 2021	Dec 31, 2021	Mar 31, 2021
Selected Income Statement Data					
Total revenue	$ **17,592**	20,856	18,532	(16)%	(5)
Noninterest expense	**13,870**	13,198	13,989	5	(1)
Pre-tax pre-provision profit (PTPP) (1)	**3,722**	7,658	4,543	(51)	(18)
Provision for credit losses	**(787)**	(452)	(1,048)	(74)	25
Wells Fargo net income	**3,671**	5,750	4,636	(36)	(21)
Wells Fargo net income applicable to common stock	**3,393**	5,470	4,256	(38)	(20)
Common Share Data					
Diluted earnings per common share	**0.88**	1.38	1.02	(36)	(14)
Dividends declared per common share	**0.25**	0.20	0.10	25	150
Common shares outstanding	**3,789.9**	3,885.8	4,141.1	(2)	(8)
Average common shares outstanding	**3,831.1**	3,927.6	4,141.3	(2)	(7)
Diluted average common shares outstanding	**3,868.9**	3,964.7	4,171.0	(2)	(7)
Book value per common share (2)	$ **42.21**	43.32	40.27	(3)	5
Tangible book value per common share (2)(3)	**35.13**	36.35	33.49	(3)	5
Selected Equity Data (period-end)					
Total equity	**181,689**	190,110	188,034	(4)	(3)
Common stockholders' equity	**159,968**	168,331	166,748	(5)	(4)
Tangible common equity (3)	**133,144**	141,254	138,702	(6)	(4)
Performance Ratios					
Return on average assets (ROA) (4)	**0.78 %**	1.17	0.97		
Return on average equity (ROE) (5)	**8.4**	12.8	10.3		
Return on average tangible common equity (ROTCE) (3)	**10.0**	15.3	12.4		
Efficiency ratio (6)	**79**	63	75		
Net interest margin on a taxable-equivalent basis	**2.16**	2.11	2.05		
Selected Balance Sheet Data (average)					
Loans	$ **898,005**	875,036	873,439	3	3
Assets	**1,919,392**	1,943,430	1,934,425	(1)	(1)
Deposits	**1,464,072**	1,470,027	1,393,472	—	5
Selected Balance Sheet Data (period-end)					
Debt securities	**535,916**	537,531	505,826	—	6
Loans	**911,807**	895,394	861,572	2	6
Allowance for credit losses for loans	**12,681**	13,788	18,043	(8)	(30)
Equity securities	**70,755**	72,886	57,702	(3)	23
Assets	**1,939,709**	1,948,068	1,957,264	—	(1)
Deposits	**1,481,354**	1,482,479	1,437,119	—	3
Headcount (#) (period-end)	**246,577**	249,435	264,513	(1)	(7)
Capital and other metrics					
Risk-based capital ratios and components (7):					
Standardized Approach:					
Common equity tier 1 (CET1)	**10.45 %**	11.35	11.85		
Tier 1 capital	**11.96**	12.89	13.54		
Total capital	**14.72**	15.84	16.75		
Risk-weighted assets (RWAs) (in billions)	$ **1,265.5**	1,239.0	1,179.0	2	7
Advanced Approach:					
Common equity tier 1 (CET1)	**11.82 %**	12.60	12.60		
Tier 1 capital	**13.52**	14.31	14.39		
Total capital	**15.87**	16.72	16.92		
Risk-weighted assets (RWAs) (in billions)	$ **1,119.5**	1,116.1	1,109.4	—	1
Tier 1 leverage ratio	**8.00 %**	8.34	8.36		
Supplementary Leverage Ratio (SLR)	**6.61**	6.89	7.91		
Total Loss Absorbing Capacity (TLAC) Ratio (8)	**22.31**	23.03	25.18		
Liquidity Coverage Ratio (LCR) (9)	**119**	118	127		

NM – Not meaningful

(1) 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.

(2) 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.

(3) 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.

(4) Represents Wells Fargo net income divided by average assets.

(5) Represents Wells Fargo net income applicable to common stock divided by average common stockholders' equity.

(6) The efficiency ratio is noninterest expense divided by total revenue (net interest income and noninterest income).

(7) For additional information, see the "Capital Management" section and Note 23 (Regulatory Capital Requirements and Other Restrictions) to Financial Statements in this Report.

(8) Represents TLAC divided by RWAs, which is our binding TLAC ratio, determined by using the greater of RWAs under the Standardized and Advanced Approaches.

(9) Represents high-quality liquid assets divided by 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, 2021 (2021 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

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. 37 on *Fortune's* 2021 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 March 31, 2022.

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 experience issues or delays along the way in satisfying their requirements. Issues or delays with one regulatory action could affect our progress on others, and failure to satisfy the requirements of a regulatory action on a timely basis could result in additional penalties, enforcement actions, and other negative consequences, which could be significant. While we still have significant work to do, 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. The Company has not yet satisfied certain aspects of the consent orders, and as a result, we believe regulators may impose additional penalties or take other enforcement actions. 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.

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.

Retail Sales Practices Matters and Other Customer Remediation Activities

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.

Our priority of rebuilding trust has also included an effort to identify other 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 previously disclosed key areas of focus as part of our rebuilding trust efforts and are in the process of providing remediation for those matters. We have accrued for the probable and estimable remediation costs related to our rebuilding trust efforts, which amounts may change based on additional facts and information, as well as ongoing reviews and communications with our regulators. 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.

For additional information regarding retail sales practices matters and other customer remediation activities, including related legal and regulatory risk, see the "Risk Factors" section in our 2021 Form 10-K and Note 13 (Legal Actions) to Financial Statements in this Report.

Recent Developments

LIBOR Transition

The London Interbank Offered Rate (LIBOR) is a widely referenced benchmark rate that seeks to estimate the cost at which banks can borrow on an unsecured basis from other banks. On March 5, 2021, the United Kingdom's Financial Conduct Authority and ICE Benchmark Administration, the administrator of LIBOR, announced that certain settings of LIBOR would no longer be published on a representative basis after December 31, 2021, and the most commonly used U.S. dollar (USD) LIBOR settings would no longer be published on a representative basis after June 30, 2023. Central banks in various jurisdictions convened committees to identify replacement rates to facilitate the transition away from LIBOR. The committee convened by the Federal Reserve in the United States, the Alternative Reference Rates Committee (ARRC), recommended the Secured Overnight Financing Rate (SOFR) as the replacement rate for USD LIBOR. Additionally, the Federal Reserve, the OCC and the Federal Deposit Insurance Corporation (FDIC) have issued guidance strongly encouraging banking organizations to cease using USD LIBOR as a reference rate in new contracts.

In preparation for the cessation of the various LIBOR settings, we have undertaken a variety of activities. Among other things, we proactively implemented internal "stop-sell" dates to discontinue offering products referencing LIBOR except pursuant to limited exceptions consistent with regulatory guidance. At the same time, we expanded our suite of product offerings that are indexed to alternative reference rates.

We also continue to transition our legacy LIBOR contracts to alternative reference rates. We transitioned substantially all of our legacy contracts with LIBOR settings impacted by the December 31, 2021, cessation date to alternative reference rates, and we will continue to address contracts with LIBOR settings that are impacted by the June 30, 2023, cessation date.

In first quarter 2022, the Adjustable Interest Rate Act (the LIBOR Act) was enacted to provide a statutory framework to replace LIBOR with a benchmark rate based on SOFR in contracts that do not have fallback provisions or that have fallback provisions resulting in a replacement rate based on LIBOR. We expect that the LIBOR Act will allow for the transition of certain of our commercial credit facilities and other contracts that do not have appropriate fallback provisions to replace LIBOR.

For additional information on the amounts of certain of our LIBOR-linked contracts, as well as our transition plans for these contracts, see the "Overview – Recent Developments – LIBOR Transition" section in our 2021 Form 10-K. For information regarding the risks and potential impact of LIBOR or any other referenced financial metric being significantly changed, replaced or discontinued, see the "Risk Factors" section in our 2021 Form 10-K.

Financial Performance

Consolidated Financial Highlights

($ in millions)	Quarter ended Mar 31, 2022	2021	$ Change	% Change
Selected income statement data				
Net interest income	**$ 9,221**	8,808	413	5 %
Noninterest income	**8,371**	9,724	(1,353)	(14)
Total revenue	**17,592**	18,532	(940)	(5)
Net charge-offs	**305**	523	(218)	(42)
Change in the allowance for credit losses	**(1,092)**	(1,571)	479	30
Provision for credit losses	**(787)**	(1,048)	261	25
Noninterest expense	**13,870**	13,989	(119)	(1)
Income tax expense	**707**	901	(194)	(22)
Wells Fargo net income	**3,671**	4,636	(965)	(21)
Wells Fargo net income applicable to common stock	**3,393**	4,256	(863)	(20)

In first quarter 2022, we generated $3.7 billion of net income and diluted earnings per common share (EPS) of $0.88, compared with $4.6 billion of net income and EPS of $1.02 in the same period a year ago. Financial performance for first quarter 2022, compared with the same period a year ago, included the following:

- total revenue decreased due to lower mortgage banking income, other income, and investment advisory and other asset-based fee income, partially offset by higher net interest income;
- provision for credit losses reflected lower net charge-offs, reduced uncertainty around the economic impact of the COVID-19 pandemic on our loan portfolios, and increased uncertainty related to the risks of high inflation;
- noninterest expense decreased due to lower personnel expense, professional and outside services expense, and other expense, partially offset by higher operating losses;
- average loans increased due to growth in commercial, credit card and auto loans, partially offset by a decrease in residential mortgage loans as paydowns exceeded originations; and
- average deposits increased driven by growth in the Consumer Banking and Lending, Commercial Banking, and Wealth and Investment Management (WIM) operating segments due to higher levels of liquidity and savings for consumer and commercial customers, partially offset by actions taken to manage under the asset cap which reduced deposits in the Corporate and Investment Banking operating segment and Corporate.

Capital and Liquidity

We maintained a strong capital position in first quarter 2022, with total equity of $181.7 billion at March 31, 2022, compared with $190.1 billion at December 31, 2021. Our liquidity and regulatory capital ratios remained strong at March 31, 2022, including:

- our Common Equity Tier 1 (CET1) ratio was 10.45% under the Standardized Approach (our binding ratio), which continued to exceed the regulatory requirement of 9.10%;
- our total loss absorbing capacity (TLAC) as a percentage of total risk-weighted assets was 22.31%, compared with the regulatory requirement of 21.50%; and
- our liquidity coverage ratio (LCR) was 119%, 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 $12.7 billion at March 31, 2022, decreased $1.1 billion from December 31, 2021.
- Our provision for credit losses for loans was $(775) million in first quarter 2022, up from $(1.1) billion in the same period a year ago. The ACL for loans and the provision for credit losses reflected lower net charge-offs, reduced uncertainty around the economic impact of the COVID-19 pandemic on our loan portfolios, and increased uncertainty related to the risks of high inflation.
- The allowance coverage for total loans was 1.39% at March 31, 2022, compared with 1.54% at December 31, 2021.
- Commercial portfolio net loan charge-offs were $(29) million, or (2) basis points of average commercial loans, in first quarter 2022, compared with net loan charge-offs of $149 million, or 13 basis points, in the same period a year ago, due to lower losses in our commercial and industrial portfolio driven by higher recoveries in the oil, gas and pipeline industry, and lower losses in our real estate mortgage portfolio.
- Consumer portfolio net loan charge-offs were $334 million, or 35 basis points of average consumer loans, in first quarter 2022, compared with net loan charge-offs of $364 million, or 37 basis points, in the same period a year ago, driven by lower losses in our credit card and other consumer portfolios, partially offset by higher losses in our auto loan portfolio.
- Nonperforming assets (NPAs) of $7.0 billion at March 31, 2022, decreased $323 million, or 4%, from December 31, 2021, driven by decreases in all commercial nonaccrual loan portfolios, partially offset by increases in our residential mortgage nonaccrual loans primarily resulting from certain customers exiting COVID-19 accommodation programs. NPAs represented 0.77% of total loans at March 31, 2022.

Earnings Performance

Wells Fargo net income for first quarter 2022 was $3.7 billion ($0.88 diluted EPS), compared with $4.6 billion ($1.02 diluted EPS) in the same period a year ago. Net income decreased in first quarter 2022, compared with the same period a year ago, predominantly due to a $1.4 billion decrease in noninterest income, partially offset by a $413 million increase in net interest income.

Net Interest Income

Net interest income and net interest margin increased in first quarter 2022, compared with the same period a year ago, due to lower mortgage-backed securities premium amortization, lower costs and balances of long-term debt, and higher loan balances, partially offset by lower interest income from loans purchased from securitization pools and Paycheck Protection Program (PPP) loans. Interest income from PPP loans was $49 million in first quarter 2022, compared with $102 million in the same period a year ago. Additionally, interest income associated with loans we purchased from Government National Mortgage Association (GNMA) loan securitization pools was $221 million in first quarter 2022, compared with $263 million in the same period a year ago. For additional information about loans purchased from GNMA loan securitization pools, see the "Risk Management – Credit Risk Management – Mortgage Banking Activities" section in this Report.

Table 1 presents the individual components of net interest income and the 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 March 31, 2022 and 2021.

For additional information about net interest income and net interest margin, see the "Earnings Performance – Net Interest Income" section in our 2021 Form 10-K.

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

	Quarter ended March 31,					
			2022			2021
(in millions)	Average balance	Interest income/ expense	Interest rates	Average balance	Interest income/ expense	Interest rates
Assets						
Interest-earning deposits with banks	$ 179,051	96	0.22 %	$ 223,437	57	0.10 %
Federal funds sold and securities purchased under resale agreements	64,845	(9)	(0.05)	72,148	7	0.04
Debt securities:						
Trading debt securities	90,677	553	2.44	87,383	534	2.45
Available-for-sale debt securities	169,048	723	1.72	206,946	841	1.63
Held-to-maturity debt securities	279,245	1,379	1.98	216,826	1,027	1.90
Total debt securities	538,970	2,655	1.97	511,155	2,402	1.89
Loans held for sale (2)	19,513	140	2.86	34,554	331	3.85
Loans:						
Commercial loans:						
Commercial and industrial – U.S.	276,070	1,700	2.50	252,892	1,596	2.56
Commercial and industrial – Non-U.S.	77,759	403	2.10	65,419	338	2.10
Real estate mortgage	127,464	833	2.65	120,734	812	2.73
Real estate construction	20,259	165	3.31	21,755	166	3.10
Lease financing	14,586	155	4.24	15,799	184	4.62
Total commercial loans	516,138	3,256	2.56	476,599	3,096	2.63
Consumer loans:						
Residential mortgage – first lien	242,883	1,907	3.14	266,251	2,068	3.11
Residential mortgage – junior lien	16,017	165	4.17	22,321	228	4.13
Credit card	38,164	1,065	11.32	35,205	1,033	11.90
Auto	56,701	584	4.17	48,680	560	4.66
Other consumer	28,102	256	3.69	24,383	233	3.87
Total consumer loans	381,867	3,977	4.20	396,840	4,122	4.18
Total loans (2)	898,005	7,233	3.25	873,439	7,218	3.34
Equity securities	33,282	170	2.05	29,434	137	1.87
Other	11,498	3	0.12	9,498	1	0.03
Total interest-earning assets	$ 1,745,164	10,288	2.38 %	$ 1,753,665	10,153	2.33 %
Cash and due from banks	24,976	—		24,598	—	
Goodwill	25,180	—		26,383	—	
Other	124,072	—		129,779	—	
Total noninterest-earning assets	$ 174,228	—		180,760	—	
Total assets	$ 1,919,392	10,288		1,934,425	10,153	
Liabilities						
Deposits:						
Demand deposits	$ 455,350	38	0.03 %	$ 444,764	33	0.03 %
Savings deposits	440,680	24	0.02	411,596	32	0.03
Time deposits	27,849	19	0.28	44,025	47	0.43
Deposits in non-U.S. offices	21,456	2	0.03	30,731	—	0.01
Total interest-bearing deposits	945,335	83	0.04	931,116	112	0.05
Short-term borrowings:						
Federal funds purchased and securities sold under agreements to repurchase	20,431	(3)	(0.05)	47,357	2	—
Other short-term borrowings	12,327	(11)	(0.36)	11,725	(11)	(0.37)
Total short-term borrowings	32,758	(14)	(0.17)	59,082	(9)	(0.06)
Long-term debt	153,803	761	1.98	198,340	1,026	2.07
Other liabilities	31,092	130	1.68	28,875	109	1.50
Total interest-bearing liabilities	$ 1,162,988	960	0.33 %	$ 1,217,413	1,238	0.41 %
Noninterest-bearing demand deposits	518,737	—		462,356	—	
Other noninterest-bearing liabilities	51,330	—		65,582	—	
Total noninterest-bearing liabilities	$ 570,067	—		527,938	—	
Total liabilities	$ 1,733,055	960		1,745,351	1,238	
Total equity	186,337	—		189,074	—	
Total liabilities and equity	$ 1,919,392	960		1,934,425	1,238	
Interest rate spread on a taxable-equivalent basis (3)			2.05 %			1.92 %
Net interest margin and net interest income on a taxable-equivalent basis (3)		$ 9,328	2.16 %		$ 8,915	2.05 %

(1) The average balance amounts represent amortized costs. The 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 $107 million for both quarters ended March 31, 2022 and 2021, predominantly related to tax-exempt income on certain loans and securities.

Noninterest Income

Table 2: Noninterest Income

(in millions)	Quarter ended Mar 31, 2022	2021	$ Change	% Change
Deposit-related fees	$ **1,473**	1,255	218	17 %
Lending-related fees	**342**	361	(19)	(5)
Investment advisory and other asset-based fees	**2,498**	2,756	(258)	(9)
Commissions and brokerage services fees	**537**	636	(99)	(16)
Investment banking fees	**447**	568	(121)	(21)
Card fees	**1,029**	949	80	8
Net servicing income	**154**	(99)	253	256
Net gains on mortgage loan originations/sales	**539**	1,425	(886)	(62)
Mortgage banking	**693**	1,326	(633)	(48)
Net gains from trading activities	**218**	348	(130)	(37)
Net gains from debt securities	**2**	151	(149)	(99)
Net gains from equity securities	**576**	392	184	47
Lease income	**327**	315	12	4
Other	**229**	667	(438)	(66)
Total	$ **8,371**	9,724	(1,353)	(14)

First quarter 2022 vs. first quarter 2021

Deposit-related fees increased driven by lower fee waivers and reversals as first quarter 2021 included various accommodations to support customers during the COVID-19 pandemic, as well as other temporary fee waivers.

In January 2022, we announced enhancements and changes to help our consumer customers avoid overdraft-related fees, which we began to implement in March 2022. We expect this will lower certain deposit-related fees for the remainder of 2022.

Investment advisory and other asset-based fees decreased reflecting:
- lower asset-based and trust fees due to divestitures in fourth quarter 2021;

partially offset by:
- higher market valuations on WIM advisory assets.

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 decreased driven by lower transactional revenue.

Investment banking fees decreased driven by lower debt and equity underwriting fees as a result of lower market activity.

Card fees increased reflecting higher interchange fees, net of rewards, driven by increased purchase and transaction volumes.

Net servicing income increased reflecting:
- lower amortization of the fair value mortgage servicing right (MSR) due to lower prepayment rates driven by increases in interest rates; and
- lower unreimbursed servicing costs due to fewer payoffs and favorable recoveries from loss mitigation activities;

partially offset by:
- lower contractually specified servicing fees due to a lower balance of loans serviced for others.

Net gains on mortgage loan originations/sales decreased driven by:
- lower residential mortgage held for sale (HFS) origination volumes and lower margins in our retail and correspondent production channels; and
- a shift in production to more correspondent loans, which have a lower production margin compared with retail loans.

For additional information on servicing income and net gains on mortgage loan originations/sales, see Note 9 (Mortgage Banking Activities) to Financial Statements in this Report.

Net gains from trading activities decreased reflecting:
- lower trading activity in residential mortgage-backed securities and high yield products;

partially offset by:
- higher foreign exchange, rates, and commodities trading revenue.

Net gains from debt securities decreased due to lower gains on sales of agency mortgage-backed securities (MBS) as a result of decreased sales volumes.

Net gains from equity securities increased reflecting:
- higher unrealized gains on nonmarketable equity securities driven by our affiliated venture capital and private equity businesses; and
- higher realized gains on the sales of equity securities;

partially offset by:
- higher impairment of equity securities.

Other income decreased due to:
- a gain on the sale of a portion of our student loan portfolio in first quarter 2021;
- higher losses due to growth in wind energy investments (offset by benefits and credits in income tax expense); and
- lower gains on the sales of certain residential mortgage loans which were reclassified to HFS.

Noninterest Expense

Table 3: Noninterest Expense

	Quarter ended Mar 31,			
(in millions)	**2022**	2021	$ Change	% Change
Personnel	$ **9,271**	9,558	(287)	(3)%
Technology, telecommunications and equipment	**876**	844	32	4
Occupancy	**722**	770	(48)	(6)
Operating losses	**673**	213	460	216
Professional and outside services	**1,286**	1,388	(102)	(7)
Leases (1)	**188**	226	(38)	(17)
Advertising and promotion	**99**	90	9	10
Restructuring charges	**5**	13	(8)	(62)
Other	**750**	887	(137)	(15)
Total	$ **13,870**	13,989	(119)	(1)

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

First quarter 2022 vs. first quarter 2021

Personnel expense decreased driven by:
- lower salaries as a result of reduced headcount driven by efficiency initiatives and divestitures; and
- lower incentive compensation expense.

Occupancy expense decreased driven by efficiency initiatives.

Operating losses increased driven by higher customer remediation expense related to expansions of the population of affected customers, remediation payments, and/or remediation time frames predominantly for a variety of historical matters.

Professional and outside services expense decreased driven by efficiency initiatives to reduce our spending on consultants and contractors.

Leases expense decreased driven by lower depreciation expense from a reduction in the size of our operating lease asset portfolio.

Other expenses decreased driven by:
- a write-down of goodwill in first quarter 2021 related to the sale of a portion of our student loan portfolio, and
- lower donation expense due to the donation of PPP processing fees in first quarter 2021;

partially offset by:
- higher pension plan settlement expense.

Income Tax Expense

Income tax expense was $707 million in first quarter 2022, compared with $901 million in the same period a year ago, driven by lower pre-tax income and net discrete income tax benefits primarily related to stock-based compensation. The effective income tax rate was 16.1% for first quarter 2022, compared with 16.3% for the same period a year ago.

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 4. 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 by our Chief Executive Officer and Operating Committee. The management reporting process is based on U.S. GAAP and includes specific adjustments, such as funds transfer pricing for asset/liability management, shared revenues 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. 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 4: Management Reporting Structure

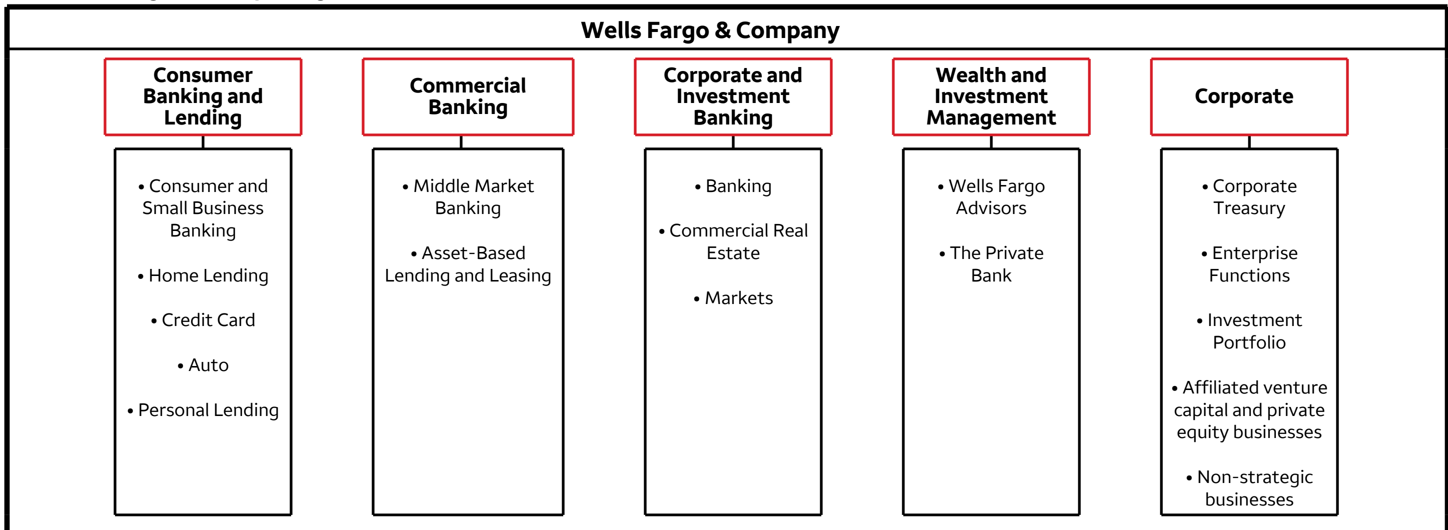


Table 5 and the following discussion present our results by reportable operating segment. For additional information, see Note 22 (Operating Segments) to Financial Statements in this Report.

Table 5: 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
Quarter ended March 31, 2022							
Net interest income	**$ 5,996**	**1,361**	**1,990**	**799**	**(818)**	**(107)**	**9,221**
Noninterest income	**2,567**	**966**	**1,480**	**2,958**	**806**	**(406)**	**8,371**
Total revenue	**8,563**	**2,327**	**3,470**	**3,757**	**(12)**	**(513)**	**17,592**
Provision for credit losses	**(190)**	**(344)**	**(196)**	**(37)**	**(20)**	**—**	**(787)**
Noninterest expense	**6,395**	**1,531**	**1,983**	**3,175**	**786**	**—**	**13,870**
Income (loss) before income tax expense (benefit)	**2,358**	**1,140**	**1,683**	**619**	**(778)**	**(513)**	**4,509**
Income tax expense (benefit)	**588**	**280**	**425**	**154**	**(227)**	**(513)**	**707**
Net income (loss) before noncontrolling interests	**1,770**	**860**	**1,258**	**465**	**(551)**	**—**	**3,802**
Less: Net income from noncontrolling interests	**—**	**3**	**—**	**—**	**128**	**—**	**131**
Net income (loss)	**$ 1,770**	**857**	**1,258**	**465**	**(679)**	**—**	**3,671**
Quarter ended March 31, 2021							
Net interest income	$ 5,615	1,254	1,779	657	(390)	(107)	8,808
Noninterest income	3,039	827	1,825	2,887	1,417	(271)	9,724
Total revenue	8,654	2,081	3,604	3,544	1,027	(378)	18,532
Provision for credit losses	(419)	(399)	(284)	(43)	97	—	(1,048)
Noninterest expense	6,267	1,630	1,833	3,028	1,231	—	13,989
Income (loss) before income tax expense (benefit)	2,806	850	2,055	559	(301)	(378)	5,591
Income tax expense (benefit)	702	212	500	140	(275)	(378)	901
Net income (loss) before noncontrolling interests	2,104	638	1,555	419	(26)	—	4,690
Less: Net income from noncontrolling interests	—	1	—	—	53	—	54
Net income (loss)	$ 2,104	637	1,555	419	(79)	—	4,636

(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.

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 5a and Table 5b provide additional information for Consumer Banking and Lending.

Table 5a: Consumer Banking and Lending – Income Statement and Selected Metrics

			Quarter ended Mar 31,	
($ in millions, unless otherwise noted)	2022	2021	$ Change	% Change
Income Statement				
Net interest income	$ 5,996	5,615	381	7 %
Noninterest income:				
Deposit-related fees	845	661	184	28
Card fees	961	892	69	8
Mortgage banking	654	1,259	(605)	(48)
Other	107	227	(120)	(53)
Total noninterest income	2,567	3,039	(472)	(16)
Total revenue	8,563	8,654	(91)	(1)
Net charge-offs	375	370	5	1
Change in the allowance for credit losses	(565)	(789)	224	28
Provision for credit losses	(190)	(419)	229	55
Noninterest expense	6,395	6,267	128	2
Income before income tax expense	2,358	2,806	(448)	(16)
Income tax expense	588	702	(114)	(16)
Net income	$ 1,770	2,104	(334)	(16)
Revenue by Line of Business				
Consumer and Small Business Banking	$ 5,071	4,550	521	11
Consumer Lending:				
Home Lending	1,490	2,227	(737)	(33)
Credit Card (1)	1,265	1,188	77	6
Auto	444	403	41	10
Personal Lending (1)	293	286	7	2
Total revenue	$ 8,563	8,654	(91)	(1)
Selected Metrics				
Consumer Banking and Lending:				
Return on allocated capital (2)	14.4%	17.2		
Efficiency ratio (3)	75	72		
Headcount (#) (period-end)	113,273	123,547		(8)
Retail bank branches (#)	4,705	4,944		(5)
Digital active customers (# in millions) (4)	33.7	32.9		2
Mobile active customers (# in millions) (4)	27.8	26.7		4
Consumer and Small Business Banking:				
Deposit spread (5)	1.6%	1.6		
Debit card purchase volume ($ in billions) (6)	$ 115.0	108.5	6.5	6
Debit card purchase transactions (# in millions) (6)	2,338	2,266		3

(continued on following page)

(continued from previous page)

($ in millions, unless otherwise noted)		2022	2021	Quarter ended Mar 31, $ Change	% Change
Home Lending:					
Mortgage banking:					
Net servicing income	$	**116**	(123)	239	194 %
Net gains on mortgage loan originations/sales		**538**	1,382	(844)	(61)
Total mortgage banking	$	**654**	1,259	(605)	(48)
Originations ($ in billions):					
Retail	$	**24.1**	33.6	(9.5)	(28)
Correspondent		**13.8**	18.2	(4.4)	(24)
Total originations	$	**37.9**	51.8	(13.9)	(27)
% of originations held for sale (HFS)		**51.4 %**	75.8		
Third-party mortgage loans serviced (period-end)($ in billions) (7)	$	**704.2**	801.0	(96.8)	(12)
Mortgage servicing rights (MSR) carrying value (period-end)		**8,511**	7,536	975	13
Ratio of MSR carrying value (period-end) to third-party mortgage loans serviced (period-end) (7)		**1.21 %**	0.94		
Home lending loans 30+ days delinquency rate (8)(9)(10)		**0.29**	0.56		
Credit Card: (1)					
Point of sale (POS) volume ($ in billions)	$	**26.0**	19.6	6.4	33
New accounts (# in thousands)		**484**	266		82
Credit card loans 30+ days delinquency rate (10)		**1.58 %**	2.13		
Auto:					
Auto originations ($ in billions)	$	**7.3**	7.0	0.3	4
Auto loans 30+ days delinquency rate (9)(10)		**1.68 %**	1.22		
Personal Lending: (1)					
New volume ($ in billions)	$	**2.6**	1.9	0.7	37

NM – Not meaningful
(1) In first quarter 2022, we transferred our Retail Services business from Credit Card to Personal Lending. Prior period balances have been revised to conform with the current period presentation.
(2) 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.
(3) Efficiency ratio is segment noninterest expense divided by segment total revenue (net interest income and noninterest income).
(4) 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.
(5) 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.
(6) Debit card purchase volume and transactions reflect combined activity for both consumer and business debit card purchases.
(7) Excludes residential mortgage loans subserviced for others.
(8) 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.
(9) Excludes nonaccrual loans.
(10) Beginning in second quarter 2020, customer payment deferral activities instituted in response to the COVID-19 pandemic may have delayed the recognition of delinquencies for those customers who would have otherwise moved into past due or nonaccrual status.

First quarter 2022 vs. first quarter 2021

Revenue decreased driven by:
- lower mortgage banking noninterest income due to lower HFS origination volumes and margins, partially offset by higher servicing income; and
- lower other income driven by lower gains on the sales of certain residential mortgage loans which were reclassified to held for sale;

partially offset by:
- higher net interest income reflecting higher interest rates and higher deposit balances, partially offset by lower loan balances;
- higher deposit-related fees primarily reflecting lower fee waivers and reversals as first quarter 2021 included various accommodations to support customers during the COVID-19 pandemic, as well as other temporary fee waivers; and
- higher card fees reflecting higher interchange fees, net of rewards, driven by increased purchase and transaction volumes.

Provision for credit losses reflected reduced uncertainty around the economic impact of the COVID-19 pandemic on our loan portfolios and increased uncertainty related to the risks of high inflation.

Noninterest expense increased driven by:
- higher operating losses due to higher customer remediation expense related to expansions of the population of affected customers, remediation payments, and/or remediation time frames predominantly for a variety of historical matters;

partially offset by:
- lower personnel expense driven by lower branch and operations staffing expense related to efficiency initiatives in Consumer and Small Business Banking, as well as lower revenue-related incentive compensation in Home Lending;
- lower occupancy expense and professional and outside services expense related to efficiency initiatives; and
- lower donation expense due to the donation of PPP processing fees in first quarter 2021.

Earnings Performance *(continued)*

Table 5b: Consumer Banking and Lending – Balance Sheet

	Quarter ended Mar 31,			
(in millions)	**2022**	2021	$ Change	% Change
Selected Balance Sheet Data (average)				
Loans by Line of Business:				
Consumer and Small Business Banking (1)	**$ 10,605**	20,137	(9,532)	(47)%
Consumer Lending:				
Home Lending	**213,714**	243,036	(29,322)	(12)
Credit Card (2)	**31,503**	28,891	2,612	9
Auto	**57,278**	49,518	7,760	16
Personal Lending (2)	**11,955**	11,499	456	4
Total loans	**$ 325,055**	353,081	(28,026)	(8)
Total deposits (1)	**881,339**	789,439	91,900	12
Allocated capital	**48,000**	48,000	—	—
Selected Balance Sheet Data (period-end)				
Loans by Line of Business:				
Consumer and Small Business Banking (1)	**$ 11,006**	20,820	(9,814)	(47)
Consumer Lending:				
Home Lending	**215,858**	230,478	(14,620)	(6)
Credit Card (2)	**31,974**	28,035	3,939	14
Auto	**57,652**	50,007	7,645	15
Personal Lending (2)	**12,068**	11,209	859	8
Total loans	**$ 328,558**	340,549	(11,991)	(4)
Total deposits (1)	**909,896**	837,765	72,131	9

(1) In first quarter 2022, we prospectively transferred certain customer accounts from the Commercial Banking operating segment to Small Business Banking in the Consumer Banking and Lending operating segment.
(2) In first quarter 2022, we transferred our Retail Services business from Credit Card to Personal Lending. Prior period balances have been revised to conform with the current period presentation.

First quarter 2022 vs. first quarter 2021

Total loans (average) decreased as paydowns exceeded originations in our Home Lending and Consumer and Small Business Banking businesses, partially offset by originations exceeding paydowns in our Auto and Credit Card businesses. Home Lending loan balances were impacted by the resecuritization of loans we purchased from GNMA loan securitization pools, as well as actions taken to suspend home equity originations. Consumer and Small Business Banking loan balances were impacted by a decline in PPP loans.

Total deposits (average and period-end) increased driven by higher levels of customer liquidity and savings reflecting an improved economic environment.

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 5c and Table 5d provide additional information for Commercial Banking.

Table 5c: Commercial Banking – Income Statement and Selected Metrics

		Quarter ended Mar 31,		
($ in millions)	**2022**	2021	$ Change	% Change
Income Statement				
Net interest income	**$ 1,361**	1,254	107	9 %
Noninterest income:				
Deposit-related fees	**328**	317	11	3
Lending-related fees	**121**	136	(15)	(11)
Lease income	**179**	174	5	3
Other	**338**	200	138	69
Total noninterest income	**966**	827	139	17
Total revenue	**2,327**	2,081	246	12
Net charge-offs	**(29)**	39	(68)	NM
Change in the allowance for credit losses	**(315)**	(438)	123	28
Provision for credit losses	**(344)**	(399)	55	14
Noninterest expense	**1,531**	1,630	(99)	(6)
Income before income tax expense	**1,140**	850	290	34
Income tax expense	**280**	212	68	32
Less: Net income from noncontrolling interests	**3**	1	2	200
Net income	**$ 857**	637	220	35
Revenue by Line of Business				
Middle Market Banking	**$ 1,246**	1,159	87	8
Asset-Based Lending and Leasing	**1,081**	922	159	17
Total revenue	**$ 2,327**	2,081	246	12
Revenue by Product				
Lending and leasing	**$ 1,255**	1,202	53	4
Treasury management and payments	**779**	721	58	8
Other	**293**	158	135	85
Total revenue	**$ 2,327**	2,081	246	12
Selected Metrics				
Return on allocated capital	**16.9 %**	12.3		
Efficiency ratio	**66**	78		
Headcount (#) (period-end)	**17,360**	20,486		(15)

NM – Not meaningful

First quarter 2022 vs. first quarter 2021

Revenue increased driven by:
- higher net interest income reflecting higher interest rates, as well as higher loan and deposit balances; and
- higher other noninterest income due to higher unrealized gains on equity securities and higher income from renewable energy investments.

Provision for credit losses reflected lower net charge-offs, reduced uncertainty around the economic impact of the COVID-19 pandemic on our loan portfolios, and increased uncertainty related to the risks of high inflation.

Noninterest expense decreased driven by:
- lower spending due to efficiency initiatives, including lower personnel expense from reduced headcount, as well as lower occupancy expense;
- lower lease expense driven by lower depreciation expense from a reduction in the size of our operating lease asset portfolio; and
- lower operating losses due to lower litigation expense and customer remediation expense.

Table 5d: Commercial Banking – Balance Sheet

			Quarter ended Mar 31,	
(in millions)	**2022**	2021	$ Change	% Change
Selected Balance Sheet Data (average)				
Loans:				
Commercial and industrial (1)	**$ 135,792**	120,929	14,863	12 %
Commercial real estate (1)	**45,053**	48,574	(3,521)	(7)
Lease financing and other	**13,550**	13,640	(90)	(1)
Total loans	**$ 194,395**	183,143	11,252	6
Loans by Line of Business:				
Middle Market Banking (1)	**$ 108,583**	104,379	4,204	4
Asset-Based Lending and Leasing	**85,812**	78,764	7,048	9
Total loans	**$ 194,395**	183,143	11,252	6
Total deposits (1)	**200,699**	189,364	11,335	6
Allocated capital	**19,500**	19,500	—	—
Selected Balance Sheet Data (period-end)				
Loans:				
Commercial and industrial (1)	**$ 140,932**	119,322	21,610	18
Commercial real estate (1)	**44,428**	47,832	(3,404)	(7)
Lease financing and other	**13,473**	13,534	(61)	—
Total loans	**$ 198,833**	180,688	18,145	10
Loans by Line of Business:				
Middle Market Banking (1)	**$ 110,258**	102,372	7,886	8
Asset-Based Lending and Leasing	**88,575**	78,316	10,259	13
Total loans	**$ 198,833**	180,688	18,145	10
Total deposits (1)	**195,549**	191,948	3,601	2

(1) In first quarter 2022, we prospectively transferred certain customer accounts from the Commercial Banking operating segment to Small Business Banking in the Consumer Banking and Lending operating segment.

First quarter 2022 vs. first quarter 2021

Total loans (average and period-end) increased driven by higher loan demand, including higher line utilization, and customer growth.

Total deposits (average and period-end) increased due to higher levels of customer liquidity and rising interest rates, partially offset by the transfer of certain customer accounts to the Consumer Banking and Lending operating segment in first quarter 2022.

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 5e and Table 5f provide additional information for Corporate and Investment Banking.

Table 5e: Corporate and Investment Banking – Income Statement and Selected Metrics

			Quarter ended Mar 31,	
($ in millions)	**2022**	2021	$ Change	% Change
Income Statement				
Net interest income	$ **1,990**	1,779	211	12 %
Noninterest income:				
Deposit-related fees	**293**	266	27	10
Lending-related fees	**185**	183	2	1
Investment banking fees	**462**	611	(149)	(24)
Net gains from trading activities	**228**	331	(103)	(31)
Other	**312**	434	(122)	(28)
Total noninterest income	**1,480**	1,825	(345)	(19)
Total revenue	**3,470**	3,604	(134)	(4)
Net charge-offs	**(31)**	37	(68)	NM
Change in the allowance for credit losses	**(165)**	(321)	156	49
Provision for credit losses	**(196)**	(284)	88	31
Noninterest expense	**1,983**	1,833	150	8
Income before income tax expense	**1,683**	2,055	(372)	(18)
Income tax expense	**425**	500	(75)	(15)
Net income	$ **1,258**	1,555	(297)	(19)
Revenue by Line of Business				
Banking:				
Lending	$ **521**	453	68	15
Treasury Management and Payments	**432**	370	62	17
Investment Banking	**331**	416	(85)	(20)
Total Banking	**1,284**	1,239	45	4
Commercial Real Estate	**995**	912	83	9
Markets:				
Fixed Income, Currencies, and Commodities (FICC)	**877**	1,144	(267)	(23)
Equities	**267**	252	15	6
Credit Adjustment (CVA/DVA) and Other	**25**	36	(11)	(31)
Total Markets	**1,169**	1,432	(263)	(18)
Other	**22**	21	1	5
Total revenue	$ **3,470**	3,604	(134)	(4)
Selected Metrics				
Return on allocated capital	**13.2 %**	17.6		
Efficiency ratio	**57**	51		
Headcount (#) (period-end)	**8,416**	8,249		2

NM – Not meaningful

First quarter 2022 vs. first quarter 2021

Revenue decreased driven by:
- lower investment banking fees due to lower debt and equity underwriting fees as a result of lower market activity;
- lower net gains from trading activities driven by lower client trading activity in residential mortgage-backed securities and high yield products, partially offset by higher foreign exchange, rates, and commodities trading revenue; and
- lower other noninterest income driven by lower commercial mortgage banking income due to lower gain on sale volumes and margins, partially offset by higher income in our low-income housing business;

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

Provision for credit losses reflected lower net charge-offs, reduced uncertainty around the economic impact of the COVID-19 pandemic on our loan portfolios, and increased uncertainty related to the risks of high inflation.

Noninterest expense increased driven by higher personnel expense due to higher incentive compensation expense.

Table 5f: Corporate and Investment Banking – Balance Sheet

	Quarter ended Mar 31,			
(in millions)	**2022**	2021	$ Change	% Change
Selected Balance Sheet Data (average)				
Loans:				
Commercial and industrial	$ **191,152**	162,290	28,862	18 %
Commercial real estate	**93,346**	83,858	9,488	11
Total loans	$ **284,498**	246,148	38,350	16
Loans by Line of Business:				
Banking	$ **102,485**	86,536	15,949	18
Commercial Real Estate	**126,248**	107,609	18,639	17
Markets	**55,765**	52,003	3,762	7
Total loans	$ **284,498**	246,148	38,350	16
Trading-related assets:				
Trading account securities	$ **115,687**	106,358	9,329	9
Reverse repurchase agreements/securities borrowed	**54,832**	63,965	(9,133)	(14)
Derivative assets	**26,244**	27,102	(858)	(3)
Total trading-related assets	$ **196,763**	197,425	(662)	—
Total assets	**551,404**	511,528	39,876	8
Total deposits	**169,181**	194,501	(25,320)	(13)
Allocated capital	**36,000**	34,000	2,000	6
Selected Balance Sheet Data (period-end)				
Loans:				
Commercial and industrial	$ **194,201**	163,808	30,393	19
Commercial real estate	**96,426**	84,836	11,590	14
Total loans	$ **290,627**	248,644	41,983	17
Loans by Line of Business:				
Banking	$ **107,081**	88,042	19,039	22
Commercial Real Estate	**129,375**	108,508	20,867	19
Markets	**54,171**	52,094	2,077	4
Total loans	$ **290,627**	248,644	41,983	17
Trading-related assets:				
Trading account securities	$ **113,763**	100,586	13,177	13
Reverse repurchase agreements/securities borrowed	**57,579**	71,282	(13,703)	(19)
Derivative assets	**26,695**	24,228	2,467	10
Total trading-related assets	$ **198,037**	196,096	1,941	1
Total assets	**564,976**	512,045	52,931	10
Total deposits	**168,467**	188,920	(20,453)	(11)

First quarter 2022 vs. first quarter 2021

Total assets (average and period-end) increased reflecting higher loan balances driven by growth in commercial loan originations and usage of lines of credit due to increased corporate spending.

Total deposits (average and period-end) decreased reflecting continued actions to manage under the asset cap.

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 5g and Table 5h provide additional information for Wealth and Investment Management.

Table 5g: Wealth and Investment Management

($ in millions, unless otherwise noted)	2022	2021	$ Change	% Change
	Quarter ended Mar 31,			
Income Statement				
Net interest income	$ **799**	657	142	22 %
Noninterest income:				
Investment advisory and other asset-based fees	**2,476**	2,306	170	7
Commissions and brokerage services fees	**454**	555	(101)	(18)
Other	**28**	26	2	8
Total noninterest income	**2,958**	2,887	71	2
Total revenue	**3,757**	3,544	213	6
Net charge-offs	**(4)**	—	(4)	NM
Change in the allowance for credit losses	**(33)**	(43)	10	23
Provision for credit losses	**(37)**	(43)	6	14
Noninterest expense	**3,175**	3,028	147	5
Income before income tax expense	**619**	559	60	11
Income tax expense	**154**	140	14	10
Net income	$ **465**	419	46	11
Selected Metrics				
Return on allocated capital	**21.0 %**	18.9		
Efficiency ratio	**85**	85		
Headcount (#) (period-end)	**25,165**	27,993		(10)
Advisory assets ($ in billions)	$ **912**	885	27	3
Other brokerage assets and deposits ($ in billions)	**1,168**	1,177	(9)	(1)
Total client assets ($ in billions)	$ **2,080**	2,062	18	1
Annualized revenue per advisor ($ in thousands) (1)	**1,221**	1,058	163	15
Total financial and wealth advisors (#) (period-end)	**12,250**	13,277		(8)
Selected Balance Sheet Data (average)				
Total loans	$ **84,765**	80,839	3,926	5
Total deposits	**185,814**	173,678	12,136	7
Allocated capital	**8,750**	8,750	—	—
Selected Balance Sheet Data (period-end)				
Total loans	$ **84,688**	81,175	3,513	4
Total deposits	**183,727**	175,999	7,728	4

NM – Not meaningful
(1) Represents annualized segment total revenue divided by average total financial and wealth advisors for the period.

First quarter 2022 vs. first quarter 2021

Revenue increased driven by:
- higher investment advisory and other asset-based fees due to higher market valuations on WIM advisory assets; and
- higher net interest income reflecting higher interest rates, as well as higher deposit and loan balances;

partially offset by:
- lower commissions and brokerage services fees due to lower transactional revenue.

Noninterest expense increased driven by higher personnel expense due to higher revenue-related compensation expense.

Total loans (average) increased due to higher securities-based loan balances.

Total deposits (average) increased due to higher levels of customer liquidity.

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 5h 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 first quarter 2022 and 2021, the average fee rate by account type ranged from 50 to 120 basis points.

Table 5h: WIM Advisory Assets

					Quarter ended
(in billions)	Balance, beginning of period	Inflows (1)	Outflows (2)	Market impact (3)	Balance, end of period
March 31, 2022					
Client-directed (4)	**$ 205.6**	**8.8**	**(10.2)**	**(10.5)**	**193.7**
Financial advisor-directed (5)	**255.5**	**12.6**	**(9.9)**	**(11.0)**	**247.2**
Separate accounts (6)	**203.3**	**7.5**	**(7.0)**	**(11.0)**	**192.8**
Mutual fund advisory (7)	**102.1**	**3.2**	**(4.0)**	**(6.2)**	**95.1**
Total Wells Fargo Advisors	**$ 766.5**	**32.1**	**(31.1)**	**(38.7)**	**728.8**
The Private Bank (8)	**198.0**	**7.4**	**(11.7)**	**(10.1)**	**183.6**
Total WIM advisory assets	**$ 964.5**	**39.5**	**(42.8)**	**(48.8)**	**912.4**
March 31, 2021					
Client-directed (4)	$ 186.3	10.6	(9.8)	5.6	192.7
Financial advisor-directed (5)	211.0	12.3	(9.0)	9.1	223.4
Separate accounts (6)	174.6	8.5	(7.0)	7.0	183.1
Mutual fund advisory (7)	91.4	4.0	(3.5)	2.8	94.7
Total Wells Fargo Advisors	$ 663.3	35.4	(29.3)	24.5	693.9
The Private Bank (8)	189.4	8.9	(12.5)	5.7	191.5
Total WIM advisory assets	$ 852.7	44.3	(41.8)	30.2	885.4

(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 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 affiliated venture capital and private equity businesses. In addition, Corporate includes all restructuring charges related to our efficiency initiatives. See Note 19 (Restructuring Charges) to Financial Statements in this Report for additional information on restructuring charges. 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. Table 5i and Table 5j provide additional information for Corporate.

Table 5i: Corporate – Income Statement and Selected Metrics

			Quarter ended Mar 31,	
($ in millions, unless otherwise noted)	**2022**	2021	$ Change	% Change
Income Statement				
Net interest income	**$ (818)**	(390)	(428)	NM
Noninterest income	**806**	1,417	(611)	(43)%
Total revenue	**(12)**	1,027	(1,039)	NM
Net charge-offs	**(6)**	77	(83)	NM
Change in the allowance for credit losses	**(14)**	20	(34)	NM
Provision for credit losses	**(20)**	97	(117)	NM
Noninterest expense	**786**	1,231	(445)	(36)
Loss before income tax benefit	**(778)**	(301)	(477)	NM
Income tax benefit	**(227)**	(275)	48	17
Less: Net income from noncontrolling interests (1)	**128**	53	75	142
Net loss	**$ (679)**	(79)	(600)	NM
Selected Metrics				
Headcount (#) (period-end)	**82,363**	84,238		(2)

NM – Not meaningful
(1) Reflects results attributable to noncontrolling interests predominantly associated with the Company's consolidated venture capital investments.

First quarter 2022 vs. first quarter 2021

Revenue decreased driven by:
- lower net interest income due to higher deposit crediting rates paid to the operating segments, as well as the sales of our student loan portfolio and our Corporate Trust Services business in 2021;
- lower investment advisory and other asset-based fees due to divestitures in fourth quarter 2021;
- a gain on the sale of a portion of our student loan portfolio in first quarter 2021; and
- lower gains from debt securities due to lower gains on sales of agency MBS as a result of decreased sales volumes;

partially offset by:
- higher unrealized gains on nonmarketable equity securities from our affiliated venture capital and private equity businesses and higher realized gains on the sales of equity securities, partially offset by higher impairment.

Provision for credit losses reflected lower net charge-offs.

Noninterest expense decreased due to:
- the impact of business divestitures; and
- a write-down of goodwill in first quarter 2021 related to the sale of a portion of our student loan portfolio.

Corporate includes our rail car leasing business, which had long-lived operating lease assets (as a lessor) of $5.0 billion, which was net of $2.2 billion of accumulated depreciation, as of March 31, 2022. The average age of our rail cars is 22 years and the rail cars are typically leased under short-term leases of 3 to 5 years. Our three largest concentrations, which represented 55% of our rail car fleet as of March 31, 2022, were rail cars used for the transportation of agricultural grain, coal, and cement/sand products. Impairment may result 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) to Financial Statements in our 2021 Form 10-K.

As of March 31, 2022, we completed the transition of substantially all of the assets under management and assets under administration for Institutional Retirement and Trust client assets to the buyer pursuant to a transition services agreement.

Table 5j: Corporate – Balance Sheet

			Quarter ended Mar 31,	
(in millions)	**2022**	2021	$ Change	% Change
Selected Balance Sheet Data (average)				
Cash, cash equivalents, and restricted cash	**$ 178,747**	222,799	(44,052)	(20)%
Available-for-sale debt securities	**156,756**	200,421	(43,665)	(22)
Held-to-maturity debt securities	**275,510**	217,346	58,164	27
Equity securities	**15,760**	10,904	4,856	45
Total loans	**9,292**	10,228	(936)	(9)
Total assets	**687,341**	727,628	(40,287)	(6)
Total deposits	**27,039**	46,490	(19,451)	(42)
Selected Balance Sheet Data (period-end)				
Cash, cash equivalents, and restricted cash	**$ 175,201**	257,887	(82,686)	(32)
Available-for-sale debt securities	**157,164**	188,724	(31,560)	(17)
Held-to-maturity debt securities	**277,965**	231,352	46,613	20
Equity securities	**16,137**	11,093	5,044	45
Total loans	**9,101**	10,516	(1,415)	(13)
Total assets	**682,912**	753,899	(70,987)	(9)
Total deposits	**23,715**	42,487	(18,772)	(44)

First quarter 2022 vs. first quarter 2021

Total assets (average and period-end) decreased due to:
- a decrease in cash, cash equivalents, and restricted cash managed by corporate treasury as a result of an increase in loans and a decrease in long-term debt and short-term borrowings, partially offset by an increase in deposits from the operating segments;
- a decline in available-for-sale debt securities related to portfolio rebalancing to manage liquidity and interest rate risk; and
- a decline in loans as a result of the sale of our student loan portfolio in 2021;

partially offset by:
- an increase in held-to-maturity debt securities related to portfolio rebalancing to manage liquidity and interest rate risk; and
- an increase in equity securities related to our affiliated venture capital business.

Total deposits (average and period-end) decreased reflecting actions taken to manage under the asset cap.

Balance Sheet Analysis

At March 31, 2022, our assets totaled $1.94 trillion, down $8.4 billion from December 31, 2021.

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 6: Available-for-Sale and Held-to-Maturity Debt Securities

				March 31, 2022				December 31, 2021
($ in millions)	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)	173,118	(4,682)	168,436	5.9	175,463	1,781	177,244	5.2
Held-to-maturity (3)	280,808	(16,167)	264,641	7.6	272,022	364	272,386	6.3
Total	$ 453,926	(20,849)	433,077	n/a	447,485	2,145	449,630	n/a

(1) Represents amortized cost of the securities, net of the allowance for credit losses of $9 million and $8 million related to available-for-sale debt securities and $84 million and $96 million related to held-to-maturity debt securities at March 31, 2022 and December 31, 2021, respectively.
(2) Available-for-sale debt securities are carried on the consolidated balance sheet at fair value.
(3) Held-to-maturity debt securities are carried on the consolidated balance sheet at amortized cost, net of the allowance for credit losses.

Table 6 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 2021 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 increased from December 31, 2021. We continued to purchase AFS and HTM debt securities, including HTM debt securities through securitizations of LHFS, which more than offset portfolio runoff and AFS debt security sales. In addition, we transferred $14.7 billion of AFS debt securities to HTM debt securities in first quarter 2022 due to actions taken to reposition the overall portfolio for capital management purposes.

The total net unrealized gains (losses) on AFS and HTM debt securities decreased from December 31, 2021, driven by higher interest rates and wider credit spreads.

At March 31, 2022, 98% 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.

Loan Portfolios

Table 7 provides a summary of total outstanding loans by portfolio segment. Commercial loans increased from December 31, 2021, predominantly due to an increase in the commercial and industrial loan portfolio, driven by higher loan demand resulting in increased originations and loan draws, partially offset by paydowns. Consumer loans increased from December 31, 2021, predominantly driven by an increase in the residential mortgage – first lien portfolio due to loan originations of $18.4 billion, partially offset by loan paydowns and the transfer of first lien mortgage loans to loans held for sale (LHFS), substantially all of which related to the sales of loans purchased from GNMA loan securitization pools in prior periods.

Table 7: Loan Portfolios

(in millions)		March 31, 2022	December 31, 2021
Commercial	$	**526,714**	513,120
Consumer		**385,093**	382,274
Total loans	$	**911,807**	895,394
Change from prior year-end	$	**16,413**	7,757

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 4 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

See the "Balance Sheet Analysis – Loan Portfolios" section in our 2021 Form 10-K for additional information regarding contractual loan maturities and the distribution of loans to changes in interest rates.

Deposits

Deposits decreased from December 31, 2021, reflecting:

- lower interest-bearing demand deposits driven by the transition of client assets related to the sale of trust deposits, and
- actions taken to manage under the asset cap resulting in declines in time deposits, such as brokered certificates of deposit (CDs);

partially offset by:

- higher savings deposits driven by seasonality for items such as income tax refunds.

Table 8 provides additional information regarding deposits. 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.

Table 8: Deposits

($ in millions)	Mar 31, 2022	% of total deposits	Dec 31, 2021	% of total deposits	% Change
Noninterest-bearing demand deposits	$ 529,957	36 %	$ 527,748	36 %	—
Interest-bearing demand deposits	457,238	31	465,887	31	(2)
Savings deposits	447,096	30	439,600	30	2
Time deposits	26,089	2	29,461	2	(11)
Interest-bearing deposits in non-U.S. offices	20,974	1	19,783	1	6
Total deposits	$ 1,481,354	100 %	$ 1,482,479	100 %	—

Off-Balance Sheet Arrangements

In the ordinary course of business, we engage in financial transactions that are not recorded on the consolidated balance sheet, or may be recorded on the consolidated balance sheet in amounts that are different from the full contract or notional amount of the transaction. Our off-balance sheet arrangements include commitments to lend and purchase debt and equity securities, transactions with unconsolidated entities, guarantees, 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.

Commitments to Lend

We enter into commitments to lend to customers, which are usually at a stated interest rate, if funded, and for specific purposes and time periods. When we enter into commitments, we are exposed to credit risk. The maximum credit risk for these commitments will generally be lower than the contractual amount because a significant portion of these commitments are not funded. For additional information, see Note 4 (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 8 (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 11 (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 11 (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 the 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 the 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 14 (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. We continue to monitor our business, including our loan portfolios, for potential direct, indirect, and macro-economic impacts stemming from the conflict in Ukraine and any associated economic sanctions.

For additional information about how we manage risk, see the "Risk Management" section in our 2021 Form 10-K. The discussion that follows supplements our discussion of the management of certain risks contained in the "Risk Management" section in our 2021 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 loans, debt securities, and certain derivatives.

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, Credit Risk, which is part of Independent Risk Management, has oversight responsibility for credit risk. 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 9 presents our total loans outstanding by portfolio segment and class of financing receivable.

Table 9: Total Loans Outstanding by Portfolio Segment and Class of Financing Receivable

(in millions)	Mar 31, 2022	Dec 31, 2021
Commercial:		
Commercial and industrial	$ 362,137	350,436
Real estate mortgage	129,495	127,733
Real estate construction	20,613	20,092
Lease financing	14,469	14,859
Total commercial	526,714	513,120
Consumer:		
Residential mortgage – first lien	245,242	242,270
Residential mortgage – junior lien	15,392	16,618
Credit card	38,639	38,453
Auto	57,083	56,659
Other consumer	28,737	28,274
Total consumer	385,093	382,274
Total loans	$ 911,807	895,394

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 Credit quality in first quarter 2022 reflected:

- Nonaccrual loans were $6.9 billion at March 31, 2022, down from $7.2 billion at December 31, 2021. Commercial nonaccrual loans decreased to $2.0 billion at March 31, 2022, compared with $2.4 billion at December 31, 2021, and consumer nonaccrual loans increased to $4.9 billion at March 31, 2022, compared with $4.8 billion at December 31, 2021. Nonaccrual loans represented 0.75% of total loans at March 31, 2022, compared with 0.81% at December 31, 2021.
- Net loan charge-offs (recoveries) as a percentage of our average commercial and consumer loan portfolios were (0.02)% and 0.35%, respectively, in first quarter 2022, compared with 0.13% and 0.37%, respectively, in first quarter 2021.
- Loans that are not government insured/guaranteed and 90 days or more past due and still accruing were $267 million and $409 million in our commercial and consumer portfolios, respectively, at March 31, 2022, compared with $235 million and $424 million at December 31, 2021.
- Our provision for credit losses for loans was $(775) million in first quarter 2022, compared with $(1.1) billion in first quarter 2021.
- The ACL for loans decreased to $12.7 billion, or 1.39% of total loans, at March 31, 2022, compared with $13.8 billion, or 1.54%, at December 31, 2021.

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

Significant Loan Portfolio Reviews Measuring and monitoring our credit risk is an ongoing process that tracks delinquencies, collateral values, Fair Isaac Corporation (FICO) scores, economic trends by geographic areas, loan-level risk grading for certain portfolios (typically commercial) and other indications of credit risk. 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 4 (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 $11.8 billion of the commercial and industrial loans and lease financing portfolio internally classified as criticized in accordance with regulatory guidance at March 31, 2022, compared with $13.0 billion at December 31, 2021. The change was driven by decreases in the real estate and construction, technology, telecom and media, oil, gas and pipelines, and retail industries, as these industries continue to recover from the effects of the COVID-19 pandemic.

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 increased at March 31, 2022, compared with December 31, 2021, driven by higher loan demand resulting in increased originations and loan draws, partially offset by paydowns. Table 10 provides our commercial and industrial loans and lease financing by industry. The industry categories are based on the North American Industry Classification System.

Table 10: Commercial and Industrial Loans and Lease Financing by Industry

	March 31, 2022				December 31, 2021			
($ in millions)	**Nonaccrual loans**	**Total portfolio**	**% of total loans**	**Total commitments (1)**	Nonaccrual loans	Total portfolio	% of total loans	Total commitments (1)
Financials except banks	**$ 59**	**140,267**	**15%**	**$ 243,673**	$ 104	142,283	16%	$ 236,435
Technology, telecom and media	**63**	**24,382**	**3**	**61,899**	64	23,345	3	63,551
Real estate and construction	**72**	**24,961**	**3**	**56,783**	78	25,035	3	56,278
Equipment, machinery and parts manufacturing	**17**	**19,763**	**2**	**44,640**	24	18,130	2	43,778
Retail	**21**	**17,529**	**2**	**40,651**	27	17,645	2	41,447
Materials and commodities	**28**	**16,141**	**2**	**38,491**	32	14,684	2	36,704
Food and beverage manufacturing	**6**	**14,935**	**2**	**31,794**	7	13,242	1	30,903
Health care and pharmaceuticals	**25**	**13,279**	**1**	**29,827**	24	12,847	1	29,057
Oil, gas and pipelines	**85**	**8,447**	*****	**29,626**	197	8,828	*	29,010
Auto related	**22**	**10,762**	**1**	**26,051**	31	10,629	1	25,772
Commercial services	**69**	**10,632**	**1**	**25,284**	78	10,492	1	24,804
Utilities	**78**	**8,303**	*****	**24,429**	77	6,982	*	22,428
Diversified or miscellaneous	**21**	**8,233**	*****	**20,103**	3	7,493	*	19,395
Entertainment and recreation	**43**	**11,438**	**1**	**19,426**	23	9,907	1	17,943
Insurance and fiduciaries	**1**	**4,366**	*****	**18,879**	1	3,387	*	17,521
Banks	**—**	**18,336**	**2**	**18,829**	—	16,178	2	16,615
Transportation services	**246**	**8,116**	*****	**15,173**	288	8,162	*	14,775
Agribusiness	**32**	**6,058**	*****	**11,642**	35	6,086	*	11,701
Government and education	**4**	**5,717**	*****	**11,230**	5	5,863	*	11,358
Other (2)	**24**	**4,941**	*****	**20,821**	30	4,077	*	20,112
Total	**$ 916**	**376,606**	**41%**	**$ 789,251**	$ 1,128	365,295	41%	$ 769,587

* 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 11 (Guarantees and Other Commitments) to Financial Statements in this Report.
(2) No other single industry had total loans in excess of $3.0 billion and $3.1 billion at March 31, 2022, and December 31, 2021, respectively.

Table 10a 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 10a: Financials Except Banks Industry Category

	March 31, 2022				December 31, 2021			
($ in millions)	**Nonaccrual loans**	**Total portfolio**	**% of total loans**	**Total commitments (1)**	Nonaccrual loans	Total portfolio	% of total loans	Total commitments (1)
Asset managers and funds (2)	**$ 1**	**59,404**	**6 %**	**$ 102,214**	$ 1	60,518	7 %	$ 101,311
Commercial finance (3)	**39**	**44,665**	**5**	**73,162**	82	46,043	5	69,941
Real estate finance (4)	**9**	**23,978**	**3**	**41,583**	9	23,231	3	38,003
Consumer finance (5)	**10**	**12,220**	**1**	**26,714**	12	12,491	1	27,180
Total	**$ 59**	**140,267**	**15%**	**$ 243,673**	$ 104	142,283	16%	$ 236,435

(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 11 (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; and includes collateralized loan obligations (CLOs) in loan form, all of which were rated AA or above, of $7.8 billion and $8.1 billion at March 31, 2022, and December 31, 2021, respectively.
(4) Includes originators or servicers of financial assets collateralized by commercial or residential real estate loans.
(5) Includes originators or servicers of financial assets collateralized by consumer loans such as auto loans and leases, and credit cards.

Our commercial and industrial loans and lease financing portfolio also included non-U.S. loans of $81.1 billion and $78.0 billion at March 31, 2022, and December 31, 2021, respectively. Significant industry concentrations of non-U.S. loans at March 31, 2022, and December 31, 2021, respectively, included:

- $46.3 billion and $46.7 billion in the financials except banks category;
- $18.0 billion and $15.9 billion in the banks category; and
- $1.5 billion and $1.7 billion in the oil, gas and pipelines category.

COMMERCIAL REAL ESTATE (CRE) We generally subject CRE loans to individual risk assessment using our internal borrower and collateral quality ratings. We had $12.0 billion of CRE mortgage loans classified as criticized at March 31, 2022, compared with $13.1 billion at December 31, 2021, and $1.7 billion of CRE construction loans classified as criticized at both March 31, 2022 and December 31, 2021. The decrease in criticized CRE mortgage loans was driven by the hotel/motel, retail (excluding shopping center) and shopping center property types as these property types continued to recover from the economic impacts of the COVID-19 pandemic. The credit quality of certain property types within our CRE loan portfolio, such as office buildings, could continue to be adversely affected due to uncertainty in their recovery from the economic impacts of the COVID-19 pandemic.

The total CRE loan portfolio increased $2.3 billion from December 31, 2021, predominantly driven by an increase in mixed use properties and apartments property types. The CRE loan portfolio included $8.6 billion of non-U.S. CRE loans at March 31, 2022. The portfolio is diversified both geographically and by property type. The largest geographic concentrations of CRE loans are in California, New York, Texas, and Florida, which represented a combined 48% of the total CRE portfolio. The largest property type concentrations are office buildings at 24% and apartments at 22% of the portfolio.

Table 11 summarizes CRE loans by state and property type with the related nonaccrual totals at March 31, 2022.

Table 11: CRE Loans by State and Property Type

							March 31, 2022
	Real estate mortgage		Real estate construction		Total		
($ in millions)	Nonaccrual loans	Total portfolio	Nonaccrual loans	Total portfolio	Nonaccrual loans	Total portfolio	% of total loans
By state:							
California	$ 175	30,403	1	3,840	176	34,243	4 %
New York	129	13,364	—	2,072	129	15,436	2
Texas	49	10,884	—	1,202	49	12,086	1
Florida	37	9,172	1	1,248	38	10,420	1
Washington	84	4,020	—	1,399	84	5,419	*
Georgia	12	4,719	—	412	12	5,131	*
Arizona	38	4,622	—	414	38	5,036	*
North Carolina	3	3,989	—	682	3	4,671	*
Illinois	16	3,654	—	553	16	4,207	*
New Jersey	23	2,705	—	924	23	3,629	*
Other (1)	467	41,963	2	7,867	469	49,830	5
Total	$ 1,033	129,495	4	20,613	1,037	150,108	16 %
By property:							
Office buildings	$ 130	33,476	—	3,075	130	36,551	4 %
Apartments	13	26,317	—	7,184	13	33,501	4
Industrial/warehouse	70	16,047	—	1,882	70	17,929	2
Hotel/motel	200	10,897	—	1,542	200	12,439	1
Retail (excluding shopping center)	115	12,198	2	110	117	12,308	1
Shopping center	342	9,438	—	857	342	10,295	1
Institutional	38	5,385	1	2,501	39	7,886	*
Mixed use properties	71	6,341	—	1,162	71	7,503	*
Collateral pool	—	3,371	—	232	—	3,603	*
Storage facility	—	2,390	—	139	—	2,529	*
Other	54	3,635	1	1,929	55	5,564	*
Total	$ 1,033	129,495	4	20,613	1,037	150,108	16 %

* Less than 1%.
(1) Includes 40 states; no state in Other had loans in excess of $3.6 billion.

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 March 31, 2022, non-U.S. loans totaled $90.0 billion, representing approximately 10% of our total consolidated loans outstanding, compared with $86.9 billion, or approximately 10% of our total consolidated loans outstanding, at December 31, 2021. Non-U.S. loans were approximately 5% and 4% of our total consolidated assets at March 31, 2022, and December 31, 2021, 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 the 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 the borrower's primary address.

Our largest single country exposure outside the U.S. at March 31, 2022, was the United Kingdom, which totaled $40.2 billion, or approximately 2% of our total assets, and included $9.6 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 12 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 12:

- Lending and deposits exposure includes outstanding loans, unfunded credit commitments, 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 12: Select Country Exposures

									March 31, 2022
	Lending and deposits		Securities		Derivatives and other		Total exposure		
($ in millions)	Sovereign	Non-sovereign	Sovereign	Non-sovereign	Sovereign	Non-sovereign	Sovereign	Non-sovereign (1)	Total
Top 20 country exposures:									
United Kingdom	$ 9,561	26,111	—	1,087	1	3,451	9,562	30,649	40,211
Canada	1	18,295	27	163	14	480	42	18,938	18,980
Cayman Islands	—	7,472	—	—	—	144	—	7,616	7,616
Luxembourg	—	5,906	—	51	—	101	—	6,058	6,058
Ireland	559	5,121	—	249	—	63	559	5,433	5,992
Japan	3,604	1,129	—	95	—	73	3,604	1,297	4,901
Guernsey	—	3,885	—	1	—	72	—	3,958	3,958
China	—	3,206	1	128	337	33	338	3,367	3,705
Bermuda	—	3,511	—	35	—	52	—	3,598	3,598
France	126	2,934	—	151	351	36	477	3,121	3,598
Germany	—	2,973	—	29	—	208	—	3,210	3,210
South Korea	—	2,452	(1)	181	6	15	5	2,648	2,653
Netherlands	—	2,156	—	91	—	81	—	2,328	2,328
Switzerland	—	1,595	—	(8)	—	171	—	1,758	1,758
Chile	—	1,673	—	2	—	2	—	1,677	1,677
India	—	1,467	—	103	—	—	—	1,570	1,570
Australia	—	1,305	—	228	—	14	—	1,547	1,547
United Arab Emirates	—	1,375	—	45	—	—	—	1,420	1,420
Brazil	—	1,171	—	(1)	85	—	85	1,170	1,255
Norway	—	1,141	—	24	—	7	—	1,172	1,172
Total top 20 country exposures	$ 13,851	94,878	27	2,654	794	5,003	14,672	102,535	117,207

(1) Total non-sovereign exposure comprised $54.3 billion exposure to financial institutions and $48.2 billion to non-financial corporations at March 31, 2022.

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 94% of the total residential mortgage loan portfolio at both March 31, 2022, and December 31, 2021.

The outstanding balance of residential mortgage lines of credit was $21.2 billion at March 31, 2022. The unfunded credit commitments for these lines of credit totaled $42.9 billion at March 31, 2022.

The residential mortgage loan portfolio includes some loans with adjustable-rate features and some with an interest-only feature as part of the loan terms. Interest-only loans were approximately 3% of total loans at both March 31, 2022, and December 31, 2021. We believe our origination process appropriately addresses our adjustable-rate mortgage (ARM) reset risk across our residential mortgage loans and our ACL for loans considers this risk. 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. For additional information on our residential mortgage loan portfolio, see the "Risk Management – Credit Risk Management – Residential Mortgage Loans" section in our 2021 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 appraisals, AVMs, and our policy for their use, see Note 4 (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 2021 Form 10-K.

Part of our credit monitoring includes tracking delinquency, current FICO 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 4 (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 the "Risk Management – Credit Risk Management – Residential Mortgage Loans" section in our 2021 Form 10-K. Customer payment deferral activities instituted in response to the COVID-19 pandemic could continue to delay the recognition of delinquencies. For information on customer accommodations, including loan modifications, in response to the COVID-19 pandemic, see the "Risk Management – Credit Risk Management – COVID-Related Lending Accommodations" section in our 2021 Form 10-K.

Residential Mortgage – First Lien Portfolio Our residential mortgage – first lien portfolio increased $3.0 billion from December 31, 2021, driven by originations of $18.4 billion, partially offset by loan paydowns and the transfer of $2.8 billion of first lien mortgage loans to loans held for sale (LHFS), substantially all of which related to the sales of loans purchased from GNMA loan securitization pools in prior periods.

Table 13 shows certain delinquency and loss information for the residential mortgage – first lien portfolio and lists the top five states by outstanding balance.

Table 13: Residential Mortgage – First Lien Portfolio Performance

	Outstanding balance		% of total loans		% of loans 30 days or more past due		Net loan charge-off rate quarter ended (1)(2)	
($ in millions)	**Mar 31, 2022**	Dec 31, 2021	**Mar 31, 2022**	Dec 31, 2021	**Mar 31, 2022**	Dec 31, 2021	**Mar 31, 2022**	Dec 31, 2021
California (3)	**$ 104,552**	100,933	**11.47 %**	11.27	**0.76**	0.95	**(0.01)**	0.01
New York	**30,498**	30,039	**3.34**	3.35	**1.01**	1.34	**(0.03)**	0.50
New Jersey	**10,184**	10,205	**1.12**	1.14	**1.55**	1.95	**0.01**	0.40
Florida	**10,077**	9,978	**1.11**	1.11	**1.60**	1.93	**(0.06)**	0.64
Washington	**9,097**	8,636	**1.00**	0.96	**0.36**	0.47	**—**	0.02
Other (4)	**70,264**	69,321	**7.71**	7.74	**1.17**	1.48	**0.01**	0.25
Total	**234,672**	229,112	**25.75**	25.57	**0.97**	1.23	**—**	0.18
Government insured/guaranteed loans (5)	**10,570**	13,158	**1.16**	1.47				
Total first lien mortgage portfolio	**$ 245,242**	242,270	**26.91**	27.04				

(1) Quarterly net charge-offs as a percentage of average respective loans are annualized.
(2) The net loan charge-off rate for the quarter ended December 31, 2021, includes $120 million of loan charge-offs related to a change in practice to fully charge-off certain delinquent legacy residential mortgage loans.
(3) 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.
(4) Consists of 45 states; no state in Other had loans in excess of $7.3 billion and $7.2 billion at March 31, 2022, and December 31, 2021, respectively.
(5) Represents loans, substantially all of which were repurchased from 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.

Residential Mortgage – Junior Lien Portfolio Our residential mortgage – junior lien portfolio decreased $1.2 billion from December 31, 2021, driven by loan paydowns.

Table 14 shows certain delinquency and loss information for the residential mortgage – junior lien portfolio and lists the top five states by outstanding balance.

Table 14: Residential Mortgage – Junior Lien Portfolio Performance

	Outstanding balance		% of total loans		% of loans 30 days or more past due		Net loan charge-off rate quarter ended (1)(2)	
($ in millions)	**Mar 31, 2022**	Dec 31, 2021	**Mar 31, 2022**	Dec 31, 2021	**Mar 31, 2022**	Dec 31, 2021	**Mar 31, 2022**	Dec 31, 2021
California	**$ 3,984**	4,310	**0.44 %**	0.48	**3.23**	3.52	**(0.48)**	(0.24)
New Jersey	**1,625**	1,728	**0.18**	0.19	**2.98**	2.98	**(0.11)**	0.54
Florida	**1,396**	1,533	**0.15**	0.17	**2.33**	2.54	**(0.59)**	0.87
Pennsylvania	**972**	1,039	**0.11**	0.12	**2.16**	2.19	**—**	0.12
New York	**913**	975	**0.10**	0.11	**3.82**	4.05	**(0.22)**	2.71
Other (3)	**6,502**	7,033	**0.71**	0.79	**2.40**	2.25	**(0.59)**	(0.11)
Total junior lien mortgage portfolio	**$ 15,392**	16,618	**1.69 %**	1.86	**2.74**	2.91	**(0.46)**	0.19

(1) Quarterly net charge-offs as a percentage of average respective loans are annualized.
(2) The net loan charge-off rate for the quarter ended December 31, 2021, includes $32 million of loan charge-offs related to a change in practice to fully charge-off certain delinquent legacy residential mortgage loans.
(3) Consists of 45 states; no state in Other had loans in excess of $910 million and $980 million at March 31, 2022 and December 31, 2021, respectively.

CREDIT CARD, AUTO AND OTHER CONSUMER LOANS Table 15 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 4 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

Table 15: Credit Card, Auto, and Other Consumer Loans

	March 31, 2022		December 31, 2021	
($ in millions)	Outstanding balance	% of total loans	Outstanding balance	% of total loans
Credit card	$ 38,639	4.24%	$ 38,453	4.29%
Auto	57,083	6.26	56,659	6.33
Other consumer (1)	28,737	3.15	28,274	3.16
Total	$ 124,459	13.65%	$ 123,386	13.78%

(1) Other consumer loans primarily include securities-based loans.

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 2021 Form 10-K. Customer payment deferral activities in the residential mortgage portfolio instituted in response to the COVID-19 pandemic could continue to delay the recognition of nonaccrual loans for those residential mortgage customers who would have otherwise moved into nonaccrual status. For information on customer accommodations, including loan modifications, in response to the COVID-19 pandemic, see the "Risk Management – Credit Risk Management – COVID-Related Lending Accommodations" section in our 2021 Form 10-K.

Table 16 summarizes nonperforming assets (NPAs).

Table 16: Nonperforming Assets (Nonaccrual Loans and Foreclosed Assets)

($ in millions)	Mar 31, 2022	Dec 31, 2021
Nonaccrual loans:		
Commercial:		
Commercial and industrial	$ 799	980
Real estate mortgage	1,033	1,235
Real estate construction	4	13
Lease financing	117	148
Total commercial	1,953	2,376
Consumer:		
Residential mortgage – first lien (1)	3,873	3,803
Residential mortgage – junior lien (1)	802	801
Auto	208	198
Other consumer	35	34
Total consumer	4,918	4,836
Total nonaccrual loans	$ 6,871	7,212
As a percentage of total loans	0.75 %	0.81
Foreclosed assets:		
Government insured/guaranteed (2)	$ 16	16
Non-government insured/guaranteed	114	96
Total foreclosed assets	130	112
Total nonperforming assets	$ 7,001	7,324
As a percentage of total loans	0.77 %	0.82

(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 2021 Form 10-K.

Commercial nonaccrual loans decreased $423 million from December 31, 2021, predominantly due to a decline in commercial and industrial nonaccrual loans, primarily in the oil, gas, and pipelines industry, and a decline in real estate mortgage nonaccrual loans. 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 increased $82 million from December 31, 2021, driven by an increase in residential mortgage nonaccrual loans primarily resulting from certain customers exiting COVID-19-related accommodation programs. Customers requiring further payment assistance after exiting from these programs may have their loans modified or may be eligible to receive modifications.

Table 17 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 17: Analysis of Changes in Nonaccrual Loans

	Quarter ended March 31,	
(in millions)	**2022**	2021
Commercial nonaccrual loans		
Balance, beginning of period	**$ 2,376**	4,779
Inflows	**191**	773
Outflows:		
Returned to accruing	**(194)**	(177)
Foreclosures	**(19)**	(6)
Charge-offs	**(35)**	(202)
Payments, sales and other	**(366)**	(937)
Total outflows	**(614)**	(1,322)
Balance, end of period	**1,953**	4,230
Consumer nonaccrual loans		
Balance, beginning of period	**4,836**	3,949
Inflows	**594**	454
Outflows:		
Returned to accruing	**(186)**	(152)
Foreclosures	**(18)**	(19)
Charge-offs	**(74)**	(26)
Payments, sales and other	**(234)**	(381)
Total outflows	**(512)**	(578)
Balance, end of period	**4,918**	3,825
Total nonaccrual loans	**$ 6,871**	8,055

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 March 31, 2022:

- 94% of total commercial nonaccrual loans are secured, the majority of which are secured by real estate.
- 80% of commercial nonaccrual loans were current on interest and 78% 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 96% have a combined LTV (CLTV) ratio of 80% or less.
- $664 million of the $858 million of consumer loans in bankruptcy or discharged in bankruptcy, and classified as nonaccrual, were current.

Table 18 provides a summary of foreclosed assets and an analysis of changes in foreclosed assets.

Table 18: Foreclosed Assets

(in millions)		Mar 31, 2022	Dec 31, 2021
Summary by loan segment			
Government insured/guaranteed	$	**16**	16
Commercial		**71**	54
Consumer		**43**	42
Total foreclosed assets	$	**130**	112

		Quarter ended March 31,	
(in millions)		**2022**	2021
Analysis of changes in foreclosed assets			
Balance, beginning of period	$	**112**	159
Net change in government insured/guaranteed (1)		**—**	(2)
Additions to foreclosed assets (2)		**102**	88
Reductions from sales and write-downs		**(84)**	(105)
Balance, end of period	$	**130**	140

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

As part of our actions to support customers during the COVID-19 pandemic, we temporarily suspended certain residential mortgage foreclosure activities through December 31, 2021. Beginning January 1, 2022, we resumed these mortgage foreclosure activities. For additional information on loans in process of foreclosure, see Note 4 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

TROUBLED DEBT RESTRUCTURINGS (TDRs) Table 19 provides information regarding the recorded investment of loans modified in TDRs. TDRs decreased from December 31, 2021, predominantly driven by a decrease in residential mortgage – first lien loans, partially offset by an increase in trial modifications. The decrease in residential mortgage – first lien loans was due to paydowns and transfers to LHFS, which related to sales of repurchased loans from GNMA loan securitization pools.

The amount of our TDRs at March 31, 2022, would have otherwise been higher without the TDR relief provided by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the I*nteragency 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 deferral programs may require further assistance and may receive or be eligible to receive modifications, which may be classified as TDRs. For additional information on the CARES Act and the Interagency Statement, see the "Risk Management – Credit Risk Management – COVID-Related Lending Accommodations" section in our 2021 Form 10-K.

Table 19: TDR Balances

(in millions)		**March 31, 2022**	December 31, 2021
Commercial:			
Commercial and industrial	$	**672**	793
Real estate mortgage		**530**	543
Real estate construction		**2**	2
Lease financing		**8**	10
Total commercial TDRs		**1,212**	1,348
Consumer:			
Residential mortgage – first lien		**6,757**	7,282
Residential mortgage – junior lien		**906**	946
Credit card		**329**	309
Auto		**179**	169
Other consumer		**52**	57
Trial modifications		**277**	71
Total consumer TDRs		**8,500**	8,834
Total TDRs	$	**9,712**	10,182
TDRs on nonaccrual status	$	**3,270**	3,142
TDRs on accrual status:			
Government insured/guaranteed		**2,068**	2,462
Non-government insured/guaranteed		**4,374**	4,578
Total TDRs	$	**9,712**	10,182

For information on our nonaccrual policies when a restructuring is involved, see the "Risk Management – Credit Risk Management – Troubled Debt Restructurings (TDRs)" section in our 2021 Form 10-K. See Note 4 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report for additional information regarding TDRs.

Table 20 provides an analysis of the changes in TDRs. Loans modified more than once as a TDR are reported as inflows only in the period they are first modified. In addition to foreclosures, sales and transfers to held for sale, we may remove loans from TDR classification, but only if they have been refinanced or restructured at market terms and qualify as a new loan.

Table 20: Analysis of Changes in TDRs

	Quarter ended March 31,	
(in millions)	**2022**	2021
Commercial TDRs		
Balance, beginning of period	$ **1,348**	2,731
Inflows (1)	**87**	155
Outflows		
Charge-offs	**(1)**	(49)
Foreclosure	**—**	(5)
Payments, sales and other (2)	**(222)**	(819)
Balance, end of period	**1,212**	2,013
Consumer TDRs		
Balance, beginning of period	**8,834**	11,792
Inflows (1)	**458**	633
Outflows		
Charge-offs	**(33)**	(43)
Foreclosure	**(12)**	(14)
Payments, sales and other (2)	**(953)**	(1,024)
Net change in trial modifications (3)	**206**	(9)
Balance, end of period	**8,500**	11,335
Total TDRs	$ **9,712**	13,348

(1) Inflows include loans that modify, even if they resolve within the period, as well as gross advances on term loans that modified in a prior period and net advances on revolving TDRs that modified in a prior period.
(2) Other outflows include normal amortization/accretion of loan basis adjustments and loans transferred to LHFS. Occasionally, loans that have been refinanced or restructured at market terms qualify as new loans, which are also included as other outflows.
(3) Net change in trial modifications includes: inflows of new TDRs entering the trial payment period, net of outflows for modifications that either (i) successfully perform and enter into a permanent modification, or (ii) did not successfully perform according to the terms of the trial period plan and are subsequently charged-off, foreclosed upon or otherwise resolved.

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

Table 21: Net Loan Charge-offs

		Quarter ended March 31,		
	2022		2021	
($ in millions)	Net loan charge-offs	% of avg. loans (1)	Net loan charge-offs	% of avg. loans (1)
Commercial:				
Commercial and industrial	**$ (23)**	**(0.03)%**	$ 88	0.11 %
Real estate mortgage	**(5)**	**(0.02)**	46	0.16
Real estate construction	**—**	**—**	—	—
Lease financing	**(1)**	**(0.02)**	15	0.40
Total commercial	**(29)**	**(0.02)**	149	0.13
Consumer:				
Residential mortgage – first lien	**(3)**	**—**	(24)	(0.04)
Residential mortgage – junior lien	**(18)**	**(0.46)**	(19)	(0.35)
Credit card	**176**	**1.87**	236	2.71
Auto	**96**	**0.68**	52	0.44
Other consumer	**83**	**1.20**	119	1.97
Total consumer	**334**	**0.35**	364	0.37
Total	**$ 305**	**0.14 %**	$ 513	0.24 %

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

The decrease in commercial net loan charge-offs in first quarter 2022, compared with the same period in 2021, was due to lower losses in the commercial and industrial portfolio, driven by higher recoveries in the oil, gas, and pipeline industry, and lower losses in the real estate mortgage portfolio.

The decrease in consumer net loan charge-offs in first quarter 2022, compared with the same period in 2021, was driven by lower losses in credit card due to elevated losses in first quarter 2021 and lower losses in other consumer due to the sale of a portion of our student loan portfolio in first quarter 2021, partially offset by an increase in auto losses reflecting reduced benefits for customers from government stimulus programs instituted in response to the COVID-19 pandemic.

The COVID-19 pandemic may continue to impact the credit quality of our loan portfolio. Although the potential impacts were considered in our allowance for credit losses for loans, payment deferral activities in our residential mortgage portfolio instituted in response to the COVID-19 pandemic could continue to delay the recognition of residential mortgage loan charge-offs. For information on customer accommodations in response to the COVID-19 pandemic, see the "Risk Management – Credit Risk Management – COVID-Related Lending Accommodations" section in our 2021 Form 10-K.

ALLOWANCE FOR CREDIT LOSSES We maintain an allowance for credit losses (ACL) for loans, which is management's estimate of the expected life-time 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, net investments in leases, and other off-balance sheet credit exposures.

We apply a disciplined process and methodology to establish our ACL each quarter. 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 2021 Form 10-K. For additional information on our ACL for loans, see Note 4 (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.

Table 22: Allocation of the ACL for Loans

($ in millions)	Mar 31, 2022 ACL	Mar 31, 2022 Loans as % of total loans	Dec 31, 2021 ACL	Dec 31, 2021 Loans as % of total loans
Commercial:				
Commercial and industrial	$ **4,625**	**40 %**	$ 4,873	39 %
Real estate mortgage	**1,883**	**14**	2,085	14
Real estate construction	**366**	**2**	431	2
Lease financing	**274**	**2**	402	2
Total commercial	**7,148**	**58**	7,791	57
Consumer:				
Residential mortgage – first lien	**927**	**27**	1,156	28
Residential mortgage – junior lien	**2**	**2**	130	2
Credit card	**3,094**	**4**	3,290	4
Auto	**1,030**	**6**	928	6
Other consumer	**480**	**3**	493	3
Total consumer	**5,533**	**42**	5,997	43
Total	$ **12,681**	**100 %**	$ 13,788	100 %
Components:				
Allowance for loan losses		$ **11,504**		12,490
Allowance for unfunded credit commitments		**1,177**		1,298
Allowance for credit losses		$ **12,681**		13,788
Ratio of allowance for loan losses to total net loan charge-offs (annualized)		**9.31x**		7.94
Ratio of allowance for loan losses to total nonaccrual loans		**1.67**		1.73
Allowance for loan losses as a percentage of total loans		**1.26 %**		1.39
Allowance for credit losses for loans as a percentage of total loans		**1.39**		1.54

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 decreased $1.1 billion, or 8%, from December 31, 2021, reflecting reduced uncertainty around the economic impact of the COVID-19 pandemic on our loan portfolios and increased uncertainty related to the risks of high inflation. 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 4 (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. In our estimate of the ACL for loans at March 31, 2022, we weighted the base scenario and the downside scenarios to reflect our expectations for reduced uncertainty around the economic impact of the COVID-19 pandemic and increased uncertainty related to inflationary and geopolitical risks. The base scenario assumed solid economic conditions with elevated inflation in the near term. The downside scenarios assumed economic contractions, including higher geopolitical risks and inflation levels exceeding those in the base scenario.

Additionally, we consider qualitative factors that represent risks 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 March 31, 2022, and December 31, 2021, are presented in Table 23.

Table 23: Forecasted Key Economic Variables

	2Q 2022	4Q 2022	2Q 2023
Weighted blend of economic scenarios:			
U.S. unemployment rate (1):			
December 31, 2021	4.8 %	5.4	5.9
March 31, 2022	**4.1**	**4.7**	**5.6**
U.S. real GDP (2):			
December 31, 2021	1.4	(0.3)	1.4
March 31, 2022	**1.2**	**(0.6)**	**0.2**
Home price index (3):			
December 31, 2021	5.9	(4.3)	(6.0)
March 31, 2022	**12.2**	**2.1**	**(3.1)**
Commercial real estate asset prices (3):			
December 31, 2021	5.0	(4.2)	(6.0)
March 31, 2022	**13.0**	**2.8**	**(2.7)**

(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 $12.7 billion at March 31, 2022, 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 2021 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 2021 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 government sponsored entity (GSE)-guaranteed 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 9 (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, delinquency status continues to advance for loans with COVID-related payment deferrals, which has resulted in an increase in delinquent loans serviced for others and a corresponding increase in loans eligible for repurchase from GNMA loan securitization pools. Upon transfer as servicer, we retain the option to repurchase loans from GNMA loan securitization pools, which becomes exercisable when three scheduled loan payments remain unpaid by the borrower. We generally repurchase these loans for cash and as a result, our total consolidated assets do not change. These repurchased loan balances were $14.2 billion and $17.3 billion at March 31, 2022 and December 31, 2021, respectively, which included $10.3 billion and $12.9 billion, respectively, in our held for investment loan portfolio, with the remainder in loans held for sale.

Repurchased loans that regain current status or are otherwise modified in accordance with applicable servicing guidelines may be included in future GNMA loan securitization pools. However, in accordance with guidance issued by GNMA, certain loans repurchased after June 30, 2020, are ineligible for inclusion in future GNMA loan securitization pools until the borrower has timely made six consecutive payments. This requirement may delay our ability to resell loans into the securitization market. See Note 8 (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 2021 Form 10-K. For additional information on mortgage banking activities, see Note 9 (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 2021 Form 10-K.

INTEREST RATE RISK Interest rate risk is created in our role as a financial intermediary for customers based on investments such as loans and other extensions of credit and debt securities. Interest rate risk can have a significant impact to our earnings. 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;
- 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, MBS held in the debt securities portfolio 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 (e.g., 10-year U.S. Treasury securities) 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.
- Our base scenario deposit forecast incorporates mix changes consistent with the base interest rate trajectory. Deposit mix is modeled to be the same as in the base scenario across the alternative scenarios. In higher interest rate scenarios, customer deposit activity that shifts balances into higher-

yielding products could impact expected net interest income.
- Deposit rates paid may change with market interest rate changes. Our interest rate sensitivity of deposits, referred to as deposit betas, is modeled using the historical behavior of our deposits portfolio, including certain customer account migration. The actual deposit rates paid may differ from the assumed deposit rates paid in these scenarios due to lags in repricing, customer 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

($ in billions)		Mar 31, 2022	Dec 31, 2021
Parallel Shift:			
+100 bps shift in interest rates	$	**5.7**	7.1
-100 bps shift in interest rates		**(6.1)**	(3.3)
Steeper yield curve:			
+50 bps shift in long-term interest rates		**0.9**	1.2
Flatter yield curve:			
+50 bps shift in short-term interest rates		**2.3**	2.6
-50 bps shift in long-term interest rates		**(0.7)**	(1.0)

The changes in our interest rate sensitivity from December 31, 2021 to March 31, 2022 in Table 24 reflected updates to our base scenario, which included higher interest rates and changes to our assets and liabilities. 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. For the simulations with downward shifts in interest rates, the 0.00% interest rate floor limits the amount of the decline in net interest income. We may have a larger decline in net interest income when interest rates increase for the base scenario relative to the interest rate floor.

The sensitivity results above do not capture noninterest income or expense impacts. Our interest rate sensitive noninterest income and expense are predominantly driven by mortgage banking activities, and may 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 2021 Form 10-K for additional information. 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 cumulative other comprehensive income, which lowers the amount of our risk-based capital. See Note 1 (Summary of Significant Accounting Policies), Note 3 (Available-for-Sale and Held-to-Maturity Debt Securities) and Note 14 (Derivatives) to Financial Statements in our 2021 Form 10-K for additional information.

MORTGAGE BANKING INTEREST RATE AND MARKET RISK We originate, fund and service mortgage loans, which subjects us to various risks, including credit, liquidity and interest rate risks. For additional information on mortgage banking interest rate and market risk, see Note 9 (Mortgage Banking Activities) to Financial Statements in this Report and the "Risk Management – Asset/Liability Management – Mortgage Banking Interest Rate and Market Risk" section in our 2021 Form 10-K.

Hedging the various sources of interest rate risk in mortgage banking is a complex process that requires sophisticated modeling and constant monitoring. There are several potential risks to earnings from mortgage banking related to origination volumes and mix, valuation of MSRs and associated hedging results, the relationship and degree of volatility between short-term and long-term interest rates, and changes in servicing and foreclosures costs. While we attempt to balance our mortgage banking interest rate and market risks, the financial instruments we use may not perfectly correlate with the values and income being hedged.

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 also includes price risk in the trading book, mortgage servicing rights and the hedge effectiveness risk associated with the mortgage book, 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 2021 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 2021 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 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 March 31, 2022, compared with the same

period a year ago, was driven by reduced market volatility in the lookback window used to calculate average Company Trading General VaR for the quarter ended March 31, 2022. Market volatility present in average Company Trading General VaR for the quarter ended March 31, 2021, was driven by the impact of the COVID-19 pandemic, primarily resulting in changes in interest rate curves and a significant widening of credit spreads.

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

												Quarter ended
				March 31, 2022				December 31, 2021				March 31, 2021
(in millions)	**Period end**	**Average**	**Low**	**High**	Period end	Average	Low	High	Period end	Average	Low	High
Company Trading General VaR Risk Categories												
Credit	**$ 33**	**28**	**20**	**35**	19	21	16	27	22	94	21	112
Interest rate	**26**	**15**	**9**	**30**	15	12	9	15	36	73	26	120
Equity	**26**	**21**	**13**	**28**	15	19	13	29	35	36	28	72
Commodity	**6**	**5**	**2**	**20**	10	8	2	23	11	5	2	12
Foreign exchange	**1**	**1**	**0**	**1**	1	0	0	1	1	1	1	1
Diversification benefit (1)	**(63)**	**(43)**			(40)	(37)			(64)	(111)		
Company Trading General VaR	**29**	**27**			20	23			41	98		

(1) The period-end VaR was less than the sum of the VaR components described above, which is 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 direct investments in start-up businesses, emerging growth companies, management buy-outs, acquisitions and corporate recapitalizations. We also invest in non-affiliated funds that make similar private equity investments. For additional information, see the "Risk Management – Asset/Liability Management – Market Risk – Equity Securities" section in our 2021 Form 10-K.

We also have marketable equity securities that include investments relating to our venture capital activities. The fair value changes in these marketable equity securities are recognized in net income. For additional information, see Note 6 (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 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. 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, we monitor both the consolidated company and the Parent on a stand-alone basis to ensure that the Parent is a source of strength for its regulated, deposit-taking banking subsidiaries. The Parent acts as a source of funding for the Company through the issuance of long-term debt and equity, and WFC Holdings, LLC, an intermediate holding company and subsidiary of the Parent (the "IHC"), provides funding support for the ongoing operational requirements of the Parent and certain of its direct and indirect subsidiaries. For additional information on liquidity risk and funding management, see the "Risk Management – Liquidity Risk and Funding" section in our 2021 Form 10-K. For additional information on the IHC, see the "Regulatory Matters – 'Living Will' Requirements and Related Matters" section in our 2021 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 on a consolidated basis 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.

The FRB, OCC and FDIC have also issued a rule implementing 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 on a consolidated basis and to our IDIs with total assets of $10 billion or more. As of March 31, 2022, we were compliant with the NSFR requirement.

Liquidity Coverage Ratio As of March 31, 2022, the consolidated Company, Wells Fargo Bank, N.A., and Wells Fargo National Bank West exceeded the minimum LCR requirement of 100%, which is calculated as HQLA divided by projected net cash outflows, as each is defined under the LCR rule. Table 26 presents the Company's quarterly average values for the daily-calculated LCR and its components calculated pursuant to the LCR rule requirements.

Table 26: Liquidity Coverage Ratio

(in millions, except ratio)		Average for Quarter ended Mar 31, 2022	Dec 31, 2021	Mar 31, 2021
HQLA (1):				
Eligible cash	$	**170,867**	210,527	216,403
Eligible securities (2)		**203,622**	172,761	186,270
Total HQLA		**374,489**	383,288	402,673
Projected net cash outflows		**314,691**	325,015	316,116
LCR		**119%**	118	127

(1) Excludes excess HQLA at certain subsidiaries that is not transferable to other Wells Fargo entities.
(2) Net of applicable haircuts required under the LCR rule.

Liquidity Sources We maintain liquidity in the form of cash, cash equivalents 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 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.

Our cash is predominantly on deposit with the Federal Reserve. Debt securities included as part of our primary sources of liquidity are comprised of U.S. Treasury and federal agency debt, and MBS issued by federal agencies within our debt securities portfolio. We believe these debt securities provide quick sources of liquidity through sales or by pledging to obtain financing, regardless of market conditions. Some of these debt securities are within our HTM portfolio and, as such, are not intended for sale but may be pledged to obtain financing.

Table 27: Primary Sources of Liquidity

				March 31, 2022			December 31, 2021
(in millions)		**Total**	**Encumbered**	**Unencumbered**	Total	Encumbered	Unencumbered
Interest-earning deposits with banks	$	**174,441**	**—**	**174,441**	209,614	—	209,614
Debt securities of U.S. Treasury and federal agencies		**61,984**	**5,414**	**56,570**	56,486	4,066	52,420
Federal agency mortgage-backed securities (1)		**276,450**	**49,248**	**227,202**	293,870	58,955	234,915
Total	$	**512,875**	**54,662**	**458,213**	559,970	63,021	496,949

(1) Included in encumbered securities at March 31, 2022, were securities with a fair value of $836 million, which were purchased in March 2022, but settled in April 2022.

In addition to our primary sources of liquidity shown in Table 27, 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. As of March 31, 2022, we also maintained approximately $213.7 billion of available borrowing capacity at various Federal Home Loan Banks and the Federal Reserve Discount Window.

Deposits have historically provided a sizable source of relatively low-cost funds. Deposits were 162% and 166% of total loans at March 31, 2022, and December 31, 2021, respectively. Additional funding is provided by long-term debt and short-term borrowings. Table 28 presents a summary of our short-term borrowings, which generally mature in less than 30 days. 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 12 (Pledged Assets and Collateral) to Financial Statements in this Report.

Table 28: Short-Term Borrowings

(in millions)		**March 31, 2022**	December 31, 2021
Federal funds purchased and securities sold under agreements to repurchase	$	**19,969**	21,191
Other short-term borrowings		**13,632**	13,218
Total	$	**33,601**	34,409

We access domestic and international capital markets for long-term funding (generally greater than one year) 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, and, unless otherwise specified in the applicable prospectus or prospectus supplement, 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. In addition, we issued $8.1 billion of long-term debt in April 2022. Table 29 provides the aggregate carrying value of long-term debt maturities (based on contractual payment dates) for the remainder of 2022 and the following years thereafter, as of March 31, 2022.

Table 29: Maturity of Long-Term Debt

							March 31, 2022
(in millions)	Remaining 2022	2023	2024	2025	2026	Thereafter	Total
Wells Fargo & Company (Parent Only)							
Senior notes	$ 8,904	5,947	11,551	13,960	18,303	54,934	113,599
Subordinated notes	—	2,659	720	1,049	2,784	17,689	24,901
Junior subordinated notes	—	—	—	—	—	1,290	1,290
Total long-term debt – Parent	8,904	8,606	12,271	15,009	21,087	73,913	139,790
Wells Fargo Bank, N.A. and other bank entities (Bank)							
Senior notes	27	3	3	186	88	140	447
Subordinated notes	—	999	—	156	—	3,830	4,985
Junior subordinated notes	—	—	—	—	—	391	391
Securitizations and other bank debt	2,037	1,377	1,087	251	124	1,424	6,300
Total long-term debt – Bank	2,064	2,379	1,090	593	212	5,785	12,123
Other consolidated subsidiaries							
Senior notes	67	500	106	422	225	104	1,424
Total long-term debt – Other consolidated subsidiaries	67	500	106	422	225	104	1,424
Total long-term debt	$ 11,035	11,485	13,467	16,024	21,524	79,802	153,337

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.

On February 16, 2022, Moody's Investors Service (Moody's) affirmed the Company's ratings and changed the rating outlook to stable from negative. There were no other actions undertaken by the rating agencies with regard to our credit ratings during first quarter 2022.

See the "Risk Factors" section in our 2021 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 14 (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 March 31, 2022, are presented in Table 30.

Table 30: Credit Ratings as of March 31, 2022

	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)

FEDERAL HOME LOAN BANK MEMBERSHIP The Federal Home Loan Banks (the FHLBs) are a group of cooperatives that lending institutions use to finance housing and economic development in local communities. We are a member of the FHLBs based in Dallas, Des Moines and San Francisco. FHLB members are required to maintain a minimum investment in capital stock of the applicable FHLB. The board of directors of each FHLB can increase the minimum investment requirements in the event it has concluded that additional capital is required to allow it to meet its own regulatory capital requirements. Any increase in the minimum investment requirements outside of specified ranges requires the approval of the Federal Housing Finance Agency. Because the extent of any obligation to increase our investment in any of the FHLBs depends entirely upon the occurrence of a future event, the amount of any future investment in the capital stock of the FHLBs is not determinable.

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 March 31, 2022, increased $2.3 billion from December 31, 2021, predominantly as a result of $3.7 billion of Wells Fargo net income, partially offset by $1.3 billion of common and preferred stock dividends. During first quarter 2022, we issued $580 million of common stock, substantially all of which was issued in connection with employee compensation and benefits. In first quarter 2022, we repurchased 110 million shares of common stock at a cost of $6 billion. In first quarter 2022, our cumulative other comprehensive income decreased $5.1 billion, predominantly due to net unrealized losses on AFS debt securities. As interest rates increase, changes in the fair value of AFS debt securities may negatively affect cumulative other comprehensive income, which lowers the amount of our risk-based capital. For additional information about capital planning, see the "Capital Planning and Stress Testing" section below.

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. 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 March 31, 2022.

Table 31: Risk-Based Capital Requirements – Standardized Approach as of March 31, 2022

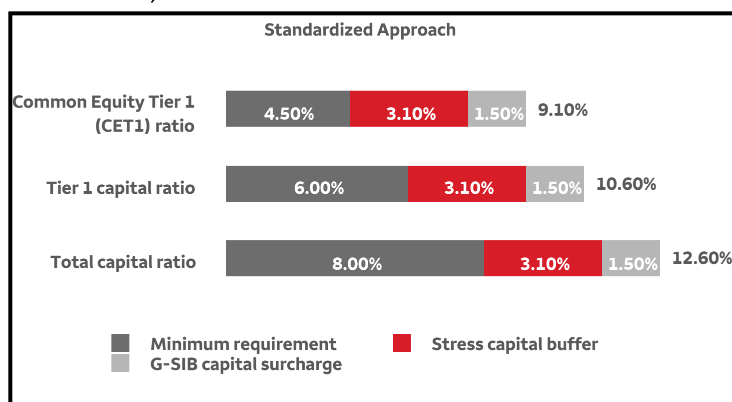
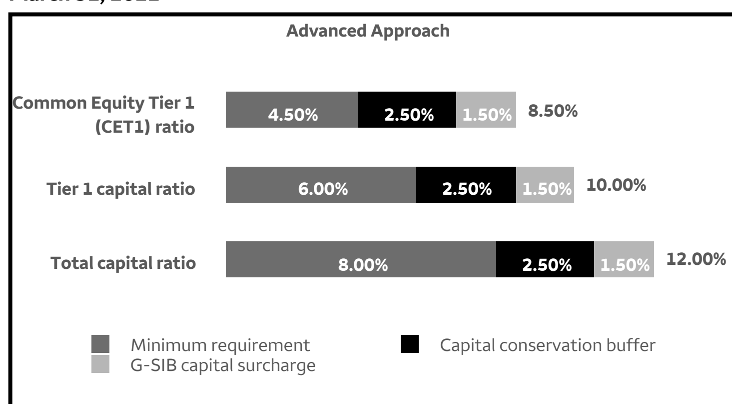


Table 32: Risk-Based Capital Requirements – Advanced Approach as of March 31, 2022



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 March 31, 2022, 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, 2021, through September 30, 2022, is 3.10%.

As a global systemically important bank (G-SIB), we are also subject to the FRB's rule implementing an additional capital surcharge of between 1.00-4.50% on the risk-based capital ratio 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. For 2022, our G-SIB capital surcharge is 1.50%.

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).

Effective January 1, 2022, we are required by federal banking regulators to use the Standardized Approach for Counterparty Credit Risk (SA-CCR) for calculating exposure amounts for credit RWAs on derivative contracts. The adoption of SA-CCR resulted in an increase of less than 1.00% in total RWAs under the Standardized Approach (our binding approach) in first quarter 2022.

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 at March 31, 2022, and December 31, 2021.

Table 33: Capital Components and Ratios

		Standardized Approach			Advanced Approach		
($ in millions)		Required Capital Ratios (1)	Mar 31, 2022	Dec 31, 2021	Required Capital Ratios (1)	Mar 31, 2022	Dec 31, 2021
Common Equity Tier 1	(A)		$ **132,298**	140,643		**132,298**	140,643
Tier 1 capital	(B)		**151,340**	159,671		**151,340**	159,671
Total capital	(C)		**186,316**	196,281		**177,686**	186,553
Risk-weighted assets	(D)		**1,265,517**	1,239,026		**1,119,518**	1,116,068
Common Equity Tier 1 capital ratio	(A)/(D)	**9.10 %**	**10.45** *	11.35	**8.50**	**11.82**	12.60
Tier 1 capital ratio	(B)/(D)	**10.60**	**11.96** *	12.89	**10.00**	**13.52**	14.31
Total capital ratio	(C)/(D)	**12.60**	**14.72** *	15.84	**12.00**	**15.87**	16.72

* Denotes the binding ratio under the Standardized and Advanced Approaches at March 31, 2022.
(1) Represents the minimum ratios required to avoid restrictions on capital distributions and discretionary bonus payments at March 31, 2022.

Table 34 provides information regarding the calculation and composition of our risk-based capital under the Standardized and Advanced Approaches at March 31, 2022, and December 31, 2021.

Table 34: Risk-Based Capital Calculation and Components

(in millions)			Mar 31, 2022	Dec 31, 2021
Total equity		$	**181,689**	190,110
Adjustments:				
Preferred stock			**(20,057)**	(20,057)
Additional paid-in capital on preferred stock			**136**	136
Unearned ESOP shares			**646**	646
Noncontrolling interests			**(2,446)**	(2,504)
Total common stockholders' equity		$	**159,968**	168,331
Adjustments:				
Goodwill			**(25,181)**	(25,180)
Certain identifiable intangible assets (other than MSRs)			**(210)**	(225)
Goodwill and other intangibles on investments in consolidated portfolio companies (included in other assets)			**(2,304)**	(2,437)
Applicable deferred taxes related to goodwill and other intangible assets (1)			**870**	765
CECL transition provision (2)			**179**	241
Other			**(1,024)**	(852)
Common Equity Tier 1 under the Standardized and Advanced Approaches		$	**132,298**	140,643
Preferred stock			**20,057**	20,057
Additional paid-in capital on preferred stock			**(136)**	(136)
Unearned ESOP shares			**(646)**	(646)
Other			**(233)**	(247)
Total Tier 1 capital under the Standardized and Advanced Approaches	**(A)**	$	**151,340**	159,671
Long-term debt and other instruments qualifying as Tier 2			**22,318**	22,740
Qualifying allowance for credit losses (3)			**13,038**	14,149
Other			**(380)**	(279)
Total Tier 2 capital under the Standardized Approach	**(B)**	$	**34,976**	36,610
Total qualifying capital under the Standardized Approach	**(A)+(B)**	$	**186,316**	196,281
Long-term debt and other instruments qualifying as Tier 2		$	**22,318**	22,740
Qualifying allowance for credit losses (3)			**4,408**	4,421
Other			**(380)**	(279)
Total Tier 2 capital under the Advanced Approach	**(C)**	$	**26,346**	26,882
Total qualifying capital under the Advanced Approach	**(A)+(C)**	$	**177,686**	186,553

(1) 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.
(2) 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.
(3) 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 at March 31, 2022, and December 31, 2021.

Table 35: Risk-Weighted Assets

		Standardized Approach		Advanced Approach	
(in millions)		Mar 31, 2022	Dec 31, 2021	Mar 31, 2022	Dec 31, 2021
Risk-weighted assets (RWAs) (1):					
Credit risk	$	**1,212,082**	1,186,810	**752,633**	747,714
Market risk		**53,435**	52,216	**53,435**	52,216
Operational risk		**—**	—	**313,450**	316,138
Total RWAs	$	**1,265,517**	**1,239,026**	**1,119,518**	**1,116,068**

(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.

Table 36 presents the changes in CET1 for the three months ended March 31, 2022.

Table 36: Analysis of Changes in Common Equity Tier 1

(in millions)		
Common Equity Tier 1 at December 31, 2021	$	140,643
Net income applicable to common stock		3,393
Common stock dividends		(959)
Common stock issued, repurchased, and stock compensation-related items		(5,725)
Changes in cumulative other comprehensive income		(5,065)
Goodwill		(1)
Certain identifiable intangible assets (other than MSRs)		15
Goodwill and other intangibles on investments in consolidated portfolio companies (included in other assets)		133
Applicable deferred taxes related to goodwill and other intangible assets (1)		105
CECL transition provision (2)		(62)
Other		(179)
Change in Common Equity Tier 1		(8,345)
Common Equity Tier 1 at March 31, 2022	**$**	**132,298**

(1) 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.
(2) 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.

Table 37 presents net changes in the components of RWAs under the Standardized and Advanced Approaches for the three months ended March 31, 2022.

Table 37: Analysis of Changes in RWAs

(in millions)		Standardized Approach	Advanced Approach
Risk-weighted assets (RWAs) at December 31, 2021	$	1,239,026	1,116,068
Net change in credit risk RWAs		25,272	4,919
Net change in market risk RWAs		1,219	1,219
Net change in operational risk RWAs		—	(2,688)
Total change in RWAs		26,491	3,450
RWAs at March 31, 2022	**$**	**1,265,517**	**1,119,518**

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.

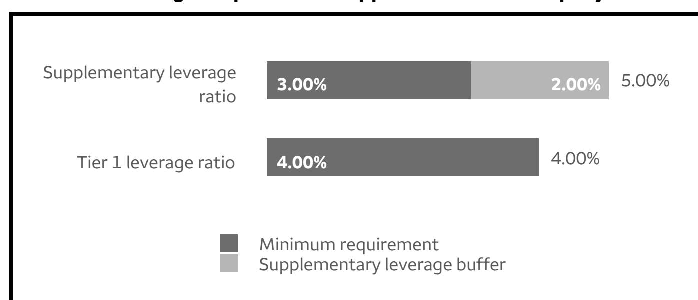
Table 38: Tangible Common Equity

		Balance at period end			Average balance		
		Quarter ended			Quarter ended		
(in millions, except ratios)		**Mar 31, 2022**	Dec 31, 2021	Mar 31, 2021	**Mar 31, 2022**	Dec 31, 2021	Mar 31, 2021
Total equity		**$ 181,689**	190,110	188,034	**186,337**	190,744	189,074
Adjustments:							
Preferred stock		**(20,057)**	(20,057)	(21,170)	**(20,057)**	(20,267)	(21,840)
Additional paid-in capital on preferred stock		**136**	136	139	**134**	120	145
Unearned ESOP shares		**646**	646	875	**646**	872	875
Noncontrolling interests		**(2,446)**	(2,504)	(1,130)	**(2,468)**	(2,119)	(1,115)
Total common stockholders' equity	(A)	**159,968**	168,331	166,748	**164,592**	169,350	167,139
Adjustments:							
Goodwill		**(25,181)**	(25,180)	(26,290)	**(25,180)**	(25,569)	(26,383)
Certain identifiable intangible assets (other than MSRs)		**(210)**	(225)	(322)	**(218)**	(246)	(330)
Goodwill and other intangibles on investments in consolidated portfolio companies (included in other assets)		**(2,304)**	(2,437)	(2,300)	**(2,395)**	(2,309)	(2,217)
Applicable deferred taxes related to goodwill and other intangible assets (1)		**871**	765	866	**803**	848	863
Tangible common equity	(B)	**$ 133,144**	141,254	138,702	**137,602**	142,074	139,072
Common shares outstanding	(C)	**3,789.9**	3,885.8	4,141.1	**N/A**	N/A	N/A
Net income applicable to common stock	(D)	**N/A**	N/A	N/A	**$ 3,393**	5,470	4,256
Book value per common share	(A)/(C)	**$ 42.21**	43.32	40.27	**N/A**	N/A	N/A
Tangible book value per common share	(B)/(C)	**35.13**	36.35	33.49	**N/A**	N/A	N/A
Return on average common stockholders' equity (ROE)	(D)/(A)	**N/A**	N/A	N/A	**8.36 %**	12.81	10.33
Return on average tangible common equity (ROTCE)	(D)/(B)	**N/A**	N/A	N/A	**10.00**	15.27	12.41

(1) 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 March 31, 2022.

Table 39: Leverage Requirements Applicable to the Company



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%.

The FRB and OCC have proposed amendments to the SLR rules. For information regarding the proposed amendments to the SLR rules, see the "Capital Management – Leverage Requirements" section in our 2021 Form 10-K.

At March 31, 2022, the Company’s SLR was 6.61%, and each of our IDIs exceeded their applicable SLR requirements. Table 40 presents information regarding the calculation and components of the Company’s SLR and tier 1 leverage ratio.

Table 40: Leverage Ratios for the Company

($ in millions)			Quarter ended March 31, 2022
Tier 1 capital	(A)	$	151,340
Total average assets			1,919,572
Less: Goodwill and other permitted Tier 1 capital deductions (net of deferred tax liabilities)			27,957
Total adjusted average assets			1,891,615
Plus adjustments for off-balance sheet exposures:			
Derivatives (1)			66,322
Repo-style transactions (2)			3,227
Other (3)			327,950
Total off-balance sheet exposures			397,499
Total leverage exposure	(B)	$	2,289,114
Supplementary leverage ratio	(A)/(B)		6.61%
Tier 1 leverage ratio (4)			8.00%

(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 March 31, 2022, 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 + TLAC buffer (equal to 2.50% of RWAs + method one G-SIB capital surcharge + any countercyclical buffer)	7.50% of total leverage exposure (the denominator of the SLR calculation) + External TLAC leverage buffer (equal to 2.00% of total leverage exposure)

Minimum amount of eligible unsecured long-term debt

Greater of:

6.00% of RWAs + Greater of method one and method two G-SIB capital surcharge	4.50% of total leverage exposure

The FRB and OCC have proposed amendments to the TLAC and eligible unsecured long-term debt requirements. For information regarding these proposed amendments, see the “Capital Management – Total Loss Absorbing Capacity” section in our 2021 Form 10-K.

Table 42 provides our TLAC and eligible unsecured long-term debt and related ratios as of March 31, 2022, and December 31, 2021.

Table 42: TLAC and Eligible Unsecured Long-Term Debt

($ in millions)	TLAC (1)	Regulatory Minimum (2)	Eligible Unsecured Long-term Debt	Regulatory Minimum
			March 31, 2022	
Total eligible amount	282,311		125,083	
Percentage of RWAs (3)	22.31 %	21.50	9.88	7.50
Percentage of total leverage exposure	12.33	9.50	5.46	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.

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. Accordingly, we currently target a long-term CET1 capital ratio that is 100 basis points above our regulatory requirement plus an incremental buffer of 25 to 50 basis points. Our capital targets are subject to change based on various factors, including changes to the regulatory requirements for our capital ratios, planned capital actions, changes in our risk profile and other factors.

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. We submitted our 2022 capital plan to the FRB prior to the April 5, 2022, deadline.

As part of the annual Comprehensive Capital Analysis and Review (CCAR), the FRB generated a supervisory stress test. The FRB is expected to review the supervisory stress test results as required under the Dodd-Frank Act using a common set of capital actions for all large BHCs and is also expected to review the Company's proposed capital actions. The FRB has indicated it will publish its supervisory stress test results by July 1, 2022.

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 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 March 31, 2022, we had remaining Board authority to repurchase approximately 251 million shares, subject to regulatory and legal conditions. For additional information about share repurchases during first quarter 2022, see Part II, Item 2 in this Report.

Regulatory Matters

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. The following supplements our discussion of the other significant regulations and regulatory oversight initiatives that have affected or may affect our business contained in the "Regulatory Matters" and "Risk Factors" sections in our 2021 Form 10-K.

Regulatory Developments in Response to Climate Change

Federal and state governments and government agencies have demonstrated increased attention to the impacts and potential risks associated with climate change. For example, federal banking regulators are reviewing the implications of climate change on the financial stability of the United States and the identification and management by large banks of climate-related financial risks. In addition, the SEC has proposed rules that would require public companies to disclose certain climate-related information, including greenhouse gas emissions, climate-related targets and goals, and governance of climate-related risks and relevant risk management processes. The approaches taken by various governments and government agencies can vary significantly, evolve over time, and sometimes conflict. Any current or future rules, regulations, and guidance related to climate change and its impacts could require us to change certain of our business practices, reduce our revenue and earnings, impose additional costs on us, or otherwise adversely affect our business operations and/or competitive position.

Critical Accounting Policies

Our significant accounting policies (see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2021 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 2021 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
ASU 2018-12 – Financial Services – Insurance (Topic 944): ***Targeted Improvements to the Accounting for Long-Duration Contracts*** **and subsequent related updates**	
The Update, effective January 1, 2023, requires market risk benefits (features of insurance contracts that protect the policyholder from other-than-nominal capital market risk and expose the insurer to that risk) to be measured at fair value through earnings with changes in fair value attributable to our own credit risk recognized in other comprehensive income. The Update 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 most significant impact of adoption relates to reinsurance of variable annuity products for a limited number of our insurance clients. Our reinsurance business is no longer entering into new contracts. These variable annuity products contain guaranteed minimum benefits that require us to make benefit payments for the remainder of the policyholder's life once the account values are exhausted. These guaranteed minimum benefits meet the definition of market risk benefits and will be measured at fair value. The cumulative effect of the difference between fair value and the carrying value upon adoption of the Update, net of income tax adjustments and excluding the impact of our own credit risk, will be recognized in the opening balance of retained earnings in the earliest period presented and will affect our regulatory capital calculations. At March 31, 2022, our estimated liability related to these guaranteed minimum benefits was approximately $500 million and was associated with approximately $12.0 billion of policyholder account values. We expect future earnings volatility from changes in the fair value of market risk benefits, which are sensitive to changes in equity and fixed income markets, as well as policyholder behavior and changes in mortality assumptions. We plan to economically hedge the market volatility, where feasible. Changes in the accounting for the liability of future policy benefits for traditional long-duration contracts and deferred acquisition costs are not expected to be material.
ASU 2022-01, Derivatives and Hedging (Topic 815): ***Fair Value Hedging – Portfolio Layer Method***	
The Update, effective January 1, 2023 (with early adoption permitted), 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.	The Update 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 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. 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 to available-for-sale classification as long as the securities are designated in a portfolio layer method hedge no later than 30 days after the adoption date. We are currently evaluating the impact of the Update on our consolidated financial statements.
ASU 2022-02, Financial Instruments-Credit Losses (Topic 326): ***Troubled Debt Restructurings and Vintage Disclosures***	
The Update, effective January 1, 2023 (with early adoption permitted), eliminates the accounting guidance for troubled debt restructurings (TDRs) by creditors and introduces new required disclosures for loan modifications made to borrowers experiencing financial difficulty. The Update also amends the guidance for vintage disclosures to require disclosure of current period gross charge-offs by year of origination.	The Update will impact the measurement of the allowance for credit losses (ACL) and require new disclosures related to loan modifications and credit quality, specifically the Update: • Eliminates the requirement to use a discounted cash flow (DCF) approach to measure the ACL for certain TDRs and instead allows for the use of an expected loss approach for all loans. Upon adoption, we expect to discontinue using a DCF approach for consumer loans and retain a DCF approach for certain nonperforming commercial loans. Any changes to the ACL as a result of the change in TDR measurement will be included as an adjustment to opening retained earnings as of the beginning of the earliest period presented. • Requires new disclosures for modifications made to borrowers experiencing financial difficulty in the form of principal forgiveness, interest rate reduction, other than insignificant payment delay, term extension, or a combination of these modifications. • Requires us to provide current period gross charge-offs by origination date (vintage) in our credit quality disclosures on a prospective basis beginning as of the adoption date.

Other Accounting Developments

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

- ASU 2021-08 – Business Combinations (Topic 805): *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*
- ASU 2021-10 – Government Assistance (Topic 832): *Disclosures by Business Entities About Government Assistance*

Forward-Looking Statements

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 noninterest expense and 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) the performance of our mortgage business and any related 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, 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 the extent of the success of our mortgage loan modification efforts, the amount of mortgage loan repurchase demands that we receive, any negative effects relating to our mortgage servicing, loan modification or foreclosure practices, and the effects of regulatory or judicial requirements or guidance impacting our mortgage banking business and any changes in industry standards;
- 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 other 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;
- resolution of regulatory 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, 2021.

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's Board of Directors, 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, 2021, as filed with the Securities and Exchange Commission and available on its website at www.sec.gov.[1]

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.

[1] 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

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 2021 Form 10-K.

Controls and Procedures

Disclosure Controls and Procedures

The Company's management evaluated the effectiveness, as of March 31, 2022, 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 March 31, 2022.

Internal Control Over Financial Reporting

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 first quarter 2022 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 March 31, 2022	2021
Interest income			
Debt securities	$	**2,563**	2,312
Loans held for sale		**140**	331
Loans		**7,218**	7,201
Equity securities		**170**	137
Other interest income		**90**	65
Total interest income		**10,181**	10,046
Interest expense			
Deposits		**83**	112
Short-term borrowings		**(14)**	(9)
Long-term debt		**761**	1,026
Other interest expense		**130**	109
Total interest expense		**960**	1,238
Net interest income		**9,221**	8,808
Noninterest income			
Deposit and lending-related fees		**1,815**	1,616
Investment advisory and other asset-based fees		**2,498**	2,756
Commissions and brokerage services fees		**537**	636
Investment banking fees		**447**	568
Card fees		**1,029**	949
Mortgage banking		**693**	1,326
Net gains from trading and securities		**796**	891
Other		**556**	982
Total noninterest income		**8,371**	9,724
Total revenue		**17,592**	18,532
Provision for credit losses		**(787)**	(1,048)
Noninterest expense			
Personnel		**9,271**	9,558
Technology, telecommunications and equipment		**876**	844
Occupancy		**722**	770
Operating losses		**673**	213
Professional and outside services		**1,286**	1,388
Advertising and promotion		**99**	90
Restructuring charges		**5**	13
Other		**938**	1,113
Total noninterest expense		**13,870**	13,989
Income before income tax expense		**4,509**	5,591
Income tax expense		**707**	901
Net income before noncontrolling interests		**3,802**	4,690
Less: Net income from noncontrolling interests		**131**	54
Wells Fargo net income	$	**3,671**	4,636
Less: Preferred stock dividends and other		**278**	380
Wells Fargo net income applicable to common stock	$	**3,393**	4,256
Per share information			
Earnings per common share	$	**0.89**	1.03
Diluted earnings per common share		**0.88**	1.02
Average common shares outstanding		**3,831.1**	4,141.3
Diluted average common shares outstanding		**3,868.9**	4,171.0

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries

Consolidated Statement of Comprehensive Income (Unaudited)

	Quarter ended March 31,	
(in millions)	**2022**	2021
Net income before noncontrolling interests	**$ 3,802**	4,690
Other comprehensive income (loss), after tax:		
Net change in debt securities	**(5,148)**	(1,525)
Net change in derivatives and hedging activities	**20**	36
Defined benefit plans adjustments	**72**	35
Other	**(9)**	11
Other comprehensive loss, after tax	**(5,065)**	(1,443)
Total comprehensive income (loss) before noncontrolling interests	**(1,263)**	3,247
Less: Other comprehensive income from noncontrolling interests	**—**	1
Less: Net income from noncontrolling interests	**131**	54
Wells Fargo comprehensive income (loss)	**$ (1,394)**	3,192

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries

Consolidated Balance Sheet

(in millions, except shares)		Mar 31, 2022	Dec 31, 2021
Assets		**(Unaudited)**	
Cash and due from banks	$	**27,454**	24,616
Interest-earning deposits with banks		**174,441**	209,614
Total cash, cash equivalents, and restricted cash		**201,895**	234,230
Federal funds sold and securities purchased under resale agreements		**67,764**	66,223
Debt securities:			
Trading, at fair value		**86,672**	88,265
Available-for-sale, at fair value (includes amortized cost of $173,118 and $175,463, net of allowance for credit losses)		**168,436**	177,244
Held-to-maturity, at amortized cost, net of allowance for credit losses (fair value $264,641 and $272,386)		**280,808**	272,022
Loans held for sale (includes $13,155 and $15,895 carried at fair value)		**19,824**	23,617
Loans		**911,807**	895,394
Allowance for loan losses		**(11,504)**	(12,490)
Net loans		**900,303**	882,904
Mortgage servicing rights (includes $8,511 and $6,920 carried at fair value)		**9,753**	8,189
Premises and equipment, net		**8,473**	8,571
Goodwill		**25,181**	25,180
Derivative assets		**27,365**	21,478
Equity securities (includes $36,362 and $39,098 carried at fair value)		**70,755**	72,886
Other assets		**72,480**	67,259
Total assets (1)	$	**1,939,709**	1,948,068
Liabilities			
Noninterest-bearing deposits	$	**529,957**	527,748
Interest-bearing deposits		**951,397**	954,731
Total deposits		**1,481,354**	1,482,479
Short-term borrowings (includes $168 and $0 carried at fair value)		**33,601**	34,409
Derivative liabilities		**15,499**	9,424
Accrued expenses and other liabilities (includes $26,145 and $20,685 carried at fair value)		**74,229**	70,957
Long-term debt (includes $69 and $0 carried at fair value)		**153,337**	160,689
Total liabilities (2)		**1,758,020**	1,757,958
Equity			
Wells Fargo stockholders' equity:			
Preferred stock		**20,057**	20,057
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		**59,899**	60,196
Retained earnings		**182,623**	180,322
Cumulative other comprehensive income (loss)		**(6,767)**	(1,702)
Treasury stock – 1,691,916,667 shares and 1,596,009,977 shares		**(85,059)**	(79,757)
Unearned ESOP shares		**(646)**	(646)
Total Wells Fargo stockholders' equity		**179,243**	187,606
Noncontrolling interests		**2,446**	2,504
Total equity		**181,689**	190,110
Total liabilities and equity	$	**1,939,709**	1,948,068

(1) Our consolidated assets at March 31, 2022 and December 31, 2021, included the following assets of certain variable interest entities (VIEs) that can only be used to settle the liabilities of those VIEs: Debt securities, $71 million and $71 million; Loans, $4.9 billion and $4.5 billion; All other assets, $229 million and $234 million; and Total assets, $5.2 billion and $4.8 billion, respectively.

(2) Our consolidated liabilities at March 31, 2022 and December 31, 2021, include the following VIE liabilities for which the VIE creditors do not have recourse to Wells Fargo: Long-term debt, $133 million and $149 million ; All other liabilities, $265 million and $259 million; and Total liabilities, $398 million and $408 million, respectively.

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries

Consolidated Statement of Changes in Equity (Unaudited)

	Wells Fargo stockholders' equity										
	Preferred stock		Common stock								
($ and shares in millions)	*Shares*	Amount	*Shares*	Amount	Additional paid-in capital	Retained earnings	Cumulative other comprehensive income (loss)	Treasury stock	Unearned ESOP shares	Noncontrolling interests	Total equity
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**
Net income						**3,671**				**131**	**3,802**
Other comprehensive loss, net of tax							**(5,065)**			**—**	**(5,065)**
Noncontrolling interests										**(189)**	**(189)**
Common stock issued			***14.2***		**—**	**(117)**		**697**			**580**
Common stock repurchased			***(110.1)***					**(6,018)**			**(6,018)**
Preferred stock issued	**—**	**—**			**—**						**—**
Preferred stock redeemed	**—**	**—**			**—**	**—**					**—**
Common stock dividends					**16**	**(975)**					**(959)**
Preferred stock dividends						**(278)**					**(278)**
Stock-based compensation					**494**						**494**
Net change in deferred compensation and related plans					**(807)**			**19**			**(788)**
Net change	**—**	**—**	***(95.9)***	**—**	**(297)**	**2,301**	**(5,065)**	**(5,302)**	**—**	**(58)**	**(8,421)**
Balance March 31, 2022	***5.3***	**$ 20,057**	***3,789.9***	**$ 9,136**	**59,899**	**182,623**	**(6,767)**	**(85,059)**	**(646)**	**2,446**	**181,689**
Balance December 31, 2020	*5.5*	$ 21,136	*4,144.0*	$ 9,136	60,197	162,683	194	(67,791)	(875)	1,032	185,712
Net income						4,636				54	4,690
Other comprehensive income (loss), net of tax							(1,444)			1	(1,443)
Noncontrolling interests										43	43
Common stock issued			*14.3*		—	(61)		785			724
Common stock repurchased			*(17.2)*					(596)			(596)
Preferred stock issued	*0.2*	4,560			(31)						4,529
Preferred stock redeemed (1)	*(0.1)*	(4,526)			44	(44)					(4,526)
Common stock dividends					6	(420)					(414)
Preferred stock dividends						(336)					(336)
Stock-based compensation					498						498
Net change in deferred compensation and related plans					(860)			13			(847)
Net change	*0.1*	34	*(2.9)*	—	(343)	3,775	(1,444)	202	—	98	2,322
Balance March 31, 2021	*5.6*	$ 21,170	*4,141.1*	$ 9,136	59,854	166,458	(1,250)	(67,589)	(875)	1,130	188,034

(1) Represents the impact of the redemption of Preferred Stock, Series I, Series P and Series W, and partial redemption of Preferred Stock, Series N, in first quarter 2021.

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries

Consolidated Statement of Cash Flows (Unaudited)

	Quarter ended March 31,	
(in millions)	**2022**	2021
Cash flows from operating activities:		
Net income before noncontrolling interests	**$ 3,802**	4,690
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	**(787)**	(1,048)
Changes in fair value of MSRs and LHFS carried at fair value	**(891)**	(1,368)
Depreciation, amortization and accretion	**1,791**	2,150
Deferred income tax benefit	**(179)**	386
Other, net (1)	**(6,116)**	(5,335)
Originations and purchases of loans held for sale	**(24,206)**	(45,179)
Proceeds from sales of and paydowns on loans originally classified as held for sale	**18,324**	24,757
Net change in:		
Debt and equity securities, held for trading	**11,771**	11,122
Derivative assets and liabilities	**(766)**	(922)
Other assets	**(5,815)**	8,481
Other accrued expenses and liabilities	**3,271**	(1,204)
Net cash provided (used) by operating activities	**199**	(3,470)
Cash flows from investing activities:		
Net change in:		
Federal funds sold and securities purchased under resale agreements	**(1,541)**	(13,830)
Available-for-sale debt securities:		
Proceeds from sales	**19**	13,367
Prepayments and maturities	**6,876**	21,840
Purchases	**(19,195)**	(36,203)
Held-to-maturity debt securities:		
Paydowns and maturities	**8,626**	20,643
Purchases	**(2,295)**	(19,899)
Equity securities, not held for trading:		
Proceeds from sales and capital returns	**1,911**	545
Purchases	**(1,481)**	(1,626)
Loans:		
Loans originated by banking subsidiaries, net of principal collected	**(20,285)**	17,447
Proceeds from sales of loans originally classified as held for investment	**4,143**	11,358
Purchases of loans	**(100)**	(50)
Principal collected on nonbank entities' loans	**1,465**	5,265
Loans originated by nonbank entities	**(1,219)**	(3,469)
Other, net (1)	**115**	140
Net cash provided (used) by investing activities	**(22,961)**	15,528
Cash flows from financing activities:		
Net change in:		
Deposits	**(1,125)**	33,222
Short-term borrowings	**(980)**	(79)
Long-term debt:		
Proceeds from issuance	**8,089**	110
Repayment	**(7,889)**	(21,676)
Preferred stock:		
Proceeds from issuance	**—**	4,529
Redeemed	**—**	(4,525)
Cash dividends paid	**(220)**	(276)
Common stock:		
Repurchased	**(6,018)**	(596)
Cash dividends paid	**(958)**	(383)
Other, net (1)	**(472)**	(263)
Net cash provided (used) by financing activities	**(9,573)**	10,063
Net change in cash, cash equivalents, and restricted cash	**(32,335)**	22,121
Cash, cash equivalents, and restricted cash at beginning of period	**234,230**	264,612
Cash, cash equivalents, and restricted cash at end of period	**$ 201,895**	286,733
Supplemental cash flow disclosures:		
Cash paid for interest	**$ 661**	1,091
Cash paid for income taxes, net	**76**	358

(1) Prior period balances have been revised to conform with the current period presentation.

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, 2021 (2021 Form 10-K). There were no material changes to these policies in first quarter 2022.

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 4 (Loans and Related Allowance for Credit Losses));
- valuations of residential mortgage servicing rights (MSRs) (Note 8 (Securitizations and Variable Interest Entities) and Note 9 (Mortgage Banking Activities));
- valuations of financial instruments (Note 15 (Fair Values of Assets and Liabilities));
- liabilities for contingent litigation losses (Note 13 (Legal Actions));
- income taxes; and
- goodwill impairment (Note 10 (Intangible 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 2021 Form 10-K.

Accounting Standards Adopted in 2022

In 2022, we adopted the following new accounting guidance:

- Accounting Standards Update (ASU or Update) 2020-06 – Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*
- ASU 2021-05 – Leases (Topic 842): *Lessors – Certain Leases with Variable Lease Payments*

ASU 2020-06 simplifies the accounting for convertible financial instruments that embody characteristics of debt and equity by (1) eliminating accounting models for convertible financial instruments with cash conversion and beneficial conversion features within Accounting Standards Codification (ASC) 470-20, (2) removing three equity classification requirements for a contract in an entity's own equity to qualify for the derivative scope exception in ASC Subtopic 815-40, and (3) prescribing the method used for computing earnings per share. We adopted this Update prospectively in first quarter 2022. This Update did not have a material impact to our consolidated financial statements.

ASU 2021-05 amends ASC 842 Topic – Leases and provides specific guidance for lessors whose leases include variable lease payments that are not dependent on a reference index or rate and otherwise would have resulted in the recognition of a loss at lease commencement (a day 1 loss). Prior to ASU 2016-02, variable lease payments were excluded from the definition of lease payments for lessors measuring their net investment loss in a sales-type lease or direct financing lease. This often resulted in a day 1 loss, even if the lessor expected the arrangement to be profitable overall. We adopted this Update prospectively in first quarter 2022. This Update did not have a material impact to our consolidated financial statements.

Supplemental Cash Flow Information

Significant noncash activities are presented in Table 1.1.

Table 1.1: Supplemental Cash Flow Information

	Quarter ended March 31,	
(in millions)	**2022**	2021
Available-for-sale debt securities purchased from securitization of LHFS (1)	**$ 1,053**	—
Held-to-maturity debt securities purchased from securitization of LHFS (1)	**638**	10,252
Transfers from loans to LHFS	**2,827**	6,249
Transfers from available-for-sale debt securities to held-to-maturity debt securities	**14,651**	16,617

(1) Predominantly represents agency mortgage-backed securities purchased upon settlement of the sale and securitization of our conforming residential mortgage loans. See Note 8 (Securitizations and Variable Interest Entities) for additional information.

Subsequent Events

We have evaluated the effects of events that have occurred subsequent to March 31, 2022, and there have been no material events that would require recognition in our first quarter 2022 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)		Mar 31, 2022		Dec 31, 2021
Trading assets:				
Debt securities	$	**86,672**		88,265
Equity securities (1)		**34,203**		27,476
Loans held for sale		**3,984**		3,242
Gross trading derivative assets (1)		**63,104**		48,325
Netting (2)		**(36,862)**		(28,146)
Total trading derivative assets		**26,242**		20,179
Total trading assets		**151,101**		139,162
Trading liabilities:				
Short sale		**26,145**		20,685
Other liabilities		**237**		—
Gross trading derivative liabilities (1)		**53,430**		42,449
Netting (2)		**(39,056)**		(33,978)
Total trading derivative liabilities		**14,374**		8,471
Total trading liabilities	$	**40,756**	$	**29,156**

(1) In first quarter 2022, we prospectively reclassified certain equity securities and related economic hedge derivatives from “not held for trading activities” to “held for trading activities” to better reflect the business activity of those financial instruments. For additional information on Trading Activities, see Note 1 (Summary of Significant Accounting Policies) in our 2021 Form 10-K.
(2) 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

		Quarter ended March 31,	
(in millions)		**2022**	2021
Interest income:			
Debt securities	$	**548**	529
Equity securities (1)		**120**	103
Loans held for sale		**11**	12
Total interest income		**679**	644
Less: Interest expense		**132**	110
Net interest income		**547**	534
Net gains (losses) from trading activities (2):			
Debt securities		**(3,648)**	(2,106)
Equity securities (1)		**(824)**	1,153
Loans held for sale		**9**	24
Other liabilities		**12**	—
Derivatives (1)(3)		**4,669**	1,277
Total net gains from trading activities		**218**	348
Total trading-related net interest and noninterest income	$	**765**	882

(1) In first quarter 2022, we prospectively reclassified certain equity securities and related economic hedge derivatives from “not held for trading activities” to “held for trading activities” to better reflect the business activity of those financial instruments. For additional information on Trading Activities, see Note 1 (Summary of Significant Accounting Policies) in our 2021 Form 10-K.
(2) Represents realized gains (losses) from our trading activities and unrealized gains (losses) due to changes in fair value of our trading positions.
(3) 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 cumulative other comprehensive income (OCI), 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 (Other Assets) for additional information on accrued interest receivable. Amounts considered to be uncollectible are reversed through interest income. The interest income reversed in first quarter 2022 and 2021 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	Fair value
March 31, 2022					
Available-for-sale debt securities:					
Securities of U.S. Treasury and federal agencies	**$**	**47,946**	**91**	**(1,604)**	**46,433**
Non-U.S. government securities		**116**	**—**	**—**	**116**
Securities of U.S. states and political subdivisions (2)		**16,484**	**271**	**(269)**	**16,486**
Federal agency mortgage-backed securities		**94,726**	**245**	**(3,534)**	**91,437**
Non-agency mortgage-backed securities (3)		**4,641**	**12**	**(45)**	**4,608**
Collateralized loan obligations		**5,231**	**—**	**(34)**	**5,197**
Other debt securities		**3,974**	**200**	**(15)**	**4,159**
Total available-for-sale debt securities		**173,118**	**819**	**(5,501)**	**168,436**
Held-to-maturity debt securities:					
Securities of U.S. Treasury and federal agencies		**16,196**	**14**	**(659)**	**15,551**
Securities of U.S. states and political subdivisions		**32,969**	**69**	**(2,122)**	**30,916**
Federal agency mortgage-backed securities		**198,266**	**115**	**(13,368)**	**185,013**
Non-agency mortgage-backed securities (3)		**1,174**	**5**	**(64)**	**1,115**
Collateralized loan obligations		**30,475**	**62**	**(141)**	**30,396**
Other debt securities		**1,728**	**—**	**(78)**	**1,650**
Total held-to-maturity debt securities		**280,808**	**265**	**(16,432)**	**264,641**
Total	**$**	**453,926**	**1,084**	**(21,933)**	**433,077**
December 31, 2021					
Available-for-sale debt securities:					
Securities of U.S. Treasury and federal agencies	$	39,668	185	(192)	39,661
Non-U.S. government securities		71	—	—	71
Securities of U.S. states and political subdivisions (2)		16,618	350	(51)	16,917
Federal agency mortgage-backed securities		104,661	1,807	(582)	105,886
Non-agency mortgage-backed securities (3)		4,515	32	(15)	4,532
Collateralized loan obligations		5,713	2	(7)	5,708
Other debt securities		4,217	259	(7)	4,469
Total available-for-sale debt securities		175,463	2,635	(854)	177,244
Held-to-maturity debt securities:					
Securities of U.S. Treasury and federal agencies		16,544	599	(318)	16,825
Securities of U.S. states and political subdivisions		32,689	847	(61)	33,475
Federal agency mortgage-backed securities		188,909	1,882	(2,807)	187,984
Non-agency mortgage-backed securities (3)		1,082	31	(18)	1,095
Collateralized loan obligations		31,067	194	(2)	31,259
Other debt securities		1,731	17	—	1,748
Total held-to-maturity debt securities		272,022	3,570	(3,206)	272,386
Total	$	447,485	6,205	(4,060)	449,630

(1) Represents amortized cost of the securities, net of the ACL of $9 million and $8 million related to AFS debt securities and $84 million and $96 million related to HTM debt securities at March 31, 2022, and December 31, 2021, 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 $5.3 billion at March 31, 2022, and $5.2 billion at December 31, 2021.
(3) Predominantly consists of commercial mortgage-backed securities at both March 31, 2022, and December 31, 2021.

Table 3.2 details the breakout of purchases of and transfers to HTM debt securities by major category of security.

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

		Quarter ended March 31,	
(in millions)		**2022**	2021
Purchases of held-to-maturity debt securities (1):			
Securities of U.S. states and political subdivisions	$	**834**	1,910
Federal agency mortgage-backed securities		**2,051**	24,867
Non-agency mortgage-backed securities		**104**	29
Collateralized loan obligations		**—**	3,953
Total purchases of held-to-maturity debt securities		**2,989**	30,759
Transfers from available-for-sale debt securities to held-to-maturity debt securities:			
Federal agency mortgage-backed securities		**14,651**	16,617
Total transfers from available-for-sale debt securities to held-to-maturity debt securities	$	**14,651**	16,617

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

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

		Quarter ended March 31,	
(in millions)		**2022**	2021
Interest income (1):			
Available-for-sale	$	**702**	811
Held-to-maturity		**1,313**	972
Total interest income		**2,015**	1,783
Provision for credit losses:			
Available-for-sale		**1**	22
Held-to-maturity		**(13)**	47
Total provision for credit losses		**(12)**	69
Realized gains and losses (2):			
Gross realized gains		**2**	151
Net realized gains	$	**2**	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 March 31, 2022, and December 31, 2021.

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.

Table 3.4: Investment Grade Debt Securities

($ in millions)		Available-for-Sale		Held-to-Maturity	
		Fair value	% investment grade	Amortized cost	% investment grade
March 31, 2022					
Total portfolio (1)	**$**	**168,436**	**99%**	**280,892**	**99%**
Breakdown by category:					
Securities of U.S. Treasury and federal agencies (2)	**$**	**137,870**	**100%**	**214,462**	**100%**
Securities of U.S. states and political subdivisions		**16,486**	**99**	**32,984**	**100**
Collateralized loan obligations (3)		**5,197**	**100**	**30,518**	**100**
All other debt securities (4)		**8,883**	**89**	**2,928**	**62**
December 31, 2021					
Total portfolio (1)	$	177,244	99%	272,118	99%
Breakdown by category:					
Securities of U.S. Treasury and federal agencies (2)	$	145,547	100%	205,453	100%
Securities of U.S. states and political subdivisions		16,917	99	32,704	100
Collateralized loan obligations (3)		5,708	100	31,128	100
All other debt securities (4)		9,072	88	2,833	64

(1) 98% were rated AA- and above at both March 31, 2022, and December 31, 2021, respectively.
(2) Includes federal agency mortgage-backed securities.
(3) 100% were rated AA- and above at both March 31, 2022, and December 31, 2021, respectively.
(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 were insignificant at both March 31, 2022, and December 31, 2021. The carrying value of debt securities in nonaccrual status was insignificant at both March 31, 2022, and December 31, 2021. Charge-offs on debt securities were insignificant in the first quarter of both 2022 and 2021.

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 first quarter of both 2022 and 2021.

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

	Less than 12 months		12 months or more		Total	
(in millions)	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value
March 31, 2022						
Available-for-sale debt securities:						
Securities of U.S. Treasury and federal agencies	**$ (1,559)**	**41,680**	**(45)**	**1,257**	**(1,604)**	**42,937**
Securities of U.S. states and political subdivisions	**(186)**	**3,036**	**(83)**	**610**	**(269)**	**3,646**
Federal agency mortgage-backed securities	**(2,276)**	**63,258**	**(1,258)**	**15,441**	**(3,534)**	**78,699**
Non-agency mortgage-backed securities	**(29)**	**3,027**	**(16)**	**534**	**(45)**	**3,561**
Collateralized loan obligations	**(28)**	**4,523**	**(6)**	**581**	**(34)**	**5,104**
Other debt securities	**(6)**	**763**	**(9)**	**521**	**(15)**	**1,284**
Total available-for-sale debt securities	**$ (4,084)**	**116,287**	**(1,417)**	**18,944**	**(5,501)**	**135,231**
December 31, 2021						
Available-for-sale debt securities:						
Securities of U.S. Treasury and federal agencies	$ (192)	24,418	—	—	(192)	24,418
Securities of U.S. states and political subdivisions	(36)	2,308	(15)	532	(51)	2,840
Federal agency mortgage-backed securities	(334)	40,695	(248)	9,464	(582)	50,159
Non-agency mortgage-backed securities	(4)	1,966	(11)	543	(15)	2,509
Collateralized loan obligations	(3)	1,619	(4)	1,242	(7)	2,861
Other debt securities	—	—	(7)	624	(7)	624
Total available-for-sale debt securities	$ (569)	71,006	(285)	12,405	(854)	83,411

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 2021 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
March 31, 2022						
Available-for-sale debt securities (1):						
Securities of U.S. Treasury and federal agencies						
Amortized cost, net	$	47,946	251	18,089	27,778	1,828
Fair value		46,433	247	17,794	26,478	1,914
Weighted average yield		1.01%	0.25	0.34	1.42	1.44
Non-U.S. government securities						
Amortized cost, net	$	116	1	90	25	—
Fair value		116	1	90	25	—
Weighted average yield		0.40%	1.49	0.38	0.43	—
Securities of U.S. states and political subdivisions						
Amortized cost, net	$	16,484	752	2,177	5,757	7,798
Fair value		16,486	751	2,181	5,599	7,955
Weighted average yield		2.03%	1.41	1.41	1.51	2.65
Federal agency mortgage-backed securities						
Amortized cost, net	$	94,726	—	247	2,415	92,064
Fair value		91,437	—	249	2,381	88,807
Weighted average yield		2.60%	—	2.86	2.32	2.61
Non-agency mortgage-backed securities						
Amortized cost, net	$	4,641	—	—	110	4,531
Fair value		4,608	—	—	110	4,498
Weighted average yield		2.06%	—	—	2.63	2.04
Collateralized loan obligations						
Amortized cost, net	$	5,231	—	4	4,824	403
Fair value		5,197	—	4	4,794	399
Weighted average yield		1.55%	—	2.26	1.55	1.56
Other debt securities						
Amortized cost, net	$	3,974	55	400	1,030	2,489
Fair value		4,159	55	398	1,030	2,676
Weighted average yield		2.00%	1.99	1.65	1.87	2.10
Total available-for-sale debt securities						
Amortized cost, net	$	173,118	1,059	21,007	41,939	109,113
Fair value		168,436	1,054	20,716	40,417	106,249
Weighted average yield		2.04%	1.17	0.50	1.51	2.55

(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.

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
March 31, 2022					
Held-to-maturity debt securities (1):					
Securities of U.S. Treasury and federal agencies					
Amortized cost, net	$ 16,196	—	12,411	—	3,785
Fair value	15,551	—	12,386	—	3,165
Weighted average yield	2.18%	—	2.37	—	1.57
Securities of U.S. states and political subdivisions					
Amortized cost, net	$ 32,969	1,243	2,949	2,235	26,542
Fair value	30,916	1,246	2,914	2,234	24,522
Weighted average yield	2.12%	2.11	1.32	2.51	2.18
Federal agency mortgage-backed securities					
Amortized cost, net	$ 198,266	—	—	—	198,266
Fair value	185,013	—	—	—	185,013
Weighted average yield	2.16%	—	—	—	2.16
Non-agency mortgage-backed securities					
Amortized cost, net	$ 1,174	15	18	30	1,111
Fair value	1,115	15	18	29	1,053
Weighted average yield	2.97%	3.24	2.93	3.16	2.97
Collateralized loan obligations					
Amortized cost, net	$ 30,475	—	—	13,361	17,114
Fair value	30,396	—	—	13,396	17,000
Weighted average yield	1.65%	—	—	1.73	1.59
Other debt securities					
Amortized cost, net	$ 1,728	—	762	966	—
Fair value	1,650	—	732	918	—
Weighted average yield	4.47%	—	4.13	4.74	—
Total held-to-maturity debt securities					
Amortized cost, net	$ 280,808	1,258	16,140	16,592	246,818
Fair value	264,641	1,261	16,050	16,577	230,753
Weighted average yield	2.12%	2.12	2.26	2.01	2.12

(1) Weighted average yields displayed by maturity bucket are weighted based on amortized cost and are shown pre-tax.

Note 4: Loans and Related Allowance for Credit Losses

Table 4.1 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 March 31, 2022, and December 31, 2021.

Outstanding balances exclude accrued interest receivable on loans, except for certain revolving loans, such as credit card loans. See Note 7 (Other Assets) for additional information on accrued interest receivable. Amounts considered to be uncollectible are reversed through interest income. During first quarter 2022, we reversed accrued interest receivable of $12 million for our commercial portfolio segment and $32 million for our consumer portfolio segment, compared with $16 million and $51 million, respectively, for the same period a year ago.

Table 4.1: Loans Outstanding

(in millions)		Mar 31, 2022	Dec 31, 2021
Commercial:			
Commercial and industrial	$	**362,137**	350,436
Real estate mortgage		**129,495**	127,733
Real estate construction		**20,613**	20,092
Lease financing		**14,469**	14,859
Total commercial		**526,714**	513,120
Consumer:			
Residential mortgage – first lien		**245,242**	242,270
Residential mortgage – junior lien		**15,392**	16,618
Credit card		**38,639**	38,453
Auto		**57,083**	56,659
Other consumer		**28,737**	28,274
Total consumer		**385,093**	382,274
Total loans	$	**911,807**	895,394

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

Table 4.2: Non-U.S. Commercial Loans Outstanding

(in millions)		Mar 31, 2022	Dec 31, 2021
Non-U.S. commercial loans:			
Commercial and industrial	$	**80,435**	77,365
Real estate mortgage		**7,072**	7,070
Real estate construction		**1,577**	1,582
Lease financing		**690**	680
Total non-U.S. commercial loans	$	**89,774**	86,697

Loan Purchases, Sales, and Transfers

Table 4.3 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 4.3: Loan Purchases, Sales, and Transfers

			2022			2021
(in millions)	Commercial	Consumer	Total	Commercial	Consumer	Total
Quarter ended March 31,						
Purchases	$ 100	—	100	48	1	49
Sales	(582)	—	(582)	(273)	(188)	(461)
Transfers (to)/from LHFS	21	(9)	12	(435)	63	(372)

Commitments to Lend

A commitment to lend is a legally binding agreement to lend to a customer, usually at a stated interest rate, if funded, and for specific purposes and time periods. We generally require a fee to extend such commitments. Certain commitments either provide us with funding discretion or are subject to loan agreements with covenants regarding the financial performance of the customer or borrowing base formulas on an ongoing basis that must be met before we are required to fund the commitment. We may reduce or cancel consumer commitments, including home equity lines and credit card lines, in accordance with the contracts and applicable law. For unconditionally cancelable commitments at our discretion, we do not recognize an ACL.

We may, as a representative for other lenders, 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 unfunded amount of these temporary advance arrangements totaled approximately $90.6 billion at March 31, 2022.

We issue commercial letters of credit to assist customers in purchasing goods or services, typically for international trade. At March 31, 2022, and December 31, 2021, we had $1.9 billion and $1.5 billion, respectively, of outstanding issued commercial letters of credit. We also originate multipurpose lending commitments under which borrowers have the option to draw on the facility for different purposes in one of several forms, including a standby letter of credit. See Note 11 (Guarantees and Other Commitments) for additional information on standby letters of credit.

When we enter into commitments, we are exposed to credit risk. The maximum credit risk for these commitments will generally be lower than the contractual amount because a significant portion of these commitments are not funded. We manage the potential risk in commitments to lend by limiting the total amount of commitments, both by individual customer and in total, by monitoring the size and maturity structure of these commitments and by applying the same credit standards for these commitments as for all of our credit activities.

For loans and commitments to lend, we generally require collateral or a guarantee. We may require various types of collateral, including commercial and consumer real estate, autos, other short-term liquid assets such as accounts receivable or inventory and long-lived assets, such as equipment and other business assets. Collateral requirements for each loan or commitment may vary based on the loan product and our assessment of a customer's credit risk according to the specific credit underwriting, including credit terms and structure.

The contractual amount of our unfunded credit commitments, including unissued standby and commercial letters of credit, is summarized by portfolio segment and class of financing receivable in Table 4.4. The table excludes the issued standby and commercial letters of credit and temporary advance arrangements described above.

Table 4.4: Unfunded Credit Commitments

(in millions)	Mar 31, 2022	Dec 31, 2021
Commercial:		
Commercial and industrial	$ 412,645	404,292
Real estate mortgage	9,499	11,515
Real estate construction	19,389	19,943
Total commercial	441,533	435,750
Consumer:		
Residential mortgage – first lien	32,442	32,992
Residential mortgage – junior lien	25,924	27,447
Credit card	135,021	130,743
Other consumer	59,489	59,789
Total consumer	252,876	250,971
Total unfunded credit commitments	$ 694,409	686,721

Allowance for Credit Losses

Table 4.5 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 decreased $1.1 billion from December 31, 2021, reflecting reduced uncertainty around the economic impact of the COVID-19 pandemic on our loan portfolios and increased uncertainty related to the risks of high inflation.

Table 4.5: Allowance for Credit Losses for Loans

	Quarter ended March 31,	
($ in millions)	**2022**	2021
Balance, beginning of period	**$ 13,788**	19,713
Provision for credit losses	**(775)**	(1,117)
Interest income on certain loans (1)	**(29)**	(41)
Loan charge-offs:		
Commercial:		
Commercial and industrial	**(56)**	(159)
Real estate mortgage	**—**	(52)
Real estate construction	**—**	—
Lease financing	**(4)**	(21)
Total commercial	**(60)**	(232)
Consumer:		
Residential mortgage – first lien	**(25)**	(17)
Residential mortgage – junior lien	**(22)**	(19)
Credit card	**(267)**	(335)
Auto	**(165)**	(129)
Other consumer	**(108)**	(147)
Total consumer	**(587)**	(647)
Total loan charge-offs	**(647)**	(879)
Loan recoveries:		
Commercial:		
Commercial and industrial	**79**	71
Real estate mortgage	**5**	6
Real estate construction	**—**	—
Lease financing	**5**	6
Total commercial	**89**	83
Consumer:		
Residential mortgage – first lien	**28**	41
Residential mortgage – junior lien	**40**	38
Credit card	**91**	99
Auto	**69**	77
Other consumer	**25**	28
Total consumer	**253**	283
Total loan recoveries	**342**	366
Net loan charge-offs	**(305)**	(513)
Other	**2**	1
Balance, end of period	**$ 12,681**	18,043
Components:		
Allowance for loan losses	**$ 11,504**	16,928
Allowance for unfunded credit commitments	**1,177**	1,115
Allowance for credit losses	**$ 12,681**	18,043
Net loan charge-offs as a percentage of average total loans	**0.14 %**	0.24
Allowance for loan losses as a percentage of total loans	**1.26**	1.96
Allowance for credit losses for loans as a percentage of total loans	**1.39**	2.09

(1) Loans with an allowance measured by discounting expected cash flows using the loan's effective interest rate over the remaining life of the loan recognize changes in allowance attributable to the passage of time as interest income.

Table 4.6 summarizes the activity in the ACL by our commercial and consumer portfolio segments.

Table 4.6: Allowance for Credit Losses for Loans Activity by Portfolio Segment

			2022			2021
(in millions)	**Commercial**	**Consumer**	**Total**	Commercial	Consumer	Total
Quarter ended March 31,						
Balance, beginning of period	**$ 7,791**	**5,997**	**13,788**	11,516	8,197	19,713
Provision for credit losses	**(665)**	**(110)**	**(775)**	(667)	(450)	(1,117)
Interest income on certain loans (1)	**(9)**	**(20)**	**(29)**	(19)	(22)	(41)
Loan charge-offs	**(60)**	**(587)**	**(647)**	(232)	(647)	(879)
Loan recoveries	**89**	**253**	**342**	83	283	366
Net loan charge-offs	**29**	**(334)**	**(305)**	(149)	(364)	(513)
Other	**2**	**—**	**2**	1	—	1
Balance, end of period	**$ 7,148**	**5,533**	**12,681**	10,682	7,361	18,043

(1) Loans with an allowance measured by discounting expected cash flows using the loan's effective interest rate over the remaining life of the loan recognize changes in allowance attributable to the passage of time as interest income.

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 4.7 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 in a troubled debt restructuring (TDR). At March 31, 2022, we had $501.2 billion and $25.5 billion of pass and criticized commercial loans, respectively.

Table 4.7: Commercial Loan Categories by Risk Categories and Vintage

(in millions)	Term loans by origination year 2022	2021	2020	2019	2018	Prior	Revolving loans	Revolving loans converted to term loans	Total
March 31, 2022									
Commercial and industrial									
Pass	**$ 25,954**	**49,141**	**16,084**	**19,801**	**6,756**	**11,769**	**221,270**	**643**	**351,418**
Criticized	**330**	**1,470**	**819**	**946**	**1,121**	**928**	**5,094**	**11**	**10,719**
Total commercial and industrial	**26,284**	**50,611**	**16,903**	**20,747**	**7,877**	**12,697**	**226,364**	**654**	**362,137**
Real estate mortgage									
Pass	**9,636**	**36,066**	**15,336**	**17,767**	**11,912**	**21,815**	**5,009**	**—**	**117,541**
Criticized	**450**	**3,260**	**1,083**	**2,616**	**1,497**	**2,804**	**244**	**—**	**11,954**
Total real estate mortgage	**10,086**	**39,326**	**16,419**	**20,383**	**13,409**	**24,619**	**5,253**	**—**	**129,495**
Real estate construction									
Pass	**913**	**6,255**	**3,866**	**4,216**	**2,055**	**561**	**1,043**	**1**	**18,910**
Criticized	**195**	**475**	**205**	**534**	**227**	**67**	**—**	**—**	**1,703**
Total real estate construction	**1,108**	**6,730**	**4,071**	**4,750**	**2,282**	**628**	**1,043**	**1**	**20,613**
Lease financing									
Pass	**611**	**4,152**	**2,777**	**2,245**	**1,203**	**2,361**	**—**	**—**	**13,349**
Criticized	**77**	**275**	**217**	**249**	**154**	**148**	**—**	**—**	**1,120**
Total lease financing	**688**	**4,427**	**2,994**	**2,494**	**1,357**	**2,509**	**—**	**—**	**14,469**
Total commercial loans	**$ 38,166**	**101,094**	**40,387**	**48,374**	**24,925**	**40,453**	**232,660**	**655**	**526,714**

	Term loans by origination year 2021	2020	2019	2018	2017	Prior	Revolving loans	Revolving loans converted to term loans	Total
December 31, 2021									
Commercial and industrial									
Pass	$ 65,562	15,193	20,553	7,400	3,797	13,985	211,452	679	338,621
Criticized	1,657	884	1,237	1,256	685	551	5,528	17	11,815
Total commercial and industrial	67,219	16,077	21,790	8,656	4,482	14,536	216,980	696	350,436
Real estate mortgage									
Pass	38,196	15,929	19,013	12,618	7,451	16,026	5,411	3	114,647
Criticized	3,462	1,119	2,975	1,834	875	2,421	400	—	13,086
Total real estate mortgage	41,658	17,048	21,988	14,452	8,326	18,447	5,811	3	127,733
Real estate construction									
Pass	5,895	4,058	4,549	2,167	379	329	1,042	2	18,421
Criticized	510	266	586	234	68	7	—	—	1,671
Total real estate construction	6,405	4,324	5,135	2,401	447	336	1,042	2	20,092
Lease financing									
Pass	4,100	3,012	2,547	1,373	838	1,805	—	—	13,675
Criticized	284	246	282	184	86	102	—	—	1,184
Total lease financing	4,384	3,258	2,829	1,557	924	1,907	—	—	14,859
Total commercial loans	$ 119,666	40,707	51,742	27,066	14,179	35,226	223,833	701	513,120

Table 4.8 provides past due 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 4.8: Commercial Loan Categories by Delinquency Status

(in millions)		Commercial and industrial	Real estate mortgage	Real estate construction	Lease financing	Total
March 31, 2022						
By delinquency status:						
Current-29 days past due (DPD) and still accruing	**$**	**360,333**	**127,757**	**20,513**	**14,221**	**522,824**
30-89 DPD and still accruing		**819**	**625**	**95**	**131**	**1,670**
90+ DPD and still accruing		**186**	**80**	**1**	**—**	**267**
Nonaccrual loans		**799**	**1,033**	**4**	**117**	**1,953**
Total commercial loans	**$**	**362,137**	**129,495**	**20,613**	**14,469**	**526,714**
December 31, 2021						
By delinquency status:						
Current-29 DPD and still accruing	$	348,033	126,184	19,900	14,568	508,685
30-89 DPD and still accruing		1,217	285	179	143	1,824
90+ DPD and still accruing		206	29	—	—	235
Nonaccrual loans		980	1,235	13	148	2,376
Total commercial loans	$	350,436	127,733	20,092	14,859	513,120

CONSUMER CREDIT QUALITY INDICATORS We have various classes of consumer loans that present unique credit risks. Loan delinquency, 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.

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.

Table 4.9 provides the outstanding balances of our consumer loan portfolio by delinquency status. 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 in a TDR. 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.

Payment deferral activities in the residential mortgage portfolio instituted in response to the COVID-19 pandemic could continue to delay the recognition of delinquencies for residential mortgage customers who otherwise would have moved into past due status.

Table 4.9: Consumer Loan Categories by Delinquency Status and Vintage

(in millions)	Term loans by origination year 2022	2021	2020	2019	2018	Prior	Revolving loans	Revolving loans converted to term loans	Total
March 31, 2022									
Residential mortgage – first lien									
By delinquency status:									
Current-29 DPD	$ 18,386	68,443	39,567	22,814	6,951	69,780	4,671	1,788	232,400
30-59 DPD	49	97	20	31	12	430	13	32	684
60-89 DPD	—	13	5	1	5	122	5	17	168
90-119 DPD	—	3	2	—	6	59	3	10	83
120-179 DPD	—	2	11	1	1	77	6	13	111
180+ DPD	—	—	41	39	40	929	30	147	1,226
Government insured/guaranteed loans (1)	1	25	124	167	283	9,970	—	—	10,570
Total residential mortgage – first lien	18,436	68,583	39,770	23,053	7,298	81,367	4,728	2,007	245,242
Residential mortgage – junior lien									
By delinquency status:									
Current-29 DPD	5	31	19	28	24	652	9,695	4,516	14,970
30-59 DPD	—	—	—	1	—	10	18	38	67
60-89 DPD	—	—	—	—	—	4	7	20	31
90-119 DPD	—	—	—	—	—	2	5	12	19
120-179 DPD	—	—	—	—	—	4	5	17	26
180+ DPD	—	—	—	—	—	35	51	193	279
Total residential mortgage – junior lien	5	31	19	29	24	707	9,781	4,796	15,392
Credit cards									
By delinquency status:									
Current-29 DPD	—	—	—	—	—	—	37,844	195	38,039
30-59 DPD	—	—	—	—	—	—	169	10	179
60-89 DPD	—	—	—	—	—	—	119	8	127
90-119 DPD	—	—	—	—	—	—	100	6	106
120-179 DPD	—	—	—	—	—	—	185	3	188
180+ DPD	—	—	—	—	—	—	—	—	—
Total credit cards	—	—	—	—	—	—	38,417	222	38,639
Auto									
By delinquency status:									
Current-29 DPD	7,230	26,314	10,965	7,331	2,721	1,511	—	—	56,072
30-59 DPD	9	251	158	125	60	67	—	—	670
60-89 DPD	—	94	57	45	20	25	—	—	241
90-119 DPD	—	41	24	17	7	9	—	—	98
120-179 DPD	—	1	1	—	—	—	—	—	2
180+ DPD	—	—	—	—	—	—	—	—	—
Total auto	7,239	26,701	11,205	7,518	2,808	1,612	—	—	57,083
Other consumer									
By delinquency status:									
Current-29 DPD	985	1,892	579	576	153	198	24,155	132	28,670
30-59 DPD	—	5	2	3	1	1	10	3	25
60-89 DPD	—	3	1	1	1	1	4	1	12
90-119 DPD	—	3	1	1	1	—	3	1	10
120-179 DPD	—	—	—	—	—	—	7	3	10
180+ DPD	—	—	—	—	—	1	1	8	10
Total other consumer	985	1,903	583	581	156	201	24,180	148	28,737
Total consumer loans	$ 26,665	97,218	51,577	31,181	10,286	83,887	77,106	7,173	385,093

(continued on following page)

(continued from previous page)

	Term loans by origination year								
(in millions)	2021	2020	2019	2018	2017	Prior	Revolving loans	Revolving loans converted to term loans	Total
December 31, 2021									
Residential mortgage – first lien									
By delinquency status:									
Current-29 DPD	$ 69,994	41,527	24,887	7,660	13,734	61,576	5,248	1,673	226,299
30-59 DPD	129	27	30	12	24	418	14	29	683
60-89 DPD	10	7	2	—	3	126	7	15	170
90-119 DPD	—	1	1	1	5	53	4	9	74
120-179 DPD	1	16	2	2	1	63	4	14	103
180+ DPD	—	62	72	71	92	1,294	36	156	1,783
Government insured/guaranteed loans (1)	14	134	209	349	364	12,088	—	—	13,158
Total residential mortgage – first lien	70,148	41,774	25,203	8,095	14,223	75,618	5,313	1,896	242,270
Residential mortgage – junior lien									
By delinquency status:									
Current-29 DPD	28	20	30	26	21	700	10,883	4,426	16,134
30-59 DPD	—	—	—	—	1	10	29	46	86
60-89 DPD	—	—	—	—	—	4	10	21	35
90-119 DPD	—	—	—	1	—	3	4	12	20
120-179 DPD	—	—	—	—	—	5	7	14	26
180+ DPD	—	—	1	—	—	40	59	217	317
Total residential mortgage – junior lien	28	20	31	27	22	762	10,992	4,736	16,618
Credit cards									
By delinquency status:									
Current-29 DPD	—	—	—	—	—	—	37,686	192	37,878
30-59 DPD	—	—	—	—	—	—	176	7	183
60-89 DPD	—	—	—	—	—	—	118	5	123
90-119 DPD	—	—	—	—	—	—	98	5	103
120-179 DPD	—	—	—	—	—	—	165	1	166
180+ DPD	—	—	—	—	—	—	—	—	—
Total credit cards	—	—	—	—	—	—	38,243	210	38,453
Auto									
By delinquency status:									
Current-29 DPD	29,246	12,412	8,476	3,271	1,424	714	—	—	55,543
30-59 DPD	220	193	165	81	46	57	—	—	762
60-89 DPD	69	67	53	25	14	21	—	—	249
90-119 DPD	31	27	22	9	6	8	—	—	103
120-179 DPD	—	1	1	—	—	—	—	—	2
180+ DPD	—	—	—	—	—	—	—	—	—
Total auto	29,566	12,700	8,717	3,386	1,490	800	—	—	56,659
Other consumer									
By delinquency status:									
Current-29 DPD	2,221	716	703	203	107	125	23,988	143	28,206
30-59 DPD	3	2	3	1	—	2	10	4	25
60-89 DPD	2	1	2	1	—	1	5	1	13
90-119 DPD	1	1	2	1	—	—	4	—	9
120-179 DPD	—	—	—	—	—	—	8	2	10
180+ DPD	—	—	—	—	—	1	1	9	11
Total other consumer	2,227	720	710	206	107	129	24,016	159	28,274
Total consumer loans	$ 101,969	55,214	34,661	11,714	15,842	77,309	78,564	7,001	382,274

(1) Represents 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 $3.8 billion and $5.7 billion at March 31, 2022, and December 31, 2021, respectively.

Of the $2.2 billion of consumer loans not government insured/guaranteed that are 90 days or more past due at March 31, 2022, $409 million was accruing, compared with $2.7 billion past due and $424 million accruing at December 31, 2021.

We obtain Fair Isaac Corporation (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. Substantially all loans not requiring a FICO score are securities-based loans originated by our retail brokerage business.

Table 4.10 provides the outstanding balances of our consumer loan portfolio by FICO score. Substantially all of the scored consumer portfolio has an updated FICO score of 680 or above.

Table 4.10: Consumer Loan Categories by FICO and Vintage

					Term loans by origination year				
(in millions)	2022	2021	2020	2019	2018	Prior	Revolving loans	Revolving loans converted to term loans	Total
March 31, 2022									
By FICO:									
Residential mortgage – first lien									
800+	$ 6,959	41,019	27,546	15,795	4,757	43,819	2,327	533	142,755
760-799	8,055	18,449	8,173	4,520	1,219	11,509	927	280	53,132
720-759	2,485	6,500	2,683	1,699	593	6,619	595	256	21,430
680-719	707	1,811	795	558	250	3,739	359	208	8,427
640-679	164	490	243	149	93	1,819	167	142	3,267
600-639	32	103	62	57	32	1,012	80	84	1,462
< 600	1	23	22	14	18	1,007	103	129	1,317
No FICO available	32	163	122	94	53	1,873	170	375	2,882
Government insured/guaranteed loans (1)	1	25	124	167	283	9,970	—	—	10,570
Total residential mortgage – first lien	18,436	68,583	39,770	23,053	7,298	81,367	4,728	2,007	245,242
Residential mortgage – junior lien									
800+	—	—	—	—	—	170	4,987	1,561	6,718
760-799	—	—	—	—	—	102	1,884	809	2,795
720-759	—	—	—	—	—	114	1,290	777	2,181
680-719	—	—	—	—	—	105	752	634	1,491
640-679	—	—	—	—	—	56	293	323	672
600-639	—	—	—	—	—	33	141	192	366
< 600	—	—	—	—	—	42	147	210	399
No FICO available	5	31	19	29	24	85	287	290	770
Total residential mortgage – junior lien	5	31	19	29	24	707	9,781	4,796	15,392
Credit card									
800+	—	—	—	—	—	—	4,468	2	4,470
760-799	—	—	—	—	—	—	6,070	8	6,078
720-759	—	—	—	—	—	—	8,383	27	8,410
680-719	—	—	—	—	—	—	9,129	49	9,178
640-679	—	—	—	—	—	—	5,866	46	5,912
600-639	—	—	—	—	—	—	2,284	32	2,316
< 600	—	—	—	—	—	—	2,124	57	2,181
No FICO available	—	—	—	—	—	—	93	1	94
Total credit card	—	—	—	—	—	—	38,417	222	38,639
Auto									
800+	1,486	4,161	1,836	1,485	586	301	—	—	9,855
760-799	1,323	4,418	1,850	1,323	471	220	—	—	9,605
720-759	1,214	4,229	1,826	1,279	473	237	—	—	9,258
680-719	1,227	4,316	1,953	1,217	427	226	—	—	9,366
640-679	1,034	4,003	1,548	859	303	179	—	—	7,926
600-639	641	2,741	952	524	198	144	—	—	5,200
< 600	314	2,804	1,237	816	337	291	—	—	5,799
No FICO available	—	29	3	15	13	14	—	—	74
Total auto	7,239	26,701	11,205	7,518	2,808	1,612	—	—	57,083
Other consumer									
800+	222	393	147	103	25	46	1,171	25	2,132
760-799	244	407	114	89	23	23	715	18	1,633
720-759	209	383	103	89	29	20	629	20	1,482
680-719	153	295	80	79	28	19	586	18	1,258
640-679	68	156	37	43	16	12	306	16	654
600-639	14	46	11	15	7	6	111	10	220
< 600	3	29	12	19	9	7	108	11	198
No FICO available	72	194	79	144	19	68	1,167	30	1,773
FICO not required	—	—	—	—	—	—	19,387	—	19,387
Total other consumer	985	1,903	583	581	156	201	24,180	148	28,737
Total consumer loans	$ 26,665	97,218	51,577	31,181	10,286	83,887	77,106	7,173	385,093

(continued on following page)

(continued from previous page)

(in millions)	Term loans by origination year 2021	2020	2019	2018	2017	Prior	Revolving loans	Revolving loans converted to term loans	Total
December 31, 2021									
By FICO:									
Residential mortgage – first lien									
800+	$ 35,935	27,396	16,583	5,153	9,430	37,495	2,554	469	135,015
760-799	23,645	9,814	5,412	1,464	2,485	10,509	1,073	265	54,667
720-759	7,842	3,083	1,980	642	1,137	6,277	646	238	21,845
680-719	1,986	876	645	283	501	3,682	393	206	8,572
640-679	449	233	187	89	129	1,851	188	146	3,272
600-639	101	63	46	31	41	1,035	102	89	1,508
< 600	15	13	24	19	41	1,083	114	124	1,433
No FICO available	161	162	117	65	95	1,598	243	359	2,800
Government insured/guaranteed loans (1)	14	134	209	349	364	12,088	—	—	13,158
Total residential mortgage – first lien	70,148	41,774	25,203	8,095	14,223	75,618	5,313	1,896	242,270
Residential mortgage – junior lien									
800+	—	—	—	—	—	188	5,512	1,481	7,181
760-799	—	—	—	—	—	110	2,154	828	3,092
720-759	—	—	—	—	—	130	1,462	790	2,382
680-719	—	—	—	—	—	118	881	633	1,632
640-679	—	—	—	—	—	65	325	338	728
600-639	—	—	—	—	—	39	160	208	407
< 600	—	—	—	—	—	43	164	215	422
No FICO available	28	20	31	27	22	69	334	243	774
Total residential mortgage – junior lien	28	20	31	27	22	762	10,992	4,736	16,618
Credit card									
800+	—	—	—	—	—	—	4,247	1	4,248
760-799	—	—	—	—	—	—	6,053	7	6,060
720-759	—	—	—	—	—	—	8,475	26	8,501
680-719	—	—	—	—	—	—	9,136	50	9,186
640-679	—	—	—	—	—	—	5,850	47	5,897
600-639	—	—	—	—	—	—	2,298	31	2,329
< 600	—	—	—	—	—	—	2,067	47	2,114
No FICO available	—	—	—	—	—	—	117	1	118
Total credit card	—	—	—	—	—	—	38,243	210	38,453
Auto									
800+	4,688	1,983	1,680	690	318	108	—	—	9,467
760-799	4,967	2,123	1,586	586	234	87	—	—	9,583
720-759	4,789	2,104	1,503	583	241	106	—	—	9,326
680-719	5,005	2,282	1,441	526	218	111	—	—	9,583
640-679	4,611	1,824	1,025	369	160	99	—	—	8,088
600-639	3,118	1,114	617	243	117	92	—	—	5,301
< 600	2,372	1,236	853	376	193	187	—	—	5,217
No FICO available	16	34	12	13	9	10	—	—	94
Total auto	29,566	12,700	8,717	3,386	1,490	800	—	—	56,659
Other consumer									
800+	450	162	128	34	8	47	1,343	22	2,194
760-799	502	147	117	33	7	22	819	19	1,666
720-759	461	134	115	38	9	18	714	22	1,511
680-719	349	95	99	37	9	15	630	22	1,256
640-679	170	44	55	21	6	8	328	17	649
600-639	42	13	19	9	3	4	117	9	216
< 600	18	12	22	11	3	5	114	12	197
No FICO available	235	113	155	23	62	10	1,236	36	1,870
FICO not required	—	—	—	—	—	—	18,715	—	18,715
Total other consumer	2,227	720	710	206	107	129	24,016	159	28,274
Total consumer loans	$ 101,969	55,214	34,661	11,714	15,842	77,309	78,564	7,001	382,274

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

LTV refers to the ratio comparing the loan's unpaid principal 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 4.11 shows the most updated LTV and CLTV distribution of the residential mortgage – first lien and residential mortgage – junior lien loan portfolios.

Table 4.11: Consumer Loan Categories by LTV/CLTV and Vintage

	Term loans by origination year								
(in millions)	2022	2021	2020	2019	2018	Prior	Revolving loans	Revolving loans converted to term loans	Total
March 31, 2022									
Residential mortgage – first lien									
By LTV:									
0-60%	**$ 7,187**	**27,906**	**24,257**	**15,714**	**5,040**	**64,410**	**3,997**	**1,772**	**150,283**
60.01-80%	**10,940**	**39,437**	**14,916**	**6,725**	**1,808**	**6,340**	**549**	**177**	**80,892**
80.01-100%	**290**	**1,056**	**354**	**359**	**121**	**342**	**111**	**39**	**2,672**
100.01-120% (1)	**—**	**25**	**26**	**18**	**8**	**45**	**22**	**5**	**149**
> 120% (1)	**—**	**12**	**5**	**5**	**1**	**29**	**12**	**3**	**67**
No LTV available	**18**	**122**	**88**	**65**	**37**	**231**	**37**	**11**	**609**
Government insured/guaranteed loans (2)	**1**	**25**	**124**	**167**	**283**	**9,970**	**—**	**—**	**10,570**
Total residential mortgage – first lien	**18,436**	**68,583**	**39,770**	**23,053**	**7,298**	**81,367**	**4,728**	**2,007**	**245,242**
Residential mortgage – junior lien									
By CLTV:									
0-60%	**—**	**—**	**—**	**—**	**—**	**450**	**7,388**	**3,707**	**11,545**
60.01-80%	**—**	**—**	**—**	**—**	**—**	**145**	**1,875**	**793**	**2,813**
80.01-100%	**—**	**—**	**—**	**—**	**—**	**43**	**403**	**223**	**669**
100.01-120% (1)	**—**	**—**	**—**	**—**	**—**	**9**	**73**	**34**	**116**
> 120% (1)	**—**	**—**	**—**	**—**	**—**	**2**	**25**	**10**	**37**
No CLTV available	**5**	**31**	**19**	**29**	**24**	**58**	**17**	**29**	**212**
Total residential mortgage – junior lien	**5**	**31**	**19**	**29**	**24**	**707**	**9,781**	**4,796**	**15,392**
Total	**$ 18,441**	**68,614**	**39,789**	**23,082**	**7,322**	**82,074**	**14,509**	**6,803**	**260,634**

	Term loans by origination year								
	2021	2020	2019	2018	2017	Prior	Revolving loans	Revolving loans converted to term loans	Total
December 31, 2021									
Residential mortgage – first lien									
By LTV:									
0-60%	$ 26,618	22,882	16,063	5,310	11,030	57,880	4,348	1,644	145,775
60.01-80%	42,893	18,188	8,356	2,234	2,647	5,017	674	188	80,197
80.01-100%	486	437	474	147	134	339	157	42	2,216
100.01-120% (1)	10	31	24	11	7	48	33	8	172
> 120% (1)	5	10	10	4	3	35	14	3	84
No LTV available	122	92	67	40	38	211	87	11	668
Government insured/guaranteed loans (2)	14	134	209	349	364	12,088	—	—	13,158
Total residential mortgage – first lien	70,148	41,774	25,203	8,095	14,223	75,618	5,313	1,896	242,270
Residential mortgage – junior lien									
By CLTV:									
0-60%	—	—	—	—	—	475	7,949	3,588	12,012
60.01-80%	—	—	—	—	—	172	2,329	823	3,324
80.01-100%	—	—	—	—	—	55	554	241	850
100.01-120% (1)	—	—	—	—	—	13	104	42	159
> 120% (1)	—	—	—	—	—	3	35	13	51
No CLTV available	28	20	31	27	22	44	21	29	222
Total residential mortgage – junior lien	28	20	31	27	22	762	10,992	4,736	16,618
Total	$ 70,176	41,794	25,234	8,122	14,245	76,380	16,305	6,632	258,888

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

NONACCRUAL LOANS Table 4.12 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. Customer payment deferral activities in the residential mortgage portfolio instituted in response to the COVID-19 pandemic could continue to delay the recognition of nonaccrual loans for those residential mortgage customers who would have otherwise moved into nonaccrual status.

Table 4.12: Nonaccrual Loans

		Amortized cost			Recognized interest income	
	Nonaccrual loans		Nonaccrual loans without related allowance for credit losses (1)		Quarter ended March 31,	
(in millions)	**Mar 31, 2022**	Dec 31, 2021	**Mar 31, 2022**	Dec 31, 2021	**2022**	2021
Commercial:						
Commercial and industrial	**$ 799**	980	**191**	190	**22**	31
Real estate mortgage	**1,033**	1,235	**50**	66	**17**	11
Real estate construction	**4**	13	**2**	5	**—**	—
Lease financing	**117**	148	**7**	9	**—**	—
Total commercial	**1,953**	2,376	**250**	270	**39**	42
Consumer:						
Residential mortgage- first lien	**3,873**	3,803	**2,764**	2,722	**41**	37
Residential mortgage- junior lien	**802**	801	**555**	497	**14**	12
Auto	**208**	198	**—**	—	**8**	9
Other consumer	**35**	34	**—**	—	**1**	1
Total consumer	**4,918**	4,836	**3,319**	3,219	**64**	59
Total nonaccrual loans	**$ 6,871**	7,212	**3,569**	3,489	**103**	101

(1) Nonaccrual loans may not have an allowance for credit losses if the loss expectations are zero given solid 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 $997 million and $694 million at March 31, 2022, and December 31, 2021, respectively, which included $834 million and $583 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 4.13 shows loans 90 days or more past due and still accruing by class for loans not government insured/guaranteed.

Table 4.13: Loans 90 Days or More Past Due and Still Accruing

($ in millions)		Mar 31, 2022	Dec 31, 2021
Total:	$	**4,011**	5,358
Less: FHA insured/VA guaranteed (1)		**3,335**	4,699
Total, not government insured/ guaranteed	$	**676**	659
By segment and class, not government insured/ guaranteed:			
Commercial:			
Commercial and industrial	$	**186**	206
Real estate mortgage		**80**	29
Real estate construction		**1**	—
Total commercial		**267**	235
Consumer:			
Residential mortgage – first lien		**14**	37
Residential mortgage – junior lien		**6**	12
Credit card		**294**	269
Auto		**79**	88
Other consumer		**16**	18
Total consumer		**409**	424
Total, not government insured/ guaranteed	$	**676**	659

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

TROUBLED DEBT RESTRUCTURINGS (TDRs) 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 $9.7 billion and $10.2 billion at March 31, 2022 and December 31, 2021, respectively. We do not consider loan resolutions such as foreclosure or short sale to be a TDR. In addition, COVID-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 2021 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 classify and account for as TDRs. 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 $471 million and $431 million at March 31, 2022, and December 31, 2021, respectively.

Table 4.14 summarizes our TDR modifications for the periods presented 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 4.14: TDR Modifications

	Primary modification type (1)				Financial effects of modifications		
($ in millions)	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)
Quarter ended March 31, 2022							
Commercial:							
Commercial and industrial	**$ —**	**6**	**73**	**79**	**—**	**9.94%**	**$ 6**
Real estate mortgage	**—**	**5**	**27**	**32**	**—**	**1.45**	**5**
Real estate construction	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Lease financing	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total commercial	**—**	**11**	**100**	**111**	**—**	**6.37**	**11**
Consumer:							
Residential mortgage – first lien	**1**	**60**	**315**	**376**	**1**	**1.58**	**60**
Residential mortgage – junior lien	**—**	**8**	**21**	**29**	**—**	**2.34**	**8**
Credit card	**—**	**70**	**—**	**70**	**—**	**19.12**	**70**
Auto	**1**	**3**	**40**	**44**	**9**	**4.91**	**3**
Other consumer	**—**	**3**	**1**	**4**	**—**	**11.64**	**3**
Trial modifications (5)	**—**	**—**	**211**	**211**	**—**	**—**	**—**
Total consumer	**2**	**144**	**588**	**734**	**10**	**10.43**	**144**
Total	**$ 2**	**155**	**688**	**845**	**10**	**10.15%**	**$ 155**
Quarter ended March 31, 2021							
Commercial:							
Commercial and industrial	$ —	1	230	231	6	0.89%	$ 1
Real estate mortgage	—	4	100	104	—	0.93	4
Real estate construction	—	—	1	1	—	—	—
Lease financing	—	—	3	3	—	—	—
Total commercial	—	5	334	339	6	0.92	5
Consumer:							
Residential mortgage – first lien	—	7	532	539	—	1.87	7
Residential mortgage – junior lien	—	5	13	18	1	2.41	5
Credit card	—	32	—	32	—	18.87	32
Auto	—	1	14	15	7	3.87	1
Other consumer	—	7	1	8	—	12.20	7
Trial modifications (5)	—	—	—	—	—	—	—
Total consumer	—	52	560	612	8	14.01	52
Total	$ —	57	894	951	14	12.82%	$ 57

(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 $118 million and $256 million for first quarter 2022 and 2021, respectively.

(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-related payment deferrals and exclude COVID-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 4.15 summarizes permanent modification TDRs that have defaulted in the current period 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 4.15: Defaulted TDRs

	Recorded investment of defaults	
	Quarter ended March 31,	
(in millions)	**2022**	2021
Commercial:		
Commercial and industrial	**$ 49**	41
Real estate mortgage	**2**	16
Real estate construction	**—**	—
Lease financing	**—**	—
Total commercial	**51**	57
Consumer:		
Residential mortgage – first lien	**7**	3
Residential mortgage – junior lien	**—**	1
Credit card	**5**	10
Auto	**6**	11
Other consumer	**—**	1
Total consumer	**18**	26
Total	**$ 69**	83

Note 5: Leasing Activity

The information below provides a summary of our leasing activities as a lessor and lessee. See Note 5 (Leasing Activity) in our 2021 Form 10-K for additional information about our leasing activities.

As a Lessor

Noninterest income on leases, included in Table 5.1, 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 $188 million and $226 million in first quarter 2022 and 2021, respectively.

Table 5.1: Leasing Revenue

		Quarter ended March 31,	
(in millions)		**2022**	2021
Interest income on lease financing	**$**	**152**	181
Other lease revenues:			
Variable revenues on lease financing		**30**	26
Fixed revenues on operating leases		**245**	260
Variable revenues on operating leases		**15**	18
Other lease-related revenues (1)		**37**	11
Noninterest income on leases		**327**	315
Total leasing revenue	**$**	**479**	496

(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 5.2 presents balances for our operating leases.

Table 5.2: Operating Lease Right-of-Use (ROU) Assets and Lease Liabilities

(in millions)		**Mar 31, 2022**	Dec 31, 2021
ROU assets	**$**	**3,782**	3,805
Lease liabilities		**4,415**	4,476

Table 5.3 provides the composition of our lease costs, which are predominantly included in net occupancy expense.

Table 5.3: Lease Costs

		Quarter ended March 31,	
(in millions)		**2022**	2021
Fixed lease expense – operating leases	**$**	**253**	265
Variable lease expense		**73**	78
Other (1)		**(10)**	(3)
Total lease costs	**$**	**316**	340

(1) Predominantly includes gains recognized from sale leaseback transactions and sublease rental income.

Note 6: Equity Securities

Table 6.1 provides a summary of our equity securities by business purpose and accounting method.

Table 6.1: Equity Securities

(in millions)		Mar 31, 2022	Dec 31, 2021
Held for trading at fair value:			
Marketable equity securities (1)	$	**23,739**	27,476
Nonmarketable equity securities (2)(3)		**10,464**	—
Total equity securities held for trading		**34,203**	27,476
Not held for trading:			
Fair value:			
Marketable equity securities		**2,027**	2,578
Nonmarketable equity securities (2)		**132**	9,044
Total equity securities not held for trading at fair value		**2,159**	11,622
Equity method:			
Private equity		**2,972**	3,077
Tax-advantaged renewable energy		**5,018**	4,740
New market tax credit and other		**369**	379
Total equity method		**8,359**	8,196
Other methods:			
Low-income housing tax credit investments		**12,199**	12,314
Private equity (4)		**10,251**	9,694
Federal Reserve Bank stock and other at cost (5)		**3,584**	3,584
Total equity securities not held for trading		**36,552**	45,410
Total equity securities	$	**70,755**	72,886

(1) Represents securities held as part of our customer accommodation trading activities. For additional information on these activities, see Note 2 (Trading Activities).
(2) In first quarter 2022, we prospectively reclassified certain equity securities and related economic hedge derivatives from "not held for trading activities" to "held for trading activities" to better reflect the business activity of those financial instruments. For additional information on Trading Activities, see Note 1 (Summary of Significant Accounting Policies) in our 2021 Form 10-K.
(3) Represents securities economically hedged with equity derivatives.
(4) Represents nonmarketable equity securities accounted for under the measurement alternative, which were predominantly securities associated with our affiliated venture capital business.
(5) Substantially all relates to investments in Federal Reserve Bank stock at both March 31, 2022, and December 31, 2021.

Realized Gains and Losses Not Held for Trading

Table 6.2 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 6.2: Net Gains (Losses) from Equity Securities Not Held for Trading

		Quarter ended March 31,	
(in millions)		2022	2021
Net gains (losses) from equity securities carried at fair value:			
Marketable equity securities	$	**(2)**	60
Nonmarketable equity securities (1)		**(22)**	(358)
Total equity securities carried at fair value		**(24)**	(298)
Net gains (losses) from nonmarketable equity securities not carried at fair value (2):			
Impairment write-downs		**(438)**	(15)
Net unrealized gains (3)		**690**	225
Net realized gains on sale		**348**	55
Total nonmarketable equity securities not carried at fair value		**600**	265
Net gains from economic hedge derivatives (1)		**—**	425
Total net gains (losses) from equity securities not held for trading	$	**576**	392

(1) In first quarter 2022, we prospectively reclassified certain equity securities and related economic hedge derivatives from "not held for trading activities" to "held for trading activities" to better reflect the business activity of those financial instruments. For additional information on Trading Activities, see Note 1 (Summary of Significant Accounting Policies) in our 2021 Form 10-K.
(2) Includes amounts related to private equity and venture capital investments in consolidated portfolio companies, which are not reported in equity securities on our consolidated balance sheet.
(3) Includes unrealized gains (losses) due to observable price changes from equity securities accounted for under the measurement alternative.

Measurement Alternative

Table 6.3 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 6.2.

Table 6.3: Net Gains (Losses) from Measurement Alternative Equity Securities

		Quarter ended March 31,	
(in millions)		**2022**	2021
Net gains (losses) recognized in earnings during the period:			
Gross unrealized gains from observable price changes	$	**690**	225
Impairment write-downs		**(395)**	(12)
Realized net gains from sale		**33**	—
Total net gains recognized during the period	$	**328**	213

Table 6.4 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 6.4: Measurement Alternative Cumulative Gains (Losses)

(in millions)		**Mar 31, 2022**	Dec 31, 2021
Cumulative gains (losses):			
Gross unrealized gains from observable price changes	$	**6,957**	6,278
Gross unrealized losses from observable price changes		**(3)**	(3)
Impairment write-downs		**(1,216)**	(821)

Note 7: Other Assets

Table 7.1 presents the components of other assets.

Table 7.1: Other Assets

(in millions)		Mar 31, 2022	Dec 31, 2021
Corporate/bank-owned life insurance	$	**20,667**	20,619
Accounts receivable (1)		**25,308**	20,831
Interest receivable:			
AFS and HTM debt securities		**1,352**	1,360
Loans		**1,978**	1,950
Trading and other		**354**	305
Operating lease assets (lessor)		**6,040**	6,182
Operating lease ROU assets (lessee)		**3,782**	3,805
Customer relationship and other amortized intangibles		**196**	211
Foreclosed assets		**130**	112
Due from customers on acceptances		**125**	155
Other (2)		**12,548**	11,729
Total other assets	$	**72,480**	67,259

(1) Primarily includes derivatives clearinghouse receivables, trade date receivables, and servicer advances.
(2) Primarily includes income tax receivables, prepaid expenses, and private equity and venture capital investments in consolidated portfolio companies.

Note 8: 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 originated and purchased 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 securitizations 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 GNMA loan securitization pools, which becomes exercisable when three scheduled loan payments remain unpaid by the borrower. During the quarters ended March 31, 2022 and 2021, we repurchased loans of $933 million and $1.9 billion, respectively, which predominantly represented repurchases of government insured loans. We recorded assets and related liabilities of $35 million and $107 million at March 31, 2022, and December 31, 2021, respectively, where we did not exercise our option to repurchase eligible loans.

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 March 31, 2022, and December 31, 2021, our liability for these repurchase and recourse arrangements was $164 million and $173 million, respectively, and the maximum exposure to loss was $13.3 billion at both March 31, 2022, and December 31, 2021.

Loans serviced for others presented in Table 8.3 are predominantly loans securitized by the GSEs and GNMA. See Note 9 (Mortgage Banking Activities) for additional information about residential and commercial servicing rights, advances and servicing fees. Substantially all residential servicing activity is related to assets transferred to GSE and GNMA securitizations.

NONCONFORMING MORTGAGE LOAN SECURITIZATIONS In the normal course of business, we sell nonconforming residential and commercial 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, account for the transfers as sales and do not consolidate the VIE. We also typically retain the right to service the loans and may hold other beneficial interests issued by the VIEs, 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 and 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 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 8.1 presents information about transfers of assets during the period 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, securities, and loans. 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. Substantially all transfers were related to residential mortgage securitizations with the GSEs or GNMA and resulted in no gain or loss because the loans are already 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 8.1: Transfers with Continuing Involvement

(in millions)		2022 Residential mortgages	2022 Commercial mortgages	2021 Residential mortgages	2021 Commercial mortgages
Quarter ended March 31,					
Assets sold	$	**26,174**	**4,033**	40,586	3,191
Proceeds from transfer (1)		**26,226**	**4,097**	40,691	3,282
Net gains (losses) on sale		**52**	**64**	105	91
Continuing involvement (2):					
Servicing rights recognized	$	**327**	**29**	407	47
Securities recognized (3)		**1,587**	**104**	10,223	29
Loans recognized		**—**	**—**	926	—

(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, which predominantly relate 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 $6.7 billion and $6.8 billion, during the quarters ended March 31, 2022 and 2021, 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. During the quarters ended March 31, 2022 and 2021, we received cash flows of $136 million and $75 million, respectively, related to principal and interest payments on these securities and loans, which exclude cash flows related to trading activities and to the sale of our student loan portfolio.

Table 8.2 presents the key weighted-average assumptions we used to initially measure residential MSRs recognized during the periods presented.

Table 8.2: Residential Mortgage Servicing Rights

		2022	2021
Quarter ended March 31,			
Prepayment rate (1)		**11.1 %**	14.4
Discount rate		**7.0**	6.0
Cost to service ($ per loan)	$	**112**	82

(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 15 (Fair Values of Assets and Liabilities) and Note 9 (Mortgage Banking Activities) for additional information on key economic 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 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. We transferred $6.4 billion and $17.4 billion of securities to re-securitization VIEs during the quarters ended March 31, 2022 and 2021, respectively. These amounts are not included in Table 8.1. Related total VIE assets were $115.9 billion and $117.7 billion at March 31, 2022 and December 31, 2021, respectively. As of March 31, 2022 and December 31, 2021 we held $1.3 billion and $817 million of securities, respectively. $738 million and $1.0 billion of these securities related to resecuritizations transacted during the quarters ended March 31, 2022 and 2021, respectively.

Loans Serviced for Others

Table 8.3 presents information about loans that we sold or securitized in which we have ongoing involvement as servicer. These are primarily residential mortgage loans sold to the GSEs or GNMA. Delinquent loans include loans 90 days or more past due and loans in bankruptcy, regardless of delinquency status.

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 8.3: Loans Serviced for Others

					Net charge-offs (2)	
	Total loans		Delinquent loans and foreclosed assets (1)		Quarter ended March 31,	
(in millions)	**Mar 31, 2022**	Dec 31, 2021	**Mar 31, 2022**	Dec 31, 2021	**2022**	2021
Commercial	$ **122,487**	120,962	**1,809**	1,923	**4**	115
Residential	**679,687**	690,813	**8,407**	10,714	**3**	6
Total off-balance sheet sold or securitized loans (3)	$ **802,174**	811,775	**10,216**	12,637	**7**	121

(1) Includes $444 million and $403 million of commercial foreclosed assets and $145 million and $129 million of residential foreclosed assets at March 31, 2022 and December 31, 2021, respectively.
(2) Net charge-offs exclude loans sold to FNMA, FHLMC and GNMA as we do not service or manage the underlying real estate upon foreclosure and, as such, do not have access to net charge-off information.
(3) At March 31, 2022 and December 31, 2021, the table includes total loans of $725.5 billion and $736.8 billion, delinquent loans of $8.0 billion and $10.2 billion, and foreclosed assets of $114 million and $100 million, respectively, for FNMA, FHLMC and GNMA.

Transactions with Unconsolidated VIEs

MORTGAGE LOAN SECURITIZATIONS Table 8.4 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 8.4 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.

TAX CREDIT STRUCTURES We co-sponsor and make investments in affordable housing projects that are designed to generate a return primarily through the realization of federal tax credits. The projects are typically managed by project sponsors who have the power over the VIE’s assets. In some instances, our investments in these structures may require that we fund future capital commitments at the discretion of the project sponsors.

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.

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 8.4 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 8.4, "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 loans sold that we may be required to repurchase, or otherwise indemnify or reimburse the investor or insurer for losses incurred, due to material breach of contractual representations and warranties as well as other retained recourse arrangements. The maximum exposure to loss for material breach of contractual representations and warranties represents a stressed case estimate we utilize for determining stressed case regulatory capital needs and is considered to be a remote scenario.

"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 8.4: Unconsolidated VIEs

(in millions)	Total VIE assets	Loans	Debt securities (1)	Equity securities	All other assets (2)	Debt and other liabilities	Net assets
		Carrying value – asset (liability)					
March 31, 2022							
Nonconforming mortgage loan securitizations	**$ 149,765**	**—**	**2,773**	**—**	**708**	**(1)**	**3,480**
Tax credit structures	**45,264**	**1,704**	**—**	**12,206**	**—**	**(4,696)**	**9,214**
Commercial real estate loans	**5,482**	**5,473**	**—**	**—**	**9**	**—**	**5,482**
Other	**2,842**	**472**	**2**	**55**	**37**	**(1)**	**565**
Total	**$ 203,353**	**7,649**	**2,775**	**12,261**	**754**	**(4,698)**	**18,741**
		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		**$ —**	**2,773**	**—**	**708**	**1**	**3,482**
Tax credit structures		**1,704**	**—**	**12,206**	**—**	**3,818**	**17,728**
Commercial real estate loans		**5,473**	**—**	**—**	**9**	**709**	**6,191**
Other		**472**	**2**	**55**	**37**	**229**	**795**
Total		**$ 7,649**	**2,775**	**12,261**	**754**	**4,757**	**28,196**

(in millions)	Total VIE assets	Loans	Debt securities (1)	Equity securities	All other assets (2)	Debt and other liabilities	Net assets
		Carrying value – asset (liability)					
December 31, 2021							
Nonconforming mortgage loan securitizations	$ 146,482	—	2,620	—	694	—	3,314
Tax credit structures	44,528	1,904	—	12,322	—	(4,941)	9,285
Commercial real estate loans	5,489	5,481	—	—	8	—	5,489
Other	3,196	531	3	62	49	(1)	644
Total	$ 199,695	7,916	2,623	12,384	751	(4,942)	18,732
		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		$ —	2,620	—	694	27	3,341
Tax credit structures		1,904	—	12,322	—	3,730	17,956
Commercial real estate loans		5,481	—	—	8	710	6,199
Other		531	3	62	49	229	874
Total		$ 7,916	2,623	12,384	751	4,696	28,370

(1) Includes $336 million and $352 million of securities classified as trading at March 31, 2022 and December 31, 2021, respectively.
(2) All other assets includes mortgage servicing rights, derivative assets, and other assets (predominantly servicing advances).

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 securitize dealer floor plan loans and leases in a revolving master trust entity and hold the subordinated notes and residual equity interests. 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 8.5. In a separate transaction structure, we also 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 are primarily related to municipal tender option bond (MTOB) transactions and nonconforming mortgage loan securitizations that we sponsor. MTOBs are vehicles to finance the purchase of municipal bonds through the issuance of short-term debt to investors. Our involvement with MTOBs includes serving as the residual interest holder, which provides control over the key decisions of the VIE, as well as the remarketing agent or liquidity provider related to the debt issued to investors. We also securitize nonconforming mortgage loans, in which our involvement includes servicer of the underlying assets and holder of subordinate or senior securities issued by the VIE.

Table 8.5 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. Carrying values of assets are presented using GAAP measurement methods, which may include fair value, credit impairment or other adjustments, and therefore in some instances will differ from "Total VIE 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 8.5: Transactions with Consolidated VIEs

			Carrying value – asset (liability)				
(in millions)		Total VIE assets	Loans	Debt securities	All other assets (1)	Long-term debt	All other liabilities (2)
March 31, 2022							
Commercial and industrial loans and leases	**$**	**7,026**	**4,534**	**—**	**226**	**—**	**(194)**
Other		**471**	**336**	**71**	**3**	**(133)**	**(71)**
Total consolidated VIEs	**$**	**7,497**	**4,870**	**71**	**229**	**(133)**	**(265)**
December 31, 2021							
Commercial and industrial loans and leases	$	7,013	4,099	—	231	—	(188)
Other		516	377	71	3	(149)	(71)
Total consolidated VIEs	$	7,529	4,476	71	234	(149)	(259)

(1) All other assets includes cash and due from banks, interest-earning deposits with banks, derivative assets, equity securities, and other assets.
(2) All other liabilities includes short-term borrowings, derivative liabilities, 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. In our consolidated balance sheet we reported the debt securities issued to the VIEs as long-term junior subordinated debt with a carrying value of $391 million and $388 million at March 31, 2022, and December 31, 2021, respectively. See Note 16 (Preferred Stock) for additional information about trust preferred securities.

Note 9: Mortgage Banking Activities

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

We apply the amortization method to commercial MSRs and apply the fair value method to residential MSRs. The amortized cost of commercial MSRs was $1.2 billion and $1.3 billion, with an estimated fair value of $1.9 billion and $1.7 billion, at March 31, 2022 and 2021, respectively. Table 9.1 presents the changes in MSRs measured using the fair value method.

Table 9.1: Analysis of Changes in Fair Value MSRs

		Quarter ended March 31,	
(in millions)		**2022**	2021
Fair value, beginning of period	$	**6,920**	6,125
Servicing from securitizations or asset transfers (1)		**342**	406
Sales and other (2)		**1**	(1)
Net additions		**343**	405
Changes in fair value:			
Due to valuation inputs or assumptions:			
Mortgage interest rates (3)		**1,699**	1,630
Servicing and foreclosure costs (4)		**(3)**	9
Discount rates		**55**	47
Prepayment estimates and other (5)		**(146)**	(95)
Net changes in valuation inputs or assumptions		**1,605**	1,591
Changes due to collection/realization of expected cash flows (6)		**(357)**	(585)
Total changes in fair value		**1,248**	1,006
Fair value, end of period	$	**8,511**	7,536

(1) Includes impacts associated with exercising cleanup calls on securitizations and our right to repurchase delinquent loans from GNMA loan securitization pools. MSRs may increase upon repurchase due to servicing liabilities associated with these delinquent GNMA loans.
(2) Includes sales and transfers of MSRs, which can result in an increase in MSRs if related to portfolios with servicing liabilities.
(3) Includes prepayment rate changes as well as other valuation changes due to changes in mortgage interest rates.
(4) Includes costs to service and unreimbursed foreclosure costs.
(5) Represents other changes in valuation model inputs or assumptions including prepayment rate estimation changes that are independent of mortgage interest rate changes.
(6) 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 9.2 provides key economic assumptions and sensitivity of the current fair value of residential MSRs to immediate adverse changes in those assumptions. Amounts for residential MSRs include purchased servicing rights as well as servicing rights resulting from the transfer of loans. See Note 15 (Fair Values of Assets and Liabilities) for additional information on key economic assumptions for residential MSRs.

Table 9.2: Economic Assumptions and Sensitivity of Residential MSRs

($ in millions, except cost to service amounts)		**Mar 31, 2022**	Dec 31, 2021
Fair value of interests held	$	**8,511**	6,920
Expected weighted-average life (in years)		**5.7**	4.7
Key economic assumptions:			
Prepayment rate assumption (1)		**11.1 %**	14.7
Impact on fair value from 10% adverse change	$	**339**	356
Impact on fair value from 25% adverse change		**803**	834
Discount rate assumption		**7.4 %**	6.4
Impact on fair value from 100 basis point increase	$	**337**	276
Impact on fair value from 200 basis point increase		**646**	529
Cost to service assumption ($ per loan)		**102**	106
Impact on fair value from 10% adverse change		**177**	165
Impact on fair value from 25% adverse change		**441**	411

(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 9.3 at unpaid principal balance for loans serviced and subserviced for others and at book value for owned loans serviced.

Table 9.3: Managed Servicing Portfolio

(in billions)		Mar 31, 2022	Dec 31, 2021
Residential mortgage servicing:			
Serviced and subserviced for others	$	**705**	718
Owned loans serviced		**273**	276
Total residential servicing		**978**	994
Commercial mortgage servicing:			
Serviced and subserviced for others		**598**	597
Owned loans serviced		**132**	130
Total commercial servicing		**730**	727
Total managed servicing portfolio	$	**1,708**	1,721
Total serviced for others, excluding subserviced for others	$	**1,293**	1,304
MSRs as a percentage of loans serviced for others		**0.75 %**	0.63
Weighted average note rate (mortgage loans serviced for others)		**3.81**	3.82

At March 31, 2022, and December 31, 2021, we had servicer advances, net of an allowance for uncollectible amounts, of $2.9 billion and $3.2 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, 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 charged-off when deemed uncollectible.

Table 9.4 presents the components of mortgage banking noninterest income.

Table 9.4: Mortgage Banking Noninterest Income

			Quarter ended March 31,	
(in millions)			2022	2021
Servicing fees:				
Contractually specified servicing fees, late charges and ancillary fees		$	**635**	724
Unreimbursed direct servicing costs (1)			**(24)**	(124)
Servicing fees			**611**	600
Amortization (2)			**(59)**	(65)
Changes due to collection/realization of expected cash flows (3)	(A)		**(357)**	(585)
Net servicing fees			**195**	(50)
Changes in fair value of MSRs due to valuation inputs or assumptions (4)	(B)		**1,605**	1,591
Net derivative gains (losses) from economic hedges (5)			**(1,646)**	(1,640)
Market-related valuation changes to MSRs, net of hedge results			**(41)**	(49)
Total net servicing income			**154**	(99)
Net gains on mortgage loan originations/sales (6)			**539**	1,425
Total mortgage banking noninterest income			**693**	1,326
Total changes in fair value of MSRs carried at fair value	(A)+(B)	$	**1,248**	1,006

(1) Includes costs associated with foreclosures, unreimbursed interest advances to investors, and other interest costs.
(2) Includes a $4 million reversal of impairment recorded in first quarter 2022 on the commercial amortized MSRs. There was no impairment recorded in first quarter 2021 on the commercial amortized MSRs.
(3) 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.
(4) Refer to the analysis of changes in fair value MSRs presented in Table 9.1 in this Note for more detail.
(5) See Note 14 (Derivatives) for additional discussion and detail on economic hedges.
(6) Includes net gains (losses) of $1.3 billion in both first quarter 2022 and 2021, related to derivatives used as economic hedges of mortgage loans held for sale and derivative loan commitments.

Note 10: Intangible Assets

Table 10.1 presents the gross carrying value of intangible assets and accumulated amortization.

Table 10.1: Intangible Assets

(in millions)		March 31, 2022			December 31, 2021	
	Gross carrying value	Accumulated amortization	Net carrying value	Gross carrying value	Accumulated amortization	Net carrying value
Amortized intangible assets (1):						
MSRs (2)	$ 4,826	(3,584)	1,242	4,794	(3,525)	1,269
Customer relationship and other intangibles	754	(558)	196	842	(631)	211
Total amortized intangible assets	$ 5,580	(4,142)	1,438	5,636	(4,156)	1,480
Unamortized intangible assets:						
MSRs (carried at fair value)	$ 8,511			6,920		
Goodwill	25,181			25,180		

(1) Balances are excluded commencing in the period following full amortization.
(2) Includes a $4 million valuation allowance recorded for amortized MSRs at December 31, 2021. See Note 9 (Mortgage Banking Activities) for additional information on MSRs.

Table 10.2 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 March 31, 2022. Future amortization expense may vary from these projections.

Table 10.2: Amortization Expense for Intangible Assets

(in millions)	Amortized MSRs	Customer relationship and other intangibles	Total
Three months ended March 31, 2022 (actual)	**$ 59**	**15**	**74**
Estimate for the remainder of 2022	**$ 187**	**44**	**231**
Estimate for year ended December 31,			
2023	218	51	269
2024	190	41	231
2025	167	33	200
2026	133	27	160
2027	102	—	102

Table 10.3 shows the allocation of goodwill to our reportable operating segments.

Table 10.3: Goodwill

(in millions)	Consumer Banking and Lending	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate	Consolidated Company
December 31, 2020	$ 16,418	3,018	5,375	1,276	305	26,392
Foreign currency translation	—	2	—	—	—	2
Transfers of goodwill	—	—	—	(932)	932	—
Divestitures	$ —	—	—	—	(104)	(104)
March 31, 2021	$ 16,418	3,020	5,375	344	1,133	26,290
December 31, 2021	**$ 16,418**	**2,938**	**5,375**	**344**	**105**	**25,180**
Foreign currency translation	**—**	**1**	**—**	**—**	**—**	**1**
March 31, 2022	**$ 16,418**	**2,939**	**5,375**	**344**	**105**	**25,181**

Note 11: 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. Guarantees are generally in the form of standby and direct pay letters of credit, written options, recourse obligations, and other types of similar arrangements. For additional descriptions of our guarantees, see Note 13 (Guarantees and Other Commitments) in our 2021 Form 10-K. Table 11.1 shows carrying value, maximum exposure to loss on our guarantees and the related non-investment grade amounts.

Table 11.1: Guarantees – Carrying Value and Maximum Exposure to Loss

			Maximum exposure to loss					
(in millions)		Carrying value of obligation (asset)	Expires in one year or less	Expires after one year through three years	Expires after three years through five years	Expires after five years	Total	Non-investment grade
March 31, 2022								
Standby letters of credit	**$**	**116**	**14,658**	**4,952**	**1,664**	**433**	**21,707**	**6,969**
Direct pay letters of credit		**12**	**1,738**	**1,934**	**1,216**	**4**	**4,892**	**1,328**
Written options (1)		**(125)**	**12,202**	**4,464**	**553**	**36**	**17,255**	**14,097**
Loans and LHFS sold with recourse (2)		**17**	**164**	**924**	**3,787**	**8,506**	**13,381**	**11,385**
Exchange and clearing house guarantees		**—**	**—**	**—**	**—**	**5,590**	**5,590**	**—**
Other guarantees and indemnifications (3)		**—**	**687**	**1**	**—**	**277**	**965**	**594**
Total guarantees	**$**	**20**	**29,449**	**12,275**	**7,220**	**14,846**	**63,790**	**34,373**
December 31, 2021								
Standby letters of credit	$	119	13,816	5,260	1,572	460	21,108	6,939
Direct pay letters of credit		6	1,597	2,137	1,283	4	5,021	1,373
Written options (1)		(280)	12,107	4,575	513	36	17,231	13,645
Loans and LHFS sold with recourse (2)		20	71	943	3,610	8,650	13,274	11,268
Exchange and clearing house guarantees		—	—	—	—	8,100	8,100	—
Other guarantees and indemnifications (3)		—	797	2	12	263	1,074	756
Total guarantees	$	(135)	28,388	12,917	6,990	17,513	65,808	33,981

(1) Written options, which are in the form of derivatives, are also included in the derivative disclosures in Note 14 (Derivatives). Carrying value net asset position is a result of certain deferred premium option trades.
(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 $218 million and $216 million with related collateral of $2.2 billion and $2.3 billion as of March 31, 2022 and December 31, 2021, respectively.

"Maximum exposure to loss" and "Non-investment grade" are required disclosures under GAAP. 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 11.1 do not reflect economic hedges or collateral we could use to offset or recover losses we may incur under our guarantee agreements. Accordingly, this required disclosure is not an indication of expected loss. We believe the carrying value is more representative of our 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.

Non-investment grade represents those guarantees on which we have a higher risk of performance under the terms of the guarantee. If the underlying assets under the guarantee are non-investment grade (that is, an external rating that is below investment grade or an internal credit default grade that is equivalent to a below investment grade external rating), we consider the risk of performance to be high. Internal credit default grades are determined based upon the same credit policies that we use to evaluate the risk of payment or performance when making loans and other extensions of credit. Credit quality indicators we usually consider in evaluating risk of payments or performance are described in Note 4 (Loans and Related Allowance for Credit Losses).

We provide debit and credit card transaction processing services through payment networks directly for merchants and as a sponsor for merchant processing servicers, 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 March 31, 2022, our potential maximum exposure was approximately $748.8 billion, and related losses, including those from our joint venture entity, were insignificant.

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 $1.1 billion and $1.2 billion at March 31, 2022 and December 31, 2021, respectively. These guarantees rank on parity with all of the Parent's other unsecured and unsubordinated indebtedness.

OTHER COMMITMENTS To meet the financing needs of our customers, we may enter into commitments to purchase debt and equity securities to provide capital for their funding, liquidity or other future needs. As of both March 31, 2022 and December 31, 2021, we had commitments to purchase debt securities of $18 million and commitments to purchase equity securities of $2.3 billion and $2.4 billion, respectively.

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 11.1 in Other guarantees and indemnifications.

Also, we have commitments to purchase loans and securities under resale agreements from certain counterparties, including central clearing organizations. The amount of our unfunded contractual commitments was $13.2 billion and $11.0 billion as of March 31, 2022 and December 31, 2021, respectively.

Given the nature of these commitments, they are excluded from Table 4.4 (Unfunded Credit Commitments) in Note 4 (Loans and Related Allowance for Credit Losses).

Note 12: Pledged Assets and Collateral

Pledged Assets

Table 12.1 provides the carrying amount of on-balance sheet pledged assets and the fair value of other pledged collateral. Other pledged collateral is collateral we have received from third parties, have the right to repledge and is not recognized 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. 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 the Federal Home Loan Bank (FHLB) 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 8 (Securitizations and Variable Interest Entities) for additional information on consolidated VIE assets.

Table 12.1: Pledged Assets

(in millions)		Mar 31, 2022	Dec 31, 2021
Related to trading activities:			
Repledged third-party owned debt and equity securities	$	**28,120**	31,087
Trading debt securities and other		**18,464**	14,216
Equity securities		**1,276**	984
Total pledged assets related to trading activities		**47,860**	46,287
Related to non-trading activities:			
Loans		**285,659**	288,698
Debt securities:			
Available-for-sale		**57,663**	65,198
Held-to-maturity		**11,475**	13,843
Other financial assets		**565**	1,600
Total pledged assets related to non-trading activities		**355,362**	369,339
Related to VIEs:			
Consolidated VIE assets		**5,170**	4,781
Loans eligible for repurchase from GNMA securitizations		**36**	109
Total pledged assets related to VIEs		**5,206**	4,890
Total pledged assets	$	**408,428**	420,516

Securities 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.

OFFSETTING OF SECURITIES FINANCING ACTIVITIES Table 12.2 presents resale and repurchase agreements subject to master repurchase agreements (MRA) and securities borrowing and lending agreements subject to master securities lending agreements (MSLA). 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.

Collateral we pledged consists of non-cash instruments, such as securities or loans, and is not netted on the 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 12.2, we also have balance sheet netting related to derivatives that is disclosed in Note 14 (Derivatives).

Table 12.2: Offsetting – Securities Financing Activities

(in millions)		Mar 31, 2022	Dec 31, 2021
Assets:			
Resale and securities borrowing agreements			
Gross amounts recognized	$	**105,614**	103,140
Gross amounts offset in consolidated balance sheet (1)		**(14,992)**	(14,074)
Net amounts in consolidated balance sheet (2)		**90,622**	89,066
Collateral not recognized in consolidated balance sheet (3)		**(89,845)**	(88,330)
Net amount (4)	$	**777**	736
Liabilities:			
Repurchase and securities lending agreements			
Gross amounts recognized	$	**34,752**	35,043
Gross amounts offset in consolidated balance sheet (1)		**(14,992)**	(14,074)
Net amounts in consolidated balance sheet (5)		**19,760**	20,969
Collateral pledged but not netted in consolidated balance sheet (6)		**(19,555)**	(20,820)
Net amount (4)	$	**205**	149

(1) Represents recognized amount of resale and repurchase agreements with counterparties subject to enforceable MRAs that have been offset in the consolidated balance sheet.
(2) Includes $67.7 billion and $66.2 billion classified on our consolidated balance sheet in federal funds sold and securities purchased under resale agreements at March 31, 2022, and December 31, 2021, respectively. Also includes securities purchased under long-term resale agreements (generally one year or more) classified in loans, which totaled $22.9 billion and $22.9 billion, at March 31, 2022, and December 31, 2021, 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 March 31, 2022, and December 31, 2021, we have received total collateral with a fair value of $128.2 billion and $124.4 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 $26.3 billion and $28.8 billion at March 31, 2022, and December 31, 2021, 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 March 31, 2022, and December 31, 2021, we have pledged total collateral with a fair value of $35.7 billion and $35.9 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 12.3 provides the gross amounts recognized on the consolidated balance sheet (before the effects of offsetting) of our liabilities for repurchase and securities lending agreements disaggregated by underlying collateral type.

Note 12: Pledged Assets and Collateral *(continued)*

Table 12.3: Gross Obligations by Underlying Collateral Type

(in millions)		Mar 31, 2022	Dec 31, 2021
Repurchase agreements:			
Securities of U.S. Treasury and federal agencies	$	**16,141**	14,956
Securities of U.S. States and political subdivisions		**1**	1
Federal agency mortgage-backed securities		**2,326**	3,432
Non-agency mortgage-backed securities		**759**	809
Corporate debt securities		**8,215**	8,899
Asset-backed securities		**473**	358
Equity securities		**1,217**	919
Other		**241**	409
Total repurchases		**29,373**	29,783
Securities lending arrangements:			
Securities of U.S. Treasury and federal agencies		**117**	33
Federal agency mortgage-backed securities		**17**	17
Corporate debt securities		**126**	80
Equity securities (1)		**5,067**	5,050
Other		**52**	80
Total securities lending		**5,379**	5,260
Total repurchases and securities lending	$	**34,752**	35,043

(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 12.4 provides the contractual maturities of our gross obligations under repurchase and securities lending agreements.

Table 12.4: Contractual Maturities of Gross Obligations

(in millions)		Overnight/ continuous	Up to 30 days	30-90 days	>90 days	Total gross obligation
March 31, 2022						
Repurchase agreements	**$**	**18,187**	**1,262**	**4,139**	**5,785**	**29,373**
Securities lending arrangements		**4,929**	**—**	**—**	**450**	**5,379**
Total repurchases and securities lending (1)	**$**	**23,116**	**1,262**	**4,139**	**6,235**	**34,752**
December 31, 2021						
Repurchase agreements	$	16,452	3,570	4,276	5,485	29,783
Securities lending arrangements		4,810	—	—	450	5,260
Total repurchases and securities lending (1)	$	21,262	3,570	4,276	5,935	35,043

(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 13: Legal Actions

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.

ATM ACCESS FEE LITIGATION In October 2011, plaintiffs filed a putative class action, *Mackmin, et al. v. Visa, Inc. et al.*, against Wells Fargo & Company, Wells Fargo Bank, N.A., Visa, MasterCard, and several other banks in the United States District Court for the District of Columbia. Plaintiffs allege that the Visa and MasterCard requirement that if an ATM operator charges an access fee on Visa and MasterCard transactions, then that fee cannot be greater than the access fee charged for transactions on other networks, violates antitrust rules. Plaintiffs seek treble damages, restitution, injunctive relief, and attorneys' fees where available under federal and state law. Two other antitrust cases that make similar allegations were filed in the same court, but these cases did not name Wells Fargo as a defendant. On February 13, 2013, the district court granted defendants' motions to dismiss the three actions. Plaintiffs appealed the dismissals and, on August 4, 2015, the United States Court of Appeals for the District of Columbia Circuit vacated the district court's decisions and remanded the three cases to the district court for further proceedings. On June 28, 2016, the United States Supreme Court granted defendants' petitions for writ of certiorari to review the decisions of the United States Court of Appeals for the District of Columbia. On November 17, 2016, the United States Supreme Court dismissed the petitions as improvidently granted, and the three cases returned to the district court for further proceedings. In November 2021, the district court granted preliminary approval of an agreement pursuant to which the Company will pay $20.8 million in order to resolve the cases.

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. The consent orders require remediation to customers and the payment of a total of $1.0 billion in civil money penalties to the agencies. In July 2017, the Company announced a plan to remediate customers who may have been financially harmed due to issues related to automobile CPI policies purchased through a third-party vendor on their behalf. Multiple putative class actions alleging, among other things, unfair and deceptive practices relating to these CPI policies, were filed against the Company and consolidated into one multi-district litigation in the United States District Court for the Central District of California. As previously disclosed, the Company entered into a settlement to resolve the multi-district litigation. Shareholders also 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. In addition, the Company is subject to a class action in the United States District Court for the Central District of California alleging that customers are entitled to refunds related to the unused portion of guaranteed automobile protection (GAP) waiver or insurance agreements between the customer and dealer and, by assignment, the lender. In November 2021, the court granted final approval of an agreement pursuant to which the Company agreed to pay $45 million and make certain changes to its GAP refund practices in order to settle the action. Allegations related to the CPI and GAP programs were among the subjects of a shareholder derivative lawsuit in the United States District Court for the Northern District of California, which has been 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. As previously disclosed, the Company entered into an agreement to resolve investigations by state attorneys general.

COMMERCIAL LENDING SHAREHOLDER LITIGATION In October and November 2020, plaintiffs filed two putative securities fraud class actions, which were consolidated into one lawsuit pending in the United States District Court for the Northern District of California alleging that the Company and certain of its current and former officers made false and misleading statements or omissions regarding, among other things, the Company's commercial lending underwriting practices, the credit quality of its commercial credit portfolios, and the value of its commercial loans, collateralized loan obligations and commercial mortgage-backed securities.

COMPANY 401(K) PLAN REGULATORY INVESTIGATIONS Federal government agencies, including the United States Department of Labor, are reviewing 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. The Company is in resolution discussions with the Department of Labor, although there can be no assurance as to the outcome of these discussions.

CONSENT ORDER DISCLOSURE LITIGATION Wells Fargo shareholders have 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. Allegations related to the Company's efforts to comply with these three consent orders were also among the subjects of a shareholder derivative lawsuit filed in the United States District Court for the Northern District of California. On February 4, 2022, the district court granted the Company's motion to dismiss the shareholder derivative lawsuit. On April 19, 2022, shareholders filed a new derivative lawsuit in California state court making similar allegations.

CONSUMER DEPOSIT ACCOUNT RELATED REGULATORY INVESTIGATIONS The CFPB is conducting an investigation into whether customers were unduly harmed by the Company's historical practices associated with the freezing (and, in many cases, closing) of consumer deposit accounts after the Company detected suspected fraudulent activity (by third parties or account holders) that affected those accounts. The CFPB is also investigating certain of the Company's past disclosures to customers regarding the minimum qualifying debit card usage required for customers to receive a waiver of monthly service fees on certain consumer deposit accounts.

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 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 money 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 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.

MORTGAGE LENDING MATTERS Plaintiffs representing a class of mortgage borrowers filed separate putative class actions, *Hernandez v. Wells Fargo, et al.*, *Coordes v. Wells Fargo, et al.*, *Ryder v. Wells Fargo*, *Liguori v. Wells Fargo*, and *Dore v. Wells Fargo*, against Wells Fargo Bank, N.A., in the United States District Court for the Northern District of California, the United States District Court for the District of Washington, the United States District Court for the Southern District of Ohio, the United States District Court for the Southern District of New York, and the United States District Court for the Western District of Pennsylvania, respectively. Plaintiffs alleged that Wells Fargo improperly denied mortgage loan modifications or repayment plans to customers in the foreclosure process due to the overstatement of foreclosure attorneys' fees that were included for purposes of determining whether a customer in the foreclosure process qualified for a mortgage loan modification or repayment plan. The Company entered into agreements to settle the *Hernandez* case in two phases, an initial $18.5 million class settlement that was approved by the district court in October 2020 and an additional $22 million class settlement that was approved by the district court in January 2022 in order to include additional borrowers who should have been included in the initial settlement class. In addition, the Company entered into an agreement in the *Ryder* case pursuant to which the Company paid $12 million to cover other impacted borrowers who were not included in the *Hernandez* case, which was approved by the district court in January 2022. The *Dore, Coordes,* and *Liguori* cases have been voluntarily dismissed. In addition, federal and state government agencies, including the CFPB, have undertaken formal or informal inquiries or investigations regarding these and other mortgage servicing matters. On September 9, 2021, the OCC assessed a $250 million civil money penalty against the Company regarding loss mitigation activities in the Company's Home Lending business and insufficient progress in addressing requirements under the OCC's April 2018 consent order. In addition, 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.

NOMURA/NATIXIS MORTGAGE-RELATED LITIGATION In August 2014 and August 2015, Nomura Credit & Capital Inc. (Nomura) and Natixis Real Estate Holdings, LLC (Natixis) filed a total of seven third-party complaints against Wells Fargo Bank, N.A., in New York state court. In the underlying first-party actions, Nomura and Natixis have been sued for alleged breaches of representations and warranties made in connection with residential mortgage-backed securities sponsored by them. In the third-party actions, Nomura and Natixis allege that Wells Fargo, as master servicer, primary servicer or securities administrator, failed to notify Nomura and Natixis of their own breaches, failed to properly oversee the primary servicers, and failed to adhere to accepted servicing practices. Natixis additionally alleges that Wells Fargo failed to perform default oversight duties. In March 2022, Wells Fargo entered into an agreement to settle the six actions filed by Nomura, and the actions have been voluntarily dismissed. In the remaining action filed by Natixis, Wells Fargo has asserted counterclaims alleging that Natixis failed to provide Wells Fargo notice of its representation and warranty breaches.

OFAC RELATED INVESTIGATION The Company has self-identified an issue whereby certain foreign banks utilized a Wells Fargo software-based solution to conduct import/export trade-related financing transactions with countries and entities prohibited by the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury. We do not believe any funds related to these transactions flowed through accounts at Wells Fargo as a result of the aforementioned conduct. The Company has made voluntary self-disclosures to OFAC and has been cooperating with investigations or inquiries arising out of this matter by federal government agencies. The Company is in resolution discussions with certain of these agencies, although there can be no assurance as to the outcome of these discussions.

RETAIL SALES PRACTICES MATTERS Federal and state government agencies, including the United States Department of Justice (Department of Justice) and the United States Securities and Exchange Commission (SEC), have undertaken formal or informal inquiries or investigations arising out of certain retail sales practices of the Company that were the subject of settlements with the CFPB, the OCC, and the Office of the Los Angeles City Attorney announced by the Company on September 8, 2016. On February 21, 2020, the Company entered into an agreement with the Department of Justice to resolve the Department of Justice's criminal investigation into the Company's retail sales practices, as well as a separate agreement to resolve the Department of Justice's civil investigation. As part of the Department of Justice criminal settlement, no charges will be filed against the Company provided the Company abides by all the terms of the agreement. The Department of Justice criminal settlement also includes the Company's agreement that the facts set forth in the settlement document constitute sufficient facts for the finding of criminal violations of statutes regarding bank records and personal information. On February 21, 2020, the Company also entered into an order to resolve the SEC's investigation arising out of the Company's retail sales practices. The SEC order contains a finding, to which the Company consented, that the facts set forth include violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. As part of the resolution of the Department of Justice and SEC investigations, the Company made payments totaling $3.0 billion. The Company has also entered into agreements to resolve other government agency investigations, including investigations by the state attorneys general. In addition, a number of lawsuits were filed by non-governmental parties seeking damages or other remedies related to these retail sales practices. As previously disclosed, the Company entered into various settlements to resolve these lawsuits.

RMBS TRUSTEE LITIGATION In December 2014, Phoenix Light SF Limited 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 and by IKB International and IKB Deutsche Industriebank 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. The Company previously settled two class actions filed by institutional investors and an action filed by the National Credit Union Administration with similar allegations. In addition, Park Royal I LLC and Park Royal II LLC have filed complaints that were consolidated in New York state court alleging Wells Fargo Bank, N.A., as trustee, failed to take appropriate actions upon learning of defective mortgage loan documentation.

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. Wells Fargo filed a petition to remove the case to federal court.

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 potential losses in excess of the Company's accrual for probable and estimable losses was approximately $2.8 billion as of March 31, 2022. 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 14: 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 derivative activities, see Note 16 (Derivatives) in our 2021 Form 10-K.

Table 14.1 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 interest and other payments are determined.

Table 14.1: Notional or Contractual Amounts and Fair Values of Derivatives

	March 31, 2022			December 31, 2021		
	Notional or	Fair value		Notional or	Fair value	
(in millions)	contractual amount	Derivative assets	Derivative liabilities	contractual amount	Derivative assets	Derivative liabilities
Derivatives designated as hedging instruments						
Interest rate contracts	$ 158,877	1,604	194	153,993	2,212	327
Foreign exchange contracts	22,326	137	827	24,949	281	669
Total derivatives designated as qualifying hedging instruments		1,741	1,021		2,493	996
Derivatives not designated as hedging instruments						
Economic hedges:						
Interest rate contracts	127,600	604	283	142,234	40	41
Equity contracts (1)	4,468	56	60	26,263	1,493	1,194
Foreign exchange contracts	34,236	694	123	28,192	395	88
Credit contracts	290	12	—	290	7	—
Subtotal		1,366	466		1,935	1,323
Customer accommodation trading and other derivatives:						
Interest rate contracts	10,645,520	28,330	27,232	7,976,534	20,286	17,435
Commodity contracts	105,256	13,847	5,851	76,642	5,965	2,417
Equity contracts (1)	351,655	12,856	13,452	321,863	16,278	17,827
Foreign exchange contracts	637,869	8,130	8,144	560,049	5,912	5,915
Credit contracts	48,160	38	38	38,318	39	43
Subtotal		63,201	54,717		48,480	43,637
Total derivatives not designated as hedging instruments		64,567	55,183		50,415	44,960
Total derivatives before netting		66,308	56,204		52,908	45,956
Netting		(38,943)	(40,705)		(31,430)	(36,532)
Total		$ 27,365	15,499		21,478	9,424

(1) In first quarter 2022, we prospectively reclassified certain equity securities and related economic hedge derivatives from "not held for trading activities" to "held for trading activities" to better reflect the business activity of those financial instruments. For additional information on Trading Activities, see Note 1 (Summary of Significant Accounting Policies) in our 2021 Form 10-K.

Table 14.2 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. We execute substantially all of our derivative transactions under master netting arrangements and reflect all derivative balances and related cash collateral subject to enforceable master netting arrangements on a net basis within our consolidated balance sheet. We determine the balance sheet netting adjustments based on the terms specified within each master netting arrangement, which are determined at the counterparty level. We do not net non-cash collateral that we receive and pledge 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 and disclosure-only netting adjustments. 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. 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 12 (Pledged Assets and Collateral).

Table 14.2: Fair Values of Derivative Assets and Liabilities

	March 31, 2022		December 31, 2021	
(in millions)	**Derivative Assets**	**Derivative Liabilities**	Derivative Assets	Derivative Liabilities
Interest rate contracts				
Over-the-counter (OTC)	$ **26,017**	**23,939**	20,067	16,654
OTC cleared	**1,544**	**1,659**	168	192
Exchange traded	**241**	**131**	52	28
Total interest rate contracts	**27,802**	**25,729**	20,287	16,874
Commodity contracts				
OTC	**11,968**	**2,859**	5,040	1,249
Exchange traded	**1,153**	**2,677**	557	1,047
Total commodity contracts	**13,121**	**5,536**	5,597	2,296
Equity contracts				
OTC	**4,478**	**8,045**	6,132	9,730
Exchange traded	**4,561**	**2,871**	7,493	6,086
Total equity contracts	**9,039**	**10,916**	13,625	15,816
Foreign exchange contracts				
OTC	**8,617**	**8,417**	6,335	6,221
Total foreign exchange contracts	**8,617**	**8,417**	6,335	6,221
Credit contracts				
OTC	**32**	**27**	32	31
Total credit contracts	**32**	**27**	32	31
Total derivatives subject to enforceable master netting arrangements, gross	**58,611**	**50,625**	45,876	41,238
Less: Gross amounts offset				
Counterparty netting (1)	**(32,575)**	**(32,479)**	(27,172)	(27,046)
Cash collateral netting	**(6,368)**	**(8,226)**	(4,258)	(9,486)
Total derivatives subject to enforceable master netting arrangements, net	**19,668**	**9,920**	14,446	4,706
Derivatives not subject to enforceable master netting arrangements	**7,697**	**5,579**	7,032	4,718
Total derivatives recognized in consolidated balance sheet, net	**27,365**	**15,499**	21,478	9,424
Non-cash collateral	**(1,949)**	**(1,121)**	(1,432)	(412)
Total Derivatives, net	$ **25,416**	**14,378**	20,046	9,012

(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 $341 million and $284 million and debit valuation adjustments related to derivative liabilities were $244 million and $158 million as of March 31, 2022, and December 31, 2021, respectively, and were primarily related to interest rate contracts.

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. 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 debt securities due to changes in interest rates, foreign currency rates, or both. 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. See Note 21 (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, and interest paid on certain floating-rate debt due to changes in the contractually specified interest rate. 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 $17 million pre-tax of deferred net losses related to cash flow hedges in OCI at March 31, 2022, will be reclassified into net interest income during the next twelve months. The deferred losses expected to be reclassified into net interest income are primarily related to discontinued hedges of floating rate loans. For cash flow hedges as of March 31, 2022, 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 10 years. For additional information on our accounting hedges, see Note 1 (Summary of Significant Accounting Policies) in our 2021 Form 10-K.

Table 14.3 and Table 14.4 show the net gains (losses) related to derivatives in fair value and cash flow hedging relationships, respectively.

Table 14.3: Gains (Losses) Recognized on Fair Value Hedging Relationships

	Net interest income			Noninterest income	Total recorded in net income	Total recorded in OCI
(in millions)	Debt securities	Deposits	Long-term debt	Other	Derivative gains (losses)	Derivative gains (losses)
Quarter ended March 31, 2022						
Total amounts presented in the consolidated statement of income and other comprehensive income	**$ 2,563**	**(83)**	**(761)**	**556**	**N/A**	**27**
Interest contracts						
Amounts related to interest settlements on derivatives	**(41)**	**41**	**481**	**—**	**481**	**N/A**
Recognized on derivatives	**1,262**	**(145)**	**(6,869)**	**—**	**(5,752)**	**—**
Recognized on hedged items	**(1,248)**	**143**	**6,813**	**—**	**5,708**	**N/A**
Total gains (losses) (pre-tax) on interest rate contracts	**(27)**	**39**	**425**	**—**	**437**	**—**
Foreign exchange contracts						
Amounts related to interest settlements on derivatives	**—**	**—**	**4**	**—**	**4**	**N/A**
Recognized on derivatives	**—**	**—**	**(456)**	**(242)**	**(698)**	**64**
Recognized on hedged items	**—**	**—**	**445**	**241**	**686**	**N/A**
Total gains (losses) (pre-tax) on foreign exchange contracts	**—**	**—**	**(7)**	**(1)**	**(8)**	**64**
Total gains (losses) (pre-tax) recognized on fair value hedges	**$ (27)**	**39**	**418**	**(1)**	**429**	**64**
Quarter ended March 31, 2021						
Total amounts presented in the consolidated statement of income and other comprehensive income	$ 2,312	(112)	(1,026)	982	N/A	47
Interest contracts						
Amounts related to interest settlements on derivatives	(67)	91	550	—	574	N/A
Recognized on derivatives	1,294	(123)	(7,071)	—	(5,900)	—
Recognized on hedged items	(1,258)	119	6,944	—	5,805	N/A
Total gains (losses) (pre-tax) on interest rate contracts	(31)	87	423	—	479	—
Foreign exchange contracts						
Amounts related to interest settlements on derivatives	28	—	(1)	—	27	N/A
Recognized on derivatives	1	—	(227)	307	81	25
Recognized on hedged items	(1)	—	194	(317)	(124)	N/A
Total gains (losses) (pre-tax) on foreign exchange contracts	28	—	(34)	(10)	(16)	25
Total gains (losses) (pre-tax) recognized on fair value hedges	$ (3)	87	389	(10)	463	25

Table 14.4: 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)
Quarter ended March 31, 2022					
Total amounts presented in the consolidated statement of income and other comprehensive income	**$ 7,218**	**90**	**(761)**	**N/A**	**27**
Interest rate contracts:					
Realized gains (losses) (pre-tax) reclassified from OCI into net income	**(16)**	**4**	**—**	**(12)**	**12**
Net unrealized gains (losses) (pre-tax) recognized in OCI	**N/A**	**N/A**	**N/A**	**N/A**	**(48)**
Total gains (losses) (pre-tax) on interest rate contracts	**(16)**	**4**	**—**	**(12)**	**(36)**
Foreign exchange contracts:					
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**	**(3)**
Total gains (losses) (pre-tax) on foreign exchange contracts	**—**	**—**	**(2)**	**(2)**	**(1)**
Total gains (losses) (pre-tax) recognized on cash flow hedges	**$ (16)**	**4**	**(2)**	**(14)**	**(37)**
Quarter ended March 31, 2021					
Total amounts presented in the consolidated statement of income and other comprehensive income	$ 7,201	65	(1,026)	N/A	47
Interest rate contracts:					
Realized gains (losses) (pre-tax) reclassified from OCI into net income	(52)	—	—	(52)	52
Net unrealized gains (losses) (pre-tax) recognized in OCI	N/A	N/A	N/A	N/A	(20)
Total gains (losses) (pre-tax) on interest rate contracts	(52)	—	—	(52)	32
Foreign exchange contracts:					
Realized gains (losses) (pre-tax) reclassified from OCI into net income	—	—	(1)	(1)	1
Net unrealized gains (losses) (pre-tax) recognized in OCI	N/A	N/A	N/A	N/A	(11)
Total gains (losses) (pre-tax) on foreign exchange contracts	—	—	(1)	(1)	(10)
Total gains (losses) (pre-tax) recognized on cash flow hedges	$ (52)	—	(1)	(53)	22

Table 14.5 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 14.5: Hedged Items in Fair Value Hedging Relationships

		Hedged items currently designated		Hedged items no longer designated	
(in millions)		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)
March 31, 2022					
Available-for-sale debt securities (4)	**$**	**22,937**	**(1,818)**	**17,723**	**903**
Deposits		**(7,135)**	**(1)**	**(11)**	**—**
Long-term debt		**(134,848)**	**2,096**	**(6)**	**—**
December 31, 2021					
Available-for-sale debt securities (4)	$	24,144	(559)	17,962	965
Deposits		(10,187)	(144)	—	—
Long-term debt		(138,801)	(5,192)	—	—

(1) Does not include the carrying amount of hedged items where only foreign currency risk is the designated hedged risk. The carrying amount excluded for debt securities is $848 million and for long-term debt is $(412) million as of March 31, 2022, and $873 million for debt securities and $(2.7) billion for long-term debt as of December 31, 2021.
(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 $124 million and $203 million of debt securities and long-term debt cumulative basis adjustments as of March 31, 2022, respectively, and $136 million and $188 million of debt securities and long-term debt cumulative basis adjustments as of December 31, 2021, respectively, on terminated hedges whereby the hedged items have subsequently been re-designated into existing hedges.
(4) Carrying amount represents the amortized cost.

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 economic hedges and other derivatives, see Note 16 (Derivatives) in our 2021 Form 10-K.

Table 14.6 shows the net gains (losses), recognized by income statement lines, related to derivatives not designated as hedging instruments.

Table 14.6: Gains (Losses) on Derivatives Not Designated as Hedging Instruments

			Noninterest income		Noninterest expense
(in millions)	Mortgage banking	Net gains from trading and securities	Other	Total	Personnel expense
Quarter ended March 31, 2022					
Net gains (losses) recognized on economic hedges derivatives:					
Interest contracts (1)	**$ (368)**	**—**	**(26)**	**(394)**	**—**
Equity contracts (2)	**—**	**—**	**8**	**8**	**266**
Foreign exchange contracts	**—**	**—**	**231**	**231**	**—**
Credit contracts	**—**	**—**	**5**	**5**	**—**
Subtotal	**(368)**	**—**	**218**	**(150)**	**266**
Net gains (losses) recognized on customer accommodation trading and other derivatives:					
Interest contracts	**(498)**	**3,214**	**—**	**2,716**	**—**
Commodity contracts	**—**	**113**	**—**	**113**	**—**
Equity contracts (2)	**—**	**1,003**	**(38)**	**965**	**—**
Foreign exchange contracts	**—**	**327**	**—**	**327**	**—**
Credit contracts	**—**	**12**	**—**	**12**	**—**
Subtotal	**(498)**	**4,669**	**(38)**	**4,133**	**—**
Net gains (losses) recognized related to derivatives not designated as hedging instruments	**$ (866)**	**4,669**	**180**	**3,983**	**266**
Quarter ended March 31, 2021					
Net gains (losses) recognized on economic hedges derivatives:					
Interest contracts (1)	$ (375)	—	(20)	(395)	—
Equity contracts	—	425	5	430	(160)
Foreign exchange contracts	—	—	71	71	—
Credit contracts	—	—	—	—	—
Subtotal	(375)	425	56	106	(160)
Net gains (losses) recognized on customer accommodation trading and other derivatives:					
Interest contracts	(531)	1,924	—	1,393	—
Commodity contracts	—	80	—	80	—
Equity contracts	—	(1,163)	(89)	(1,252)	—
Foreign exchange contracts	—	464	—	464	—
Credit contracts	—	(28)	—	(28)	—
Subtotal	(531)	1,277	(89)	657	—
Net gains (losses) recognized related to derivatives not designated as hedging instruments	$ (906)	1,702	(33)	763	(160)

(1) Mortgage banking amounts for first quarter 2022 are comprised of gains (losses) of $(1.6) billion related to derivatives used as economic hedges of MSRs measured at fair value offset by gains (losses) of $1.3 billion related to derivatives used as economic hedges of mortgage loans held for sale and derivative loan commitments. The corresponding amounts for first quarter 2021 are comprised of gains (losses) of $(1.6) billion offset by gains (losses) of $1.3 billion.

(2) In first quarter 2022, we prospectively reclassified certain equity securities and related economic hedge derivatives from "not held for trading activities" to "held for trading activities" to better reflect the business activity of those financial instruments. For additional information on Trading Activities, see Note 1 (Summary of Significant Accounting Policies) in our 2021 Form 10-K.

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 14.7 provides details of sold credit derivatives.

Table 14.7: Sold Credit Derivatives

		Notional amount
(in millions)	Protection sold	Protection sold – non-investment grade
March 31, 2022		
Credit default swaps	**$ 12,438**	**2,622**
Risk participation swaps	**6,288**	**6,143**
Total credit derivatives	**18,726**	**8,765**
December 31, 2021		
Credit default swaps	8,033	1,982
Risk participation swaps	6,756	6,012
Total credit derivatives	14,789	7,994

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 of 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 14.8 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 14.8: Credit-Risk Contingent Features

(in billions)	**Mar 31, 2022**	Dec 31, 2021
Net derivative liabilities with credit-risk contingent features	**$ 11.6**	12.2
Collateral posted	**10.1**	11.0
Additional collateral to be posted upon a below investment grade credit rating (1)	**1.5**	1.2

(1) Any credit rating below investment grade requires us to post the maximum amount of collateral.

Note 15: Fair Values of Assets and Liabilities

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 15.1 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 15.4 in this Note. We provide in Table 15.8 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 2021 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 17 (Fair Values of Assets and Liabilities) in our 2021 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 2021 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 15.1 presents the balances of assets and liabilities recorded at fair value on a recurring basis.

Table 15.1: Fair Value on a Recurring Basis

	March 31, 2022				December 31, 2021			
(in millions)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading debt securities:								
Securities of U.S. Treasury and federal agencies	$ 29,706	3,317	—	33,023	$ 27,607	2,249	—	29,856
Collateralized loan obligations	—	683	179	862	—	655	211	866
Corporate debt securities	—	11,096	18	11,114	—	9,987	18	10,005
Federal agency mortgage-backed securities	—	32,788	—	32,788	—	40,350	—	40,350
Non-agency mortgage-backed securities	—	1,518	4	1,522	—	1,531	11	1,542
Other debt securities	—	7,363	—	7,363	—	5,645	1	5,646
Total trading debt securities	29,706	56,765	201	86,672	27,607	60,417	241	88,265
Available-for-sale debt securities:								
Securities of U.S. Treasury and federal agencies	46,433	—	—	46,433	39,661	—	—	39,661
Non-U.S. government securities	—	116	—	116	—	71	—	71
Securities of U.S. states and political subdivisions	—	16,354	132	16,486	—	16,832	85	16,917
Federal agency mortgage-backed securities	—	91,437	—	91,437	—	105,886	—	105,886
Non-agency mortgage-backed securities	—	4,597	11	4,608	—	4,522	10	4,532
Collateralized loan obligations	—	5,197	—	5,197	—	5,708	—	5,708
Other debt securities	—	3,964	195	4,159	—	4,378	91	4,469
Total available-for-sale debt securities	46,433	121,665	338	168,436	39,661	137,397	186	177,244
Loans held for sale	—	12,136	1,019	13,155	—	14,862	1,033	15,895
Mortgage servicing rights (residential)	—	—	8,511	8,511	—	—	6,920	6,920
Derivative assets (gross):								
Interest rate contracts	241	30,251	46	30,538	52	22,296	190	22,538
Commodity contracts	—	13,531	316	13,847	—	5,902	63	5,965
Equity contracts	3,752	8,555	605	12,912	6,402	9,350	2,019	17,771
Foreign exchange contracts	33	8,912	16	8,961	8	6,573	7	6,588
Credit contracts	—	32	18	50	—	32	14	46
Total derivative assets (gross)	4,026	61,281	1,001	66,308	6,462	44,153	2,293	52,908
Equity securities:								
Marketable	25,526	236	4	25,766	29,968	82	4	30,054
Nonmarketable (1)	—	10,487	22	10,509	—	57	8,906	8,963
Total equity securities	25,526	10,723	26	36,275	29,968	139	8,910	39,017
Total assets prior to derivative netting	$ 105,691	262,570	11,096	379,357	$ 103,698	256,968	19,583	380,249
Derivative netting (2)				(38,943)				(31,430)
Total assets after derivative netting				340,414				348,819
Derivative liabilities (gross):								
Interest rate contracts	$ (131)	(27,356)	(222)	(27,709)	$ (28)	(17,712)	(63)	(17,803)
Commodity contracts	—	(5,543)	(308)	(5,851)	—	(2,351)	(66)	(2,417)
Equity contracts	(2,620)	(8,862)	(2,030)	(13,512)	(5,820)	(10,753)	(2,448)	(19,021)
Foreign exchange contracts	(30)	(9,051)	(13)	(9,094)	(8)	(6,654)	(10)	(6,672)
Credit contracts	—	(36)	(2)	(38)	—	(40)	(3)	(43)
Total derivative liabilities (gross)	(2,781)	(50,848)	(2,575)	(56,204)	(5,856)	(37,510)	(2,590)	(45,956)
Short-sale and other trading liabilities	(20,180)	(6,202)	—	(26,382)	(15,436)	(5,249)	—	(20,685)
Total liabilities prior to derivative netting	$ (22,961)	(57,050)	(2,575)	(82,586)	$ (21,292)	(42,759)	(2,590)	(66,641)
Derivative netting (2)				40,705				36,532
Total liabilities after derivative netting				(41,881)				(30,109)

(1) Excludes $87 million and $81 million of nonmarketable equity securities as of March 31, 2022, and December 31, 2021, respectively, that are measured at fair value using non-published NAV per share (or its equivalent) as a practical expedient that are not classified in the fair value hierarchy.

(2) Represents balance sheet netting of derivative asset and liability balances, related cash collateral and portfolio level counterparty valuation adjustments. See Note 14 (Derivatives) for additional information.

Level 3 Assets and Liabilities Recorded at Fair Value on a Recurring Basis

Table 15.2 presents the changes in Level 3 assets and liabilities measured at fair value on a recurring basis.

Table 15.2: 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)
Quarter ended March 31, 2022											
Trading debt securities	**$**	**241**	**(15)**	**47**	**(14)**	**(35)**	**5**	**(28)**	**201**	**(17)**	**(6)**
Available-for-sale debt securities		**186**	**(21)**	**52**	**—**	**(5)**	**126**	**—**	**338**	**(21)**	**(6)**
Loans held for sale		**1,033**	**(57)**	**63**	**(43)**	**(73)**	**102**	**(6)**	**1,019**	**(57)**	**(7)**
Mortgage servicing rights (residential) (8)		**6,920**	**1,248**	**342**	**1**	**—**	**—**	**—**	**8,511**	**1,605**	**(7)**
Net derivative assets and liabilities:											
Interest rate contracts		**127**	**(578)**	**—**	**—**	**275**	**—**	**—**	**(176)**	**(259)**	
Equity contracts		**(429)**	**(213)**	**—**	**—**	**589**	**(80)**	**(1,292)**	**(1,425)**	**269**	
Other derivative contracts		**5**	**(22)**	**—**	**—**	**44**	**—**	**—**	**27**	**18**	
Total derivative contracts		**(297)**	**(813)**	**—**	**—**	**908**	**(80)**	**(1,292)**	**(1,574)**	**28**	**(9)**
Equity securities		**8,910**	**(1)**	**—**	**—**	**—**	**2**	**(8,885)**	**26**	**(2)**	**(6)**
Quarter ended March 31, 2021											
Trading debt securities	$	173	16	169	(173)	—	7	—	192	8	(6)
Available-for-sale debt securities		2,994	(7)	15	—	(68)	242	(34)	3,142	(27)	(6)
Loans held for sale		1,234	(19)	129	(148)	(110)	81	(1)	1,166	(17)	(7)
Mortgage servicing rights (residential) (8)		6,125	1,006	406	(1)	—	—	—	7,536	1,591	(7)
Net derivative assets and liabilities:											
Interest rate contracts		446	(541)	—	—	101	—	(5)	1	(225)	
Equity contracts		(314)	(168)	—	—	40	(27)	40	(429)	(177)	
Other derivative contracts		39	27	—	—	(10)	—	—	56	16	
Total derivative contracts		171	(682)	—	—	131	(27)	35	(372)	(386)	(9)
Equity securities		9,233	(365)	—	(5)	—	2	—	8,865	(365)	(6)

(1) Includes net gains (losses) included in both net income and other comprehensive income. All amounts represent net gains (losses) included in net income except for $(21) million and $14 million included in other comprehensive income from AFS debt securities for first quarter 2022 and 2021, 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) Includes net unrealized gains (losses) related to assets and liabilities held at period end included in both net income and other comprehensive income. All amounts represent net unrealized gains (losses) included in net income except for $(21) million and $0 million included in other comprehensive income from AFS debt securities for first quarter 2022 and 2021, respectively.
(6) Included in net gains from trading and securities in the consolidated statement of income.
(7) Included in mortgage banking income in the consolidated statement of income.
(8) For additional information on the changes in mortgage servicing rights, see Note 9 (Mortgage Banking Activities).
(9) Included in mortgage banking income, net gains from trading and securities, and other noninterest income in the consolidated statement of income.

Table 15.3 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 17 (Fair Values of Assets and Liabilities) in our 2021 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 15.3: 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
March 31, 2022											
Trading and available-for-sale debt securities	**$**	**182**		**Discounted cash flow**	**Discount rate**		**1.1**	**-**	**12.5**	**%**	**4.8**
		12		**Vendor priced**							
		240		**Market comparable pricing**	**Comparability adjustment**		**(29.2)**	**-**	**13.7**		**(5.9)**
		105		**Market comparable pricing**	**Multiples**		**5.6x**	**-**	**5.6x**		**5.6x**
Loans held for sale		**1,019**		**Discounted cash flow**	**Default rate**		**0.0**	**-**	**39.9**	**%**	**1.2**
					Discount rate		**0.7**	**-**	**13.6**		**6.2**
					Loss severity		**0.0**	**-**	**46.1**		**14.8**
					Prepayment rate		**6.7**	**-**	**17.2**		**12.4**
Mortgage servicing rights (residential)		**8,511**		**Discounted cash flow**	**Cost to service per loan (1)**	**$**	**52**	**-**	**555**		**102**
					Discount rate		**6.8**	**-**	**9.9**	**%**	**7.4**
					Prepayment rate (2)		**10.0**	**-**	**17.0**		**11.1**
Net derivative assets and (liabilities):											
Interest rate contracts		**9**		**Discounted cash flow**	**Default rate**		**0.0**	**-**	**5.0**		**2.2**
					Loss severity		**50.0**	**-**	**50.0**		**50.0**
					Prepayment rate		**2.8**	**-**	**22.0**		**18.8**
Interest rate contracts: derivative loan commitments		**(185)**		**Discounted cash flow**	**Fall-out factor**		**1.0**	**-**	**99.0**		**15.1**
					Initial-value servicing		**(69.0)**	**-**	**168.0**	**bps**	**33.4**
Equity contracts		**(1,070)**		**Discounted cash flow**	**Conversion factor**		**(10.1)**	**-**	**0.0**	**%**	**(9.6)**
					Weighted average life		**0.3**	**-**	**1.8**	**yrs**	**0.9**
		(355)		**Option model**	**Correlation factor**		**(77.0)**	**-**	**99.0**	**%**	**56.5**
					Volatility factor		**6.5**	**-**	**83.5**		**31.1**
Insignificant Level 3 assets, net of liabilities		**53**									
Total Level 3 assets, net of liabilities	**$**	**8,521**	**(3)**								
December 31, 2021											
Trading and available-for-sale debt securities	$	136		Discounted cash flow	Discount rate		0.4	-	12.5	%	5.5
		11		Vendor priced							
		280		Market comparable pricing	Comparability adjustment		(30.2)	-	19.2		(4.6)
Loans held for sale		1,033		Discounted cash flow	Default rate		0.0	-	29.2	%	1.2
					Discount rate		1.6	-	11.9		5.1
					Loss severity		0.0	-	46.9		15.4
					Prepayment rate		7.5	-	18.2		13.1
Mortgage servicing rights (residential)		6,920		Discounted cash flow	Cost to service per loan (1)	$	54	-	585		106
					Discount rate		5.8	-	8.8	%	6.4
					Prepayment rate (2)		12.5	-	21.1		14.7
Net derivative assets and (liabilities):											
Interest rate contracts		87		Discounted cash flow	Default rate		0.0	-	5.0		2.1
					Loss severity		50.0	-	50.0		50.0
					Prepayment rate		2.8	-	22.0		18.7
Interest rate contracts: derivative loan commitments		40		Discounted cash flow	Fall-out factor		1.0	-	99.0		16.8
					Initial-value servicing		(74.8)	-	146.0	bps	50.9
Equity contracts		253		Discounted cash flow	Conversion factor		(10.2)	-	0.0	%	(9.7)
					Weighted average life		0.5	-	2.0	yrs	1.1
		(682)		Option model	Correlation factor		(77.0)	-	99.0	%	23.2
					Volatility factor		6.5	-	72.0		29.1
Nonmarketable equity securities		8,906		Market comparable pricing	Comparability adjustment		(21.6)	-	(7.7)		(15.5)
Insignificant Level 3 assets, net of liabilities		9									
Total Level 3 assets, net of liabilities	$	16,993	(3)								

(1) The high end of the range of inputs is for servicing modified loans. For non-modified loans the range is $52 - $196 at March 31, 2022, and $54 - $199 at December 31, 2021.
(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) Consists of total Level 3 assets of $11.1 billion and $19.6 billion and total Level 3 liabilities of $2.6 billion and $2.6 billion, before netting of derivative balances, at March 31, 2022, and December 31, 2021, 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 17 (Fair Values of Assets and Liabilities) in our 2021 Form 10-K).

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 nonmarketable equity securities.

Table 15.4 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 March 31, 2022 and December 31, 2021, and for which a nonrecurring fair value adjustment was recorded during the quarter ended March 31, 2022, and year ended December 31, 2021.

Table 15.4: Fair Value on a Nonrecurring Basis

			March 31, 2022			December 31, 2021
(in millions)	**Level 2**	**Level 3**	**Total**	Level 2	Level 3	Total
Loans held for sale (1)	**$ 3,125**	**1,422**	**4,547**	3,911	1,407	5,318
Loans:						
Commercial	**29**	**—**	**29**	476	—	476
Consumer	**392**	**—**	**392**	380	—	380
Total loans	**421**	**—**	**421**	856	—	856
Mortgage servicing rights (commercial)	**—**	**75**	**75**	—	567	567
Nonmarketable equity securities	**1,275**	**1,048**	**2,323**	6,262	765	7,027
Other assets	**1,746**	**102**	**1,848**	1,373	175	1,548
Total assets at fair value on a nonrecurring basis	**$ 6,567**	**2,647**	**9,214**	12,402	2,914	15,316

(1) Predominantly consists of commercial mortgages and residential mortgage – first lien loans.

Table 15.5 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 15.5: Gains (Losses) on Assets with Nonrecurring Fair Value Adjustment

		Quarter ended March 31,
(in millions)	**2022**	2021
Loans held for sale	**$ (59)**	25
Loans:		
Commercial	**(12)**	(130)
Consumer	**(206)**	(47)
Total loans	**(218)**	(177)
Mortgage servicing rights (commercial)	**4**	—
Nonmarketable equity securities (1)	**295**	210
Other assets (2)	**(52)**	(19)
Total	**$ (30)**	39

(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 losses on foreclosed real estate and other collateral owned, and impairment of private equity and venture capital investments in consolidated portfolio companies.

Table 15.6 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 private equity and venture capital investments in consolidated portfolio companies.

Table 15.6: Valuation Techniques – Nonrecurring Basis

($ in millions)	Fair Value Level 3	Valuation Technique (1)	Significant Unobservable Input (1)	Range of Inputs Positive (Negative)	Weighted Average
March 31, 2022					
Loans held for sale (2)	**$ 1,422**	**Discounted cash flow**	**Default rate (3)**	**0.2 - 83.0 %**	**23.1**
			Discount rate	**0.6 - 12.7**	**3.6**
			Loss severity	**0.3 - 42.9**	**4.1**
			Prepayment rate (4)	**4.1 - 100.0**	**36.3**
Mortgage servicing rights (commercial)	**75**	**Discounted cash flow**	**Cost to service per loan**	**$ 3,775 - 3,775**	**3,775**
			Discount rate	**5.2 - 5.2 %**	**5.2**
			Prepayment rate	**0.0 - 20.6**	**6.7**
Nonmarketable equity securities	**916**	**Market comparable pricing**	**Comparability adjustment**	**(82.0) - (8.0)**	**(21.0)**
	129	**Market comparable pricing**	**Multiples**	**1.1x - 4.0x**	**2.6x**
Other assets (5)	**102**	**Market comparable pricing**	**Multiples**	**8.0 - 8.0**	**8.0**
Insignificant Level 3 assets	**3**				
Total	**$ 2,647**				
December 31, 2021					
Loans held for sale (2)	$ 1,407	Discounted cash flow	Default rate (3)	0.2 - 78.3 %	25.6
			Discount rate	0.6 - 12.0	3.3
			Loss severity	0.4 - 45.6	4.8
			Prepayment rate (4)	5.4 - 100.0	38.9
Mortgage servicing rights (commercial)	567	Discounted cash flow	Cost to service per loan	$ 150 - 3,381	2,771
			Discount rate	4.0 - 4.5 %	4.0
			Prepayment rate	0.0 - 20.6	5.5
Nonmarketable equity securities	745	Market comparable pricing	Comparability adjustment	(100.0) - (33.0)	(59.0)
	15	Market comparable pricing	Multiples	2.0x - 3.3x	2.8x
	5	Discounted cash flow	Discount rate	10.5 - 10.5 %	10.5
Other assets	175	Discounted cash flow	Discount rate	0.2 - 4.4	2.9
Total	$ 2,914				

(1) See Note 17 (Fair Values of Assets and Liabilities) in our 2021 Form 10-K for additional information on the valuation technique and significant unobservable inputs used in the valuation of Level 3 assets.
(2) Consists of approximately $1.2 billion of government insured/guaranteed loans purchased from GNMA-guaranteed mortgage securitizations at both March 31, 2022, and December 31, 2021, respectively, and approximately $200 million of other mortgage loans that are not government insured/guaranteed at both March 31, 2022, and December 31, 2021.
(3) Applies only to non-government insured/guaranteed loans.
(4) Includes the impact on prepayment rate of expected defaults for government insured/guaranteed loans, which impact the frequency and timing of early resolution of loans.
(5) Represents private equity and venture capital investments in consolidated portfolio companies.

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 17 (Fair Values of Assets and Liabilities) in our 2021 Form 10-K.

Table 15.7 reflects differences between the fair value carrying amount of the assets for which we have elected the fair value option and the contractual aggregate unpaid principal amount at maturity. 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 March 31, 2022, and December 31, 2021.

Table 15.7: Fair Value Option

	March 31, 2022			December 31, 2021		
(in millions)	**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	**$ 13,155**	**13,471**	**(316)**	15,895	15,750	145

The changes in fair value related to initial measurement and subsequent changes in fair value included in earnings for LHFS accounted for under the fair value option were $(357) million and $363 million for the quarters ended March 31, 2022 and 2021, respectively. Substantially all of these amounts were included in the mortgage banking noninterest income line of the consolidated statement of income. For performing loans, instrument-specific credit risk gains or losses were 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. Gains and losses attributable to instrument-specific credit risk related to assets accounted for under the fair value option for the quarters ended March 31, 2022 and 2021, were insignificant.

Disclosures about Fair Value of Financial Instruments

Table 15.8 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 15.8. 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 $1.3 billion and $1.4 billion at March 31, 2022 and December 31, 2021, 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 15.8: Fair Value Estimates for Financial Instruments

			Estimated fair value			
(in millions)		Carrying amount	Level 1	Level 2	Level 3	Total
March 31, 2022						
Financial assets						
Cash and due from banks (1)	**$**	**27,454**	**27,454**	**—**	**—**	**27,454**
Interest-earning deposits with banks (1)		**174,441**	**174,296**	**145**	**—**	**174,441**
Federal funds sold and securities purchased under resale agreements (1)		**67,764**	**—**	**67,764**	**—**	**67,764**
Held-to-maturity debt securities		**280,808**	**15,551**	**246,325**	**2,765**	**264,641**
Loans held for sale		**6,669**	**—**	**5,097**	**1,656**	**6,753**
Loans, net (2)		**885,950**	**—**	**62,483**	**816,122**	**878,605**
Nonmarketable equity securities (cost method)		**3,584**	**—**	**—**	**3,648**	**3,648**
Total financial assets	**$**	**1,446,670**	**217,301**	**381,814**	**824,191**	**1,423,306**
Financial liabilities						
Deposits (3)	**$**	**26,648**	**—**	**11,542**	**14,659**	**26,201**
Short-term borrowings		**33,433**	**—**	**33,433**	**—**	**33,433**
Long-term debt (4)		**153,243**	**—**	**156,237**	**1,221**	**157,458**
Total financial liabilities	**$**	**213,324**	**—**	**201,212**	**15,880**	**217,092**
December 31, 2021						
Financial assets						
Cash and due from banks (1)	$	24,616	24,616	—	—	24,616
Interest-earning deposits with banks (1)		209,614	209,452	162	—	209,614
Federal funds sold and securities purchased under resale agreements (1)		66,223	—	66,223	—	66,223
Held-to-maturity debt securities		272,022	16,825	252,717	2,844	272,386
Loans held for sale		7,722	—	6,300	1,629	7,929
Loans, net (2)		868,278	—	63,404	820,559	883,963
Nonmarketable equity securities (cost method)		3,584	—	—	3,646	3,646
Total financial assets	$	1,452,059	250,893	388,806	828,678	1,468,377
Financial liabilities						
Deposits (3)	$	30,012	—	14,401	15,601	30,002
Short-term borrowings		34,409	—	34,409	—	34,409
Long-term debt (4)		160,660	—	166,682	1,402	168,084
Total financial liabilities	$	225,081	—	215,492	17,003	232,495

(1) Amounts consist of financial instruments for which carrying value approximates fair value.
(2) Excludes lease financing with a carrying amount of $14.2 billion and $14.5 billion at March 31, 2022, and December 31, 2021, respectively.
(3) Excludes deposit liabilities with no defined or contractual maturity of $1.5 trillion at both March 31, 2022, and December 31, 2021.
(4) Excludes obligations under finance leases of $25 million and $26 million at March 31, 2022, and December 31, 2021, respectively.

Note 16: Preferred Stock

We are authorized to issue 20 million shares of preferred stock and 4 million shares of preference stock, both without par value. Preferred shares outstanding rank senior to common shares both as to dividends and liquidation preference but have no general voting rights. We have not issued any preference shares under this authorization. If issued, preference shares would be limited to one vote per share. Table 16.1 summarizes information about our preferred stock including the Employee Stock Ownership Plan (ESOP) Cumulative Convertible Preferred Stock.

Table 16.1: Preferred Stock

	March 31, 2022				December 31, 2021			
(in millions, except shares)	**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
DEP Shares								
Dividend Equalization Preferred Shares (DEP)	**97,000**	**96,546**	**$ —**	**—**	97,000	96,546	$ —	—
Series L (1)								
7.50% Non-Cumulative Perpetual Convertible Class A Preferred Stock	**4,025,000**	**3,967,986**	**3,968**	**3,200**	4,025,000	3,967,995	3,968	3,200
Series Q								
5.85% Fixed-to-Floating Non-Cumulative Perpetual Class A Preferred Stock	**69,000**	**69,000**	**1,725**	**1,725**	69,000	69,000	1,725	1,725
Series R								
6.625% Fixed-to-Floating Non-Cumulative Perpetual Class A Preferred Stock	**34,500**	**33,600**	**840**	**840**	34,500	33,600	840	840
Series S								
5.90% Fixed-to-Floating Non-Cumulative Perpetual Class A Preferred Stock	**80,000**	**80,000**	**2,000**	**2,000**	80,000	80,000	2,000	2,000
Series U								
5.875% Fixed-to-Floating Non-Cumulative Perpetual Class A Preferred Stock	**80,000**	**80,000**	**2,000**	**2,000**	80,000	80,000	2,000	2,000
Series Y								
5.625% Non-Cumulative Perpetual Class A Preferred Stock	**27,600**	**27,600**	**690**	**690**	27,600	27,600	690	690
Series Z								
4.75% Non-Cumulative Perpetual Class A Preferred Stock	**80,500**	**80,500**	**2,013**	**2,013**	80,500	80,500	2,013	2,013
Series AA								
4.70% Non-Cumulative Perpetual Class A Preferred Stock	**46,800**	**46,800**	**1,170**	**1,170**	46,800	46,800	1,170	1,170
Series BB								
3.90% Fixed-Reset Non-Cumulative Perpetual Class A Preferred Stock	**140,400**	**140,400**	**3,510**	**3,510**	140,400	140,400	3,510	3,510
Series CC								
4.375% Non-Cumulative Perpetual Class A Preferred Stock	**46,000**	**42,000**	**1,050**	**1,050**	46,000	42,000	1,050	1,050
Series DD								
4.25% Non-Cumulative Perpetual Class A Preferred Stock	**50,000**	**50,000**	**1,250**	**1,250**	50,000	50,000	1,250	1,250
ESOP (2)								
Cumulative Convertible Preferred Stock	**609,434**	**609,434**	**609**	**609**	609,434	609,434	609	609
Total	**5,386,234**	**5,323,866**	**$ 20,825**	**20,057**	5,386,234	5,323,875	$ 20,825	20,057

(1) Preferred Stock, Series L, may be converted at any time, at the option of the holder, into 6.3814 shares of our common stock, plus cash in lieu of fractional shares, subject to anti-dilution adjustments.
(2) See the "ESOP Cumulative Convertible Preferred Stock" section in this Note for additional information about the liquidation preference for the ESOP Cumulative Convertible Preferred Stock.

ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK All shares of our ESOP Cumulative Convertible Preferred Stock (ESOP Preferred Stock) were issued to a trustee acting on behalf of the Wells Fargo & Company 401(k) Plan (the 401(k) Plan). Dividends on the ESOP Preferred Stock are cumulative from the date of initial issuance and are payable quarterly at annual rates based upon the year of issuance. Each share of ESOP Preferred Stock released from the unallocated reserve of the 401(k) Plan is converted into shares of our common stock based on the stated value of the ESOP Preferred Stock and the then current market price of our common stock. The ESOP Preferred Stock is also convertible at the option of the holder at any time, unless previously redeemed. We have the option to redeem the ESOP Preferred Stock at any time, in whole or in part, at a redemption price per share equal to the higher of (a) $1,000 per share plus accrued and unpaid dividends or (b) the fair market value, as defined in the Certificates of Designation for the ESOP Preferred Stock.

Table 16.2: ESOP Preferred Stock

	Shares issued and outstanding		Carrying value		Adjustable dividend rate	
(in millions, except shares)	**Mar 31, 2022**	Dec 31, 2021	**Mar 31, 2022**	Dec 31, 2021	Minimum	Maximum
ESOP Preferred Stock						
$1,000 liquidation preference per share						
2018	**189,225**	189,225	$ **189**	189	7.00 %	8.00 %
2017	**135,135**	135,135	**135**	135	7.00	8.00
2016	**128,380**	128,380	**128**	128	9.30	10.30
2015	**68,106**	68,106	**68**	68	8.90	9.90
2014	**62,420**	62,420	**63**	63	8.70	9.70
2013	**26,168**	26,168	**26**	26	8.50	9.50
Total ESOP Preferred Stock (1)	**609,434**	609,434	$ **609**	609		
Unearned ESOP shares (2)			$ **(646)**	(646)		

(1) At both March 31, 2022 and December 31, 2021, additional paid-in capital included $37 million related to ESOP preferred stock.
(2) We recorded a corresponding charge to unearned ESOP shares in connection with the issuance of the ESOP Preferred Stock. The unearned ESOP shares are reduced as shares of the ESOP Preferred Stock are committed to be released.

Note 17: Revenue from Contracts with Customers

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 22 (Operating Segments). For a description of our revenue from contracts with customers, see Note 20 (Revenue from Contracts with Customers) in our 2021 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
Quarter ended March 31, 2022								
Net interest income (2)	**$**	**5,996**	**1,361**	**1,990**	**799**	**(818)**	**(107)**	**9,221**
Noninterest income:								
Deposit-related fees		**845**	**328**	**293**	**7**	**—**	**—**	**1,473**
Lending-related fees (2)		**34**	**121**	**185**	**2**	**—**	**—**	**342**
Investment advisory and other asset-based fees (3)		**—**	**2**	**12**	**2,476**	**8**	**—**	**2,498**
Commissions and brokerage services fees		**—**	**—**	**83**	**454**	**—**	**—**	**537**
Investment banking fees		**(1)**	**15**	**462**	**—**	**(29)**	**—**	**447**
Card fees:								
Card interchange and network revenues (4)		**834**	**53**	**14**	**1**	**—**	**—**	**902**
Other card fees (2)		**127**	**—**	**—**	**—**	**—**	**—**	**127**
Total card fees		**961**	**53**	**14**	**1**	**—**	**—**	**1,029**
Mortgage banking (2)		**654**	**—**	**42**	**(3)**	**—**	**—**	**693**
Net gains (losses) from trading activities (2)		**—**	**—**	**228**	**1**	**(11)**	**—**	**218**
Net gains from debt securities (2)		**—**	**—**	**—**	**—**	**2**	**—**	**2**
Net gains (losses) from equity securities (2)		**(9)**	**86**	**(5)**	**—**	**504**	**—**	**576**
Lease income (2)		**—**	**179**	**2**	**—**	**146**	**—**	**327**
Other (2)		**83**	**182**	**164**	**20**	**186**	**(406)**	**229**
Total noninterest income		**2,567**	**966**	**1,480**	**2,958**	**806**	**(406)**	**8,371**
Total revenue	**$**	**8,563**	**2,327**	**3,470**	**3,757**	**(12)**	**(513)**	**17,592**
Quarter ended March 31, 2021								
Net interest income (2)	$	5,615	1,254	1,779	657	(390)	(107)	8,808
Noninterest income:								
Deposit-related fees		661	317	266	7	4	—	1,255
Lending-related fees (2)		40	136	183	2	—	—	361
Investment advisory and other asset-based fees (3)		—	5	22	2,306	423	—	2,756
Commissions and brokerage services fees		—	—	81	555	—	—	636
Investment banking fees		(6)	13	611	(1)	(49)	—	568
Card fees:								
Card interchange and network revenues (4)		778	45	10	1	—	—	834
Other card fees (2)		114	—	—	—	1	—	115
Total card fees		892	45	10	1	1	—	949
Mortgage banking (2)		1,259	—	70	(3)	—	—	1,326
Net gains from trading activities (2)		1	2	331	6	8	—	348
Net gains from debt securities (2)		—	—	—	—	151	—	151
Net gains from equity securities (2)		34	13	75	—	270	—	392
Lease income (2)		—	174	1	—	140	—	315
Other (2)		158	122	175	14	469	(271)	667
Total noninterest income		3,039	827	1,825	2,887	1,417	(271)	9,724
Total revenue	$	8,654	2,081	3,604	3,544	1,027	(378)	18,532

(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 revenues 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 $271 million and $298 million for the quarters ended March 31, 2022 and 2021, respectively.
(4) The cost of credit card rewards and rebates of $482 million and $310 million for the quarters ended March 31, 2022 and 2021, respectively, are presented net against the related revenues.

Note 18: Employee Benefits and Other Expenses

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 and Other Expenses) in our 2021 Form 10-K.

We recognize settlement losses for our Cash Balance Plan based on an assessment of whether lump sum benefit payments will, in aggregate for the year, exceed the sum of its annual service and interest cost (threshold). Settlement losses of $47 million were recognized during first quarter 2022, representing the pro rata portion of the net loss in cumulative other comprehensive income based on the percentage reduction in the Cash Balance Plan's projected benefit obligation attributable to lump sum benefit payments during first quarter 2022. There were no settlement losses recognized during first quarter 2021. As a result of the settlement losses, we remeasured the Cash Balance Plan obligation and plan assets as of March 31, 2022, and used a discount rate of 3.65%. In first quarter 2022, the result of the settlement losses and remeasurement was:

- an increase of $10 million in the Cash Balance Plan asset; and
- an increase of $57 million in other comprehensive income (pre-tax).

Table 18.1 presents the components of net periodic benefit cost. The expected long-term rate of return on plan assets and interest cost discount rate in determining net periodic benefit cost for first quarter 2022 were 5.00% and 2.47%, respectively. Service cost is reported in personnel expense and all other components of net periodic benefit cost are reported in other noninterest expense on the consolidated statement of income.

Table 18.1: Net Periodic Benefit Cost

			2022			2021
	Pension benefits			Pension benefits		
(in millions)	**Qualified**	**Non-qualified**	**Other benefits**	Qualified	Non-qualified	Other benefits
Quarter ended March 31,						
Service cost	**$ 5**	**—**	**—**	4	—	—
Interest cost	**67**	**2**	**2**	71	3	3
Expected return on plan assets	**(139)**	**—**	**(5)**	(152)	—	(5)
Amortization of net actuarial loss (gain)	**33**	**3**	**(5)**	37	4	(5)
Amortization of prior service credit	**—**	**—**	**(3)**	—	—	(2)
Settlement loss	**47**	**1**	**—**	—	2	—
Net periodic benefit cost	**$ 13**	**6**	**(11)**	(40)	9	(9)

Other Expenses

Regulatory Charges and Assessments expense, which is included in other noninterest expense, was $225 million in first quarter 2022, compared with $217 million in the same period a year ago, and primarily consisted of Federal Deposit Insurance Corporation (FDIC) deposit assessment expense.

Note 19: Restructuring Charges

The Company began pursuing various initiatives to reduce expenses and create a more efficient and streamlined organization in third quarter 2020. Actions from these initiatives included (i) reorganizing and simplifying business processes and structures to improve internal operations and the customer experience, (ii) reducing headcount, (iii) optimizing third-party spending, including for our technology infrastructure, and (iv) rationalizing our branch and administrative locations, which may include consolidations and closures. Substantially all of the restructuring charges were personnel expenses related to severance costs associated with headcount reductions with payments made over time in accordance with our severance plan, as well as payments for other employee benefit costs such as incentive compensation.

Restructuring charges are recorded as a component of noninterest expense on our consolidated statement of income. Changes in estimates represent adjustments to noninterest expense based on refinements to previously estimated amounts, which may reflect trends such as higher voluntary employee attrition, as well as changes in business activities.

Table 19.1 provides details on our restructuring charges.

Table 19.1: Accruals for Restructuring Charges

		Quarter ended March 31,	
(in millions)		**2022**	2021
Balance, beginning of period	**$**	**565**	1,214
Restructuring charges		**—**	145
Changes in estimates		**5**	(132)
Payments and utilization		**(99)**	(173)
Balance, end of period	**$**	**471**	1,054

Note 20: Earnings and Dividends Per Common Share

Table 20.1 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 20.1: Earnings Per Common Share Calculations

		Quarter ended March 31,	
(in millions, except per share amounts)		**2022**	2021
Wells Fargo net income	$	**3,671**	4,636
Less: Preferred stock dividends and other (1)		**278**	380
Wells Fargo net income applicable to common stock (numerator)	$	**3,393**	4,256
Earnings per common share			
Average common shares outstanding (denominator)		**3,831.1**	4,141.3
Per share	$	**0.89**	1.03
Diluted earnings per common share			
Average common shares outstanding		**3,831.1**	4,141.3
Add: Restricted share rights (2)		**37.8**	29.7
Diluted average common shares outstanding (denominator)		**3,868.9**	4,171.0
Per share	$	**0.88**	1.02

(1) The quarter ended March 31, 2021, balance includes $44 million from the elimination of discounts or issuance costs associated with redemptions of preferred stock.
(2) Calculated using the treasury stock method.

Table 20.2 presents the outstanding securities that were anti-dilutive and therefore not included in the calculation of diluted earnings per common share.

Table 20.2: Outstanding Anti-Dilutive Securities

	Weighted-average shares	
	Quarter ended March 31,	
(in millions)	**2022**	2021
Convertible Preferred Stock, Series L (1)	**25.3**	25.3
Restricted share rights (2)	**0.1**	0.3

(1) Calculated using the if-converted method.
(2) Calculated using the treasury stock method.

Table 20.3 presents dividends declared per common share.

Table 20.3: Dividends Declared Per Common Share

		Quarter ended March 31,	
		2022	2021
Per common share	$	**0.25**	0.10

Note 21: Other Comprehensive Income

Table 21.1 provides the components of other comprehensive income (OCI), reclassifications to net income by income statement line item, and the related tax effects.

Table 21.1: Summary of Other Comprehensive Income

	Quarter ended March 31,					
	2022			2021		
(in millions)	**Before tax**	**Tax effect**	**Net of tax**	Before tax	Tax effect	Net of tax
Debt securities:						
Net unrealized gains (losses) arising during the period	**$ (6,888)**	**1,697**	**(5,191)**	(2,012)	500	(1,512)
Reclassification of net (gains) losses to net income	**58**	**(15)**	**43**	(14)	1	(13)
Net change	**(6,830)**	**1,682**	**(5,148)**	(2,026)	501	(1,525)
Derivatives and hedging activities:						
Fair Value Hedges:						
Change in fair value of excluded components on fair value hedges (1)	**64**	**(16)**	**48**	25	(6)	19
Cash Flow Hedges:						
Net unrealized gains (losses) arising during the period on cash flow hedges	**(51)**	**13**	**(38)**	(31)	8	(23)
Reclassification of net (gains) losses to net income	**14**	**(4)**	**10**	53	(13)	40
Net change	**27**	**(7)**	**20**	47	(11)	36
Defined benefit plans adjustments:						
Net actuarial and prior service gains (losses) arising during the period	**19**	**(5)**	**14**	10	(3)	7
Reclassification of amounts to noninterest expense (2)	**76**	**(18)**	**58**	36	(8)	28
Net change	**95**	**(23)**	**72**	46	(11)	35
Debit valuation adjustments (DVA):						
Net unrealized gains (losses) arising during the period	**(4)**	**1**	**(3)**	—	—	—
Reclassification of net (gains) losses to net income	**—**	**—**	**—**	—	—	—
Net change	**(4)**	**1**	**(3)**	—	—	—
Foreign currency translation adjustments:						
Net unrealized gains (losses) arising during the period	**(6)**	**—**	**(6)**	13	(2)	11
Reclassification of net (gains) losses to net income	**—**	**—**	**—**	—	—	—
Net change	**(6)**	**—**	**(6)**	13	(2)	11
Other comprehensive income (loss)	**$ (6,718)**	**1,653**	**(5,065)**	(1,920)	477	(1,443)
Less: Other comprehensive income from noncontrolling interests, net of tax			**—**			1
Wells Fargo other comprehensive loss, net of tax			**$ (5,065)**			(1,444)

(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 and Other Expenses) for additional information).

Table 21.2 provides the cumulative OCI balance activity on an after-tax basis.

Table 21.2: Cumulative OCI Balances

(in millions)		Debt securities	Fair value hedges (1)	Cash flow hedges (2)	Defined benefit plans adjustments	Debit valuation adjustments (DVA)	Foreign currency translation adjustments	Cumulative other comprehensive income (loss)
Quarter ended March 31, 2022								
Balance, beginning of period	**$**	**665**	**(143)**	**(27)**	**(2,055)**	**—**	**(142)**	**(1,702)**
Net unrealized gains (losses) arising during the period		**(5,191)**	**48**	**(38)**	**14**	**(3)**	**(6)**	**(5,176)**
Amounts reclassified from accumulated other comprehensive income		**43**	**—**	**10**	**58**	**—**	**—**	**111**
Net change		**(5,148)**	**48**	**(28)**	**72**	**(3)**	**(6)**	**(5,065)**
Less: Other comprehensive income from noncontrolling interests		**—**	**—**	**—**	**—**	**—**	**—**	**—**
Balance, end of period	**$**	**(4,483)**	**(95)**	**(55)**	**(1,983)**	**(3)**	**(148)**	**(6,767)**
Quarter ended March 31, 2021								
Balance, beginning of period	$	3,039	(204)	(125)	(2,404)	—	(112)	194
Net unrealized gains (losses) arising during the period		(1,512)	19	(23)	7	—	11	(1,498)
Amounts reclassified from accumulated other comprehensive income		(13)	—	40	28	—	—	55
Net change		(1,525)	19	17	35	—	11	(1,443)
Less: Other comprehensive income from noncontrolling interests		—	—	—	—	—	1	1
Balance, end of period	$	1,514	(185)	(108)	(2,369)	—	(102)	(1,250)

(1) Substantially all of the amounts for fair value hedges are foreign exchange contracts.
(2) Majority of the amounts for cash flow hedges are interest rate contracts.

Note 22: Operating Segments

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 by our Chief Executive Officer and Operating Committee. The management reporting process is based on U.S. GAAP and includes specific adjustments, such as funds transfer pricing for asset/liability management, shared revenues 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 affiliated venture capital and private equity businesses. In addition, Corporate includes all restructuring charges related to our efficiency initiatives. See Note 19 (Restructuring Charges) for additional information on restructuring charges. 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.

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 22.1 presents our results by operating segment.

Table 22.1: Operating Segments

(in millions)		Consumer Banking and Lending	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate	Reconciling Items (1)	Consolidated Company
Quarter ended March 31, 2022								
Net interest income (2)	**$**	**5,996**	**1,361**	**1,990**	**799**	**(818)**	**(107)**	**9,221**
Noninterest income		**2,567**	**966**	**1,480**	**2,958**	**806**	**(406)**	**8,371**
Total revenue		**8,563**	**2,327**	**3,470**	**3,757**	**(12)**	**(513)**	**17,592**
Provision for credit losses		**(190)**	**(344)**	**(196)**	**(37)**	**(20)**	**—**	**(787)**
Noninterest expense		**6,395**	**1,531**	**1,983**	**3,175**	**786**	**—**	**13,870**
Income (loss) before income tax expense (benefit)		**2,358**	**1,140**	**1,683**	**619**	**(778)**	**(513)**	**4,509**
Income tax expense (benefit)		**588**	**280**	**425**	**154**	**(227)**	**(513)**	**707**
Net income (loss) before noncontrolling interests		**1,770**	**860**	**1,258**	**465**	**(551)**	**—**	**3,802**
Less: Net income from noncontrolling interests		**—**	**3**	**—**	**—**	**128**	**—**	**131**
Net income (loss)	**$**	**1,770**	**857**	**1,258**	**465**	**(679)**	**—**	**3,671**
Quarter ended March 31, 2021								
Net interest income (2)	$	5,615	1,254	1,779	657	(390)	(107)	8,808
Noninterest income		3,039	827	1,825	2,887	1,417	(271)	9,724
Total revenue		8,654	2,081	3,604	3,544	1,027	(378)	18,532
Provision for credit losses		(419)	(399)	(284)	(43)	97	—	(1,048)
Noninterest expense		6,267	1,630	1,833	3,028	1,231	—	13,989
Income (loss) before income tax expense (benefit)		2,806	850	2,055	559	(301)	(378)	5,591
Income tax expense (benefit)		702	212	500	140	(275)	(378)	901
Net income (loss) before noncontrolling interests		2,104	638	1,555	419	(26)	—	4,690
Less: Net income from noncontrolling interests		—	1	—	—	53	—	54
Net income (loss)	$	2,104	637	1,555	419	(79)	—	4,636
Quarter ended March 31, 2022 (3)								
Loans (average)	**$**	**325,055**	**194,395**	**284,498**	**84,765**	**9,292**	**—**	**898,005**
Assets (average)		**374,869**	**214,937**	**551,404**	**90,841**	**687,341**	**—**	**1,919,392**
Deposits (average)		**881,339**	**200,699**	**169,181**	**185,814**	**27,039**	**—**	**1,464,072**
Loans (period-end)		**328,558**	**198,833**	**290,627**	**84,688**	**9,101**	**—**	**911,807**
Assets (period-end)		**379,115**	**221,886**	**564,976**	**90,820**	**682,912**	**—**	**1,939,709**
Deposits (period-end)		**909,896**	**195,549**	**168,467**	**183,727**	**23,715**	**—**	**1,481,354**
Quarter ended March 31, 2021								
Loans (average)	$	353,081	183,143	246,148	80,839	10,228	—	873,439
Assets (average)		408,553	199,361	511,528	87,355	727,628	—	1,934,425
Deposits (average)		789,439	189,364	194,501	173,678	46,490	—	1,393,472
Loans (period-end)		340,549	180,688	248,644	81,175	10,516	—	861,572
Assets (period-end)		405,597	198,684	512,045	87,039	753,899	—	1,957,264
Deposits (period-end)		837,765	191,948	188,920	175,999	42,487	—	1,437,119

(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) 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.

(3) In first quarter 2022, we prospectively transferred certain customer accounts from the Commercial Banking operating segment to Small Business Banking in the Consumer Banking and Lending operating segment.

Note 23: 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 OCC has similar requirements for the Company's national banks, including Wells Fargo Bank, N.A. (the Bank).

Table 23.1 presents regulatory capital information for Wells Fargo & 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 March 31, 2022, the Bank and our other insured depository institutions were considered well-capitalized under the requirements of the Federal Deposit Insurance Act.

Table 23.1: Regulatory Capital Information

	Wells Fargo & Company				Wells Fargo Bank, N.A.			
	Standardized Approach		Advanced Approach		Standardized Approach		Advanced Approach	
(in millions, except ratios)	**March 31, 2022**	December 31, 2021	**March 31, 2022**	December 31, 2021	**March 31, 2022**	December 31, 2021	**March 31, 2022**	December 31, 2021
Regulatory capital:								
Common Equity Tier 1	$ **132,298**	140,643	**132,298**	140,643	**143,732**	149,318	**143,732**	149,318
Tier 1	**151,340**	159,671	**151,340**	159,671	**143,732**	149,318	**143,732**	149,318
Total	**186,316**	196,308	**177,686**	186,580	**166,302**	173,044	**157,604**	163,213
Assets:								
Risk-weighted assets	**1,265,517**	1,239,026	**1,119,518**	1,116,068	**1,169,842**	1,137,839	**977,094**	965,511
Adjusted average assets	**1,891,615**	1,915,585	**1,891,615**	1,915,585	**1,734,148**	1,758,479	**1,734,148**	1,758,479
Regulatory capital ratios:								
Common Equity Tier 1 capital	**10.45** % *	11.35	**11.82**	12.60	**12.29** *	13.12	**14.71**	15.47
Tier 1 capital	**11.96** *	12.89	**13.52**	14.31	**12.29** *	13.12	**14.71**	15.47
Total capital	**14.72** *	15.84	**15.87**	16.72	**14.22** *	15.21	**16.13**	16.90
Required minimum capital ratios:								
Common Equity Tier 1 capital	**9.10**	9.60	**8.50**	9.00	**7.00**	7.00	**7.00**	7.00
Tier 1 capital	**10.60**	11.10	**10.00**	10.50	**8.50**	8.50	**8.50**	8.50
Total capital	**12.60**	13.10	**12.00**	12.50	**10.50**	10.50	**10.50**	10.50

	Wells Fargo & Company		Wells Fargo Bank, N.A.	
	March 31, 2022	December 31, 2021	**March 31, 2022**	December 31, 2021
Regulatory leverage:				
Total leverage exposure (1)	$ **2,289,114**	2,316,079	**2,117,033**	2,133,798
Supplementary leverage ratio (SLR) (1)	**6.61** %	6.89	**6.79**	7.00
Tier 1 leverage ratio (2)	**8.00**	8.34	**8.29**	8.49
Required minimum leverage:				
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 March 31, 2022.
(1) The SLR 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 March 31, 2022, the 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 3.10% 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 an 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 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 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 (the "Parent"), WFC Holdings, LLC, an intermediate holding company and subsidiary of the Parent (the "IHC"), Wells Fargo Bank, N.A., 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 28 (Regulatory Capital Requirements and Other Restrictions) in our 2021 Form 10-K.

Cash Restrictions
Cash and cash equivalents may be restricted as to usage or withdrawal. Table 23.2 provides a summary of restrictions on cash and cash equivalents.

Table 23.2: Nature of Restrictions on Cash and Cash Equivalents

(in millions)		Mar 31, 2022	Dec 31, 2021
Reserve balance for non-U.S. central banks	$	**233**	382
Segregated for benefit of brokerage customers under federal and other brokerage regulations		**694**	830

Glossary of Acronyms

ACL	Allowance for credit losses	**LCR**	Liquidity coverage ratio
AFS	Available-for-sale	**LHFS**	Loans held for sale
ARM	Adjustable-rate mortgage	**LIBOR**	London Interbank Offered Rate
ASC	Accounting Standards Codification	**LIHTC**	Low-income housing tax credit
ASU	Accounting Standards Update	**LOCOM**	Lower of cost or fair value
AVM	Automated valuation model	**LTV**	Loan-to-value
BCBS	Basel Committee on Banking Supervision	**MBS**	Mortgage-backed securities
BHC	Bank holding company	**MSR**	Mortgage servicing right
CCAR	Comprehensive Capital Analysis and Review	**NAV**	Net asset value
CD	Certificate of deposit	**NPA**	Nonperforming asset
CECL	Current expected credit loss	**NSFR**	Net stable funding ratio
CET1	Common Equity Tier 1	**OCC**	Office of the Comptroller of the Currency
CFPB	Consumer Financial Protection Bureau	**OCI**	Other comprehensive income
CLO	Collateralized loan obligation	**OTC**	Over-the-counter
CLTV	Combined loan-to-value	**PCD**	Purchased credit-deteriorated
CPI	Collateral protection insurance	**PTPP**	Pre-tax pre-provision profit
CRE	Commercial real estate	**RMBS**	Residential mortgage-backed securities
DPD	Days past due	**ROA**	Return on average assets
ESOP	Employee Stock Ownership Plan	**ROE**	Return on average equity
FASB	Financial Accounting Standards Board	**ROTCE**	Return on average tangible common equity
FDIC	Federal Deposit Insurance Corporation	**RWAs**	Risk-weighted assets
FHA	Federal Housing Administration	**SEC**	Securities and Exchange Commission
FHLB	Federal Home Loan Bank	**S&P**	Standard & Poor's Ratings Services
FHLMC	Federal Home Loan Mortgage Corporation	**SLR**	Supplementary leverage ratio
FICO	Fair Isaac Corporation (credit rating)	**SOFR**	Secured Overnight Financing Rate
FNMA	Federal National Mortgage Association	**SPE**	Special purpose entity
FRB	Board of Governors of the Federal Reserve System	**TDR**	Troubled debt restructuring
GAAP	Generally accepted accounting principles	**TLAC**	Total Loss Absorbing Capacity
GNMA	Government National Mortgage Association	**VA**	Department of Veterans Affairs
GSE	Government-sponsored entity	**VaR**	Value-at-Risk
G-SIB	Global systemically important bank	**VIE**	Variable interest entity
HQLA	High-quality liquid assets	**WIM**	Wealth and Investment Management
HTM	Held-to-maturity		

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Information in response to this item can be found in Note 13 (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 March 31, 2022.

Calendar month	Total number of shares repurchased (1)	Weighted average price paid per share	Maximum number of shares that may yet be repurchased under the authorization
January	33,687,433	$ 54.55	327,130,834
February	55,819,880	56.79	271,310,954
March	20,586,039	49.07	250,724,915
Total	110,093,352		

(1) All shares were repurchased under an authorization covering up to 500 million shares of common stock approved by the Board of Directors and publicly announced by the Company on January 15, 2021. Unless modified or revoked by the Board, this authorization does not expire.

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.

Exhibit Number	Description	Location
3(a)	Restated Certificate of Incorporation, as amended and in effect on the date hereof.	Incorporated by reference to Exhibit 3(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021.
3(b)	By-Laws.	Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed March 1, 2018.
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.	
10(a)	Amendment to Deferred Compensation Plan, effective January 1, 2022.	Filed herewith.
10(b)	Amendment to Supplemental 401(k) Plan, effective January 1, 2022.	Filed herewith.
10(c)	Amendment to Supplemental Cash Balance Plan, effective January 1, 2022.	Filed herewith.
10(d)	Amendment to the Wachovia Corporation Elective Deferral Plan, effective January 1, 2022.	Filed herewith.
10(e)	Amendment to the Wachovia Corporation Savings Restoration Plan, effective January 1, 2022.	Filed herewith.
10(f)	Description of Wells Fargo & Company Non-Employee Director Compensation Program, effective April 1, 2022.	Filed herewith.
10(g)	Description of Wells Fargo Bank, N.A. Non-Employee Director Compensation Program, effective April 1, 2022.	Filed herewith.
10(h)	Wells Fargo & Company 2022 Long-Term Incentive Plan	Incorporated by reference to Exhibit 10(a) to the Company's Current Report on Form 8-K filed April 29, 2022.
22	Subsidiary guarantors and issuers of guaranteed securities and affiliates whose securities collateralize securities of the registrant.	Incorporated by reference to Exhibit 22 to the Company's Annual Report on Form 10-K for the year ended December 31, 2020.
31(a)	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
31(b)	Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
32(a)	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.	Furnished herewith.
32(b)	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.	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: May 3, 2022

WELLS FARGO & COMPANY

By: /s/ MUNEERA S. CARR

Muneera S. Carr

Executive Vice President,
Chief Accounting Officer and Controller

(Principal Accounting Officer)

Exhibit 10(a)

Amendment to the Wells Fargo & Company Deferred Compensation Plan

RESOLVED that the Wells Fargo & Company Deferred Compensation Plan is amended effective January 1, 2022 as follows:

Section 2(F) is amended to read in full as follows:

Compensation**.** Base salary, bonuses, incentives and commissions earned by an Eligible Employee during the Deferral Year for services rendered to the Company or its Affiliates as determined by the Plan Administrator for that Deferral Year and payable (if not deferred) no later than March 15 of the Plan Year following the Deferral Year; provided, however, that Compensation shall not include:

(1) any award under the Company's Long-Term Incentive Compensation Plan, or any successor to the plan;

(2) any amount if the right to receive that amount is conditioned on the Eligible Employee's Separation from Service; or

(3) any amount paid after the pay period in which the Eligible Employee's Separation from Service (including a resignation or termination of employment at retirement age) occurs except bonuses payable pursuant to the Wells Fargo Bonus Plan following the date the Employee incurs a Separation from Service if the Eligible Employee elected payment in annual installments and Section 9(E) does not apply.

Section 2(Q) is amended to read in full as follows:

"Plan Administrator" of the Plan is the Head of Human Resources, Total Rewards Senior Executive and the Head of Total Rewards (or in each case, the functional equivalent thereof), each of whom, acting individually, may take action as the Plan Administrator.

Section 2(S) is amended to read in full as follows:

Separation from Service. For purposes of this Plan, a participant's "Separation from Service" occurs upon his or her death, retirement or other termination of employment or other event that qualifies as a "separation from service" under Code section 409A and the applicable regulations thereunder as in effect from time to time. The Plan Administrator shall determine in each case when a participant's Separation from Service has occurred, which determination shall be made in a manner consistent with Treasury Regulation Section 1.409A-1(h). The Plan Administrator shall determine that a Separation from Service has occurred as of a certain date when the facts and circumstances indicate that the Company (or an Affiliate, if applicable) and the participant reasonably anticipate that, after that date, the participant will render no further services, or the participant's level of bona fide services (either as an employee or independent contractor) will permanently decrease to a level that is 20% or less than the average level of the participant's bona fide services (either as an employee or independent contractor) previously in effect for such participant over the immediately preceding 36-month period (or the participant's entire period of service, if the participant has been providing services for less than 36 months). If

the Participant incurs a Separation from Service as determined by the Plan Administrator, a subsequent rehire will not impact the prior Separation from Service determination and distribution will commence pursuant to Section 9.

The following presumptions shall also apply to all such determinations:

(1) Transfers. A Separation from Service has not occurred upon the participant's transfer of employment from the Company to an Affiliate or vice versa, or from an Affiliate to another Affiliate.

(2) Medical leave of absence. Where the participant has a medical leave of absence due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, and he or she has not returned to employment with the Company or an Affiliate, a Separation from Service has occurred on the earlier of: (A) the first day on which the participant would not be considered "disabled" under any disability policy of the Company or Affiliate under which the participant is then receiving a benefit; or (B) the first day on which the participant's medical leave of absence period exceeds 29 months.

(3) Military leave of absence. Where the participant has a military leave of absence, and he or she has not returned to employment with the Company or an Affiliate, a Separation from Service has occurred on the day next following the last day on which the participant is entitled to reemployment rights under USERRA.

(4) Other leaves of absence. In the event that the participant is on a bona fide leave of absence, not otherwise described in this Sec. 2(S), from which he or she has not returned to employment with the Company or an Affiliate, the participant's Separation from Service has occurred on the first day on which the participant's leave of absence period exceeds six months or, if earlier, upon the participant's termination of employment (provided that such termination of employment constitutes a Separation from Service in accordance with the last sentence of the first paragraph of this section).

(5) Asset purchase transaction. If, in connection with the sale or other disposition of substantial assets (such as a division or substantially all assets of a trade or business) of the Company or an Affiliate to an unrelated buyer, the participant becomes an employee of the buyer or an affiliate of the buyer upon the closing of or in connection with such transaction, a Separation from Service has not occurred if the Company and the buyer have specified that such transaction will not, with respect to any individual affected by such transaction who becomes an employee of the buyer or an affiliate, be considered a "separation from service" under Treasury Regulation Section 1.409A-1(h), and such specification meets the requirements of Treasury Regulation Section 1.409A-1(h)(4).

Section 9(B)(4) is amended to read in full as follows:

Upon Death. Should the Participant die before the portion of his or her WFA Accounts to which he or she is entitled under the Plan are completely distributed, then such undistributed portions shall be paid in a lump sum to his or her designated beneficiary (or beneficiaries) for his or her WFA Accounts. Beneficiaries shall be separately identified for Deferral Accounts and WFA Accounts. Such payment shall be made as soon as administratively practical following the Participant's death, but in no event later than the end of the calendar year following the calendar

year of the Participant's death. The Participant may designate one or more such beneficiaries specifically for his or her WFA Accounts, or may revoke his or her existing beneficiary designation for his or her WFA Accounts and make a new designation for his or her WFA Accounts, by filing a properly completed beneficiary designation in accordance with the procedures established by the Plan Administrator or its designate. Should the Participant die without a valid beneficiary designation for his or her WFA Accounts in effect or after the death of his or her designated beneficiary (or beneficiaries), then any amounts due him or her under the Plan with respect to his or her WFA Accounts shall be paid to the person or persons surviving in the first of the following classes in which there is a survivor, share and share alike:

(a) The Participant's spouse or domestic partner.

(b) The Participant's biological and adopted children, except that if any of his or her children predecease the Participant but leave descendants surviving the Participant, such descendants shall take by right of representation the share their parent would have taken if living.

(c) The Participant's parents.

(d) The Participant's brothers and sisters.

(e) The Participant's estate.

If a beneficiary survives the Participant but dies before receiving the balance of the Participant's WFA Accounts (or the beneficiary's share of such Participant's WFA Accounts balance in the case of more than one beneficiary), that beneficiary's share of the Participant's WFA Accounts shall be made to the beneficiary's estate.

Section 10 is amended to read in full as follows:

Nonassignability. No Participant or beneficiary shall have any interest in any accounts under this Plan that can be transferred, nor shall any Participant or beneficiary have any power to anticipate, alienate, dispose of, pledge or encumber the same while in the possession or control of the Company, nor shall the Company recognize any assignment thereof, either in whole or in part, nor shall any account be subject to attachment, garnishment, execution following judgment or other legal process while in the possession or control of the Company. The designation of a beneficiary by a Participant does not constitute a transfer.

Except as herein expressly amended, all the terms and provisions of the Wells Fargo & Company Deferred Compensation Plan shall continue in full force and effect.

Exhibit 10(b)

Amendment to the Wells Fargo & Company Supplemental 401(k) Plan

RESOLVED that the Wells Fargo & Company Supplemental 401(k) Plan is amended effective January 1, 2022 as follows:

Section 3(a) is amended to read in full as follows:

Nonqualified Certified Compensation shall include any Salary Deferral Contributions on behalf of a participant under the 401(k) Plan, any salary reduction contributions to any cafeteria plan under Code section 125, and any salary reduction contributions to a qualified transportation fringe benefit under Code section 132(f)(4) maintained by a Participating Employer. Nonqualified Certified Compensation shall not include any severance payment.

Section 15(b) is amended to read in full as follows:

For purposes of this Plan, a participant's "Separation from Service" occurs upon his or her death, retirement or other termination of employment or other event that qualifies as a "separation from service" under Code section 409A and the applicable regulations thereunder as in effect from time to time. The Plan Administrator shall determine in each case when a participant's Separation from Service has occurred, which determination shall be made in a manner consistent with Treasury Regulation Section 1.409A-1(h). The Plan Administrator shall determine that a Separation from Service has occurred as of a certain date when the facts and circumstances indicate that the Company (or an Affiliate, if applicable) and the participant reasonably anticipate that, after that date, the participant will render no further services, or the participant's level of bona fide services (either as an employee or independent contractor) will permanently decrease to a level that is 20% or less than the average level of the participant's bona fide services (either as an employee or independent contractor) previously in effect for such participant over the immediately preceding 36-month period (or the participant's entire period of service, if the participant has been providing services for less than 36 months).

The following presumptions shall also apply to all such determinations:

(1) Transfers. A Separation from Service has not occurred upon the participant's transfer of employment from the Company to an Affiliate or vice versa, or from an Affiliate to another Affiliate.

(2) Medical leave of absence. Where the participant has a medical leave of absence due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, and he or she has not returned to employment with the Company or an Affiliate, a Separation from Service has occurred on the earlier of: (A) the first day on which the participant would not be considered "disabled" under any disability policy of the Company or Affiliate under which the participant is then receiving a benefit; or (B) the first day on which the participant's medical leave of absence period exceeds 29 months.

(3) Military leave of absence. Where the participant has a military leave of absence, and he or she has not returned to employment with the Company or an Affiliate, a Separation from Service has occurred on the day next following the last day on which the participant is entitled to reemployment rights under USERRA.

(4) Other leaves of absence. In the event that the participant is on a bona fide leave of absence, not otherwise described in this Section 15(b), from which he or she has not returned to employment with the Company or an Affiliate, the participant's Separation from Service has occurred on the first day on which the participant's leave of absence period exceeds six months or, if earlier, upon the participant's termination of employment (provided that such termination of employment constitutes a Separation from Service in accordance with the last sentence of the first paragraph of this section).

(5) Asset purchase transaction. If, in connection with the sale or other disposition of substantial assets (such as a division or substantially all assets of a trade or business) of the Company or an Affiliate to an unrelated buyer, the participant becomes an employee of the buyer or an affiliate of the buyer upon the closing of or in connection with such transaction, a Separation from Service has not occurred if the Company and the buyer have specified that such transaction will not, with respect to any individual affected by such transaction who becomes an employee of the buyer or an affiliate, be considered a "separation from service" under Treasury Regulation Section 1.409A-1(h), and such specification meets the requirements of Treasury Regulation Section 1.409A-1(h)(4).

Section 24, the first sentence is amended to read in full as follows:

For purposes of Section 3(16)(A) of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended, the Plan Administrator shall be the Head of Human Resources, Senior Total Rewards Executive and the Head of Total Rewards of the Company (or in each case, the functional equivalent thereof), each of whom, acting individually, may take action as the Plan Administrator.

Except as herein expressly amended, all the terms and provisions of the Wells Fargo & Company Supplemental 401(k) Plan shall continue in full force and effect.

Exhibit 10(c)

Amendment to the Wells Fargo & Company Supplemental Cash Balance Plan

RESOLVED that the Wells Fargo & Company Supplemental Cash Balance Plan is amended effective January 1, 2022 as follows:

Section 3(a) is amended to read in full as follows:

Nonqualified Certified Compensation shall include any Salary Deferral Contributions on behalf of a participant under the 401(k) Plan, any salary reduction contributions to any cafeteria plan under Code section 125, and any salary reduction contributions to a qualified transportation fringe benefit under Code section 132(f)(4) maintained by a Participating Employer. Nonqualified Certified Compensation shall not include any severance payment.

Section 12(b) is amended to read in full as follows:

For purposes of this Plan, a participant's "Separation from Service" occurs upon his or her death, retirement or other termination of employment or other event that qualifies as a "separation from service" under Code section 409A and the applicable regulations thereunder as in effect from time to time. The Plan Administrator shall determine in each case when a participant's Separation from Service has occurred, which determination shall be made in a manner consistent with Treasury Regulation Section 1.409A-1(h). The Plan Administrator shall determine that a Separation from Service has occurred as of a certain date when the facts and circumstances indicate that the Company (or an Affiliate, if applicable) and the participant reasonably anticipate that, after that date, the participant will render no further services, or the participant's level of bona fide services (either as an employee or independent contractor) will permanently decrease to a level that is 20% or less than the average level of the participant's bona fide services (either as an employee or independent contractor) previously in effect for such participant over the immediately preceding 36-month period (or the participant's entire period of service, if the participant has been providing services for less than 36 months).

The following presumptions shall also apply to all such determinations:

(1) Transfers. A Separation from Service has not occurred upon the participant's transfer of employment from the Company to an Affiliate or vice versa, or from an Affiliate to another Affiliate.

(2) Medical leave of absence. Where the participant has a medical leave of absence due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, and he or she has not returned to employment with the Company or an Affiliate, a Separation from Service has occurred on the earlier of: (A) the first day on which the participant would not be considered "disabled" under any disability policy of the Company or Affiliate under which the participant is then receiving a benefit; or (B) the first day on which the participant's medical leave of absence period exceeds 29 months.

(3) Military leave of absence. Where the participant has a military leave of absence, and he or she has not returned to employment with the Company or an Affiliate, a Separation from

Service has occurred on the day next following the last day on which the participant is entitled to reemployment rights under USERRA.

(4) Other leaves of absence. In the event that the participant is on a bona fide leave of absence, not otherwise described in this Section 15(b), from which he or she has not returned to employment with the Company or an Affiliate, the participant's Separation from Service has occurred on the first day on which the participant's leave of absence period exceeds six months or, if earlier, upon the participant's termination of employment (provided that such termination of employment constitutes a Separation from Service in accordance with the last sentence of the first paragraph of this section).

(5) Asset purchase transaction. If, in connection with the sale or other disposition of substantial assets (such as a division or substantially all assets of a trade or business) of the Company or an Affiliate to an unrelated buyer, the participant becomes an employee of the buyer or an affiliate of the buyer upon the closing of or in connection with such transaction, a Separation from Service has not occurred if the Company and the buyer have specified that such transaction will not, with respect to any individual affected by such transaction who becomes an employee of the buyer or an affiliate, be considered a "separation from service" under Treasury Regulation Section 1.409A-1(h), and such specification meets the requirements of Treasury Regulation Section 1.409A-1(h)(4).

Section 19, the first sentence is amended to read in full as follows:

For purposes of Section 3(16)(A) of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended, the Plan Administrator shall be the Head of Human Resources, Total Rewards Senior Executive and the Head of Total Rewards of the Company (or in each case, the functional equivalent thereof), each of whom, acting individually, may take action as the Plan Administrator.

Except as herein expressly amended, all the terms and provisions of the Wells Fargo & Company Supplemental Cash Balance Plan shall continue in full force and effect.

Exhibit 10(d)

Amendment to the Wachovia Corporation Elective Deferral Plan

RESOLVED, that the Wachovia Corporation Elective Deferral Plan is amended effective January 1, 2022 as follows:

Section 8.1 is amended to read in full as follows:

The “Plan Administrator” for purposes of this Plan is the Head of Human Resources, Total Rewards Senior Executive and the Head of Total Rewards of the Company (or in each case, the functional equivalent thereof), each of whom may act individually or jointly as the Plan Administrator.

Section 10.1 is amended to read in full as follows:

Alienation of Benefits. No person entitled to benefits under the Plan shall have any right to transfer, assign, alienate, pledge, hypothecate or otherwise encumber his or her interest in such benefits prior to actual receipt of those benefits. Except for the offset rights provided under Section 10.4, the benefits payable under the Plan shall not, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person and shall not, to the maximum extent permitted by law, be transferable by operation of law in the event of the bankruptcy or insolvency of the Participant or any other person.

Except as herein expressly amended, all the terms and provisions of the Wachovia Corporation Elective Deferral Plan shall continue in full force and effect.

Exhibit 10(e)

Amendment to the Wachovia Corporation Savings Restoration Plan

RESOLVED, that the Wachovia Corporation Savings Restoration Plan is amended effective January 1, 2022 as follows:

Section 2.2(jj) is amended to read in full as follows:

"Plan Administrator" means the Head of Human Resources, Total Rewards Senior Executive and the Head of Total Rewards of the Company (or in each case, the functional equivalent thereof), each of whom, acting individually, may take action as the Plan Administrator.

Section 10.1 is amended to read in full as follows:

Alienation of Benefits. No person entitled to benefits under the Plan shall have any right to transfer, assign, alienate, pledge, hypothecate or otherwise encumber his or her interest in such benefits prior to actual receipt of those benefits. Except for the offset rights provided under Section 10.5, the benefits payable under the Plan shall not, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person and shall not, to the maximum extent permitted by law, be transferable by operation of law in the event of the bankruptcy or insolvency of the Participant or any other person.

Except as herein expressly amended, all the terms and provisions of the Wachovia Corporation Savings Restoration Plan shall continue in full force and effect.

Exhibit 10(f)

Wells Fargo & Company Non-Employee Director Compensation Program
(Effective April 1, 2022)

Stock Awards

- Award Value:
    - Each non-employee director elected at the Company's annual meeting of stockholders shall automatically be granted, as of the date of such meeting, an award of Company common stock having an award value of $240,000.
    - A non-employee director who joins the Board effective as of any other date shall automatically be granted, as of such other date, an award of Company common stock having an award value based on the award value of the most recent annual grant prorated to reflect the number of months (rounded up to the next whole month) remaining until the next annual meeting of stockholders; provided, however, that if the New York Stock Exchange (NYSE) is not open on the day such director joins the Board, the award shall be granted as of the next following day on which the NYSE is open.
- Number of Shares Subject to Award: The number of shares of Company common stock subject to an award shall be determined by dividing the award value by the NYSE-only closing price of Company common stock on the date of grant (rounded up to the nearest whole share).
- Vesting: The stock awards shall vest in full immediately upon grant.
- Deferral: Non-employee directors may elect to defer receipt of their stock awards in accordance with the terms and conditions of the Company's Directors Stock Compensation and Deferral Plan. Effective January 1, 2023, director stock awards must be deferred in full until the director leaves the Board.

Other Compensation

Component	Amount
Annual Board Cash Retainer, payable quarterly in equal installments	$100,000
Annual Independent Chair Retainer (which is paid in addition to the Annual Board Cash Retainer and in lieu of any other Committee Chair Retainer the Chair might otherwise receive), payable quarterly in equal installments, and effective January 1, 2023, paid 100% in equity	$250,000
Annual Committee Chair Retainer, payable quarterly in equal installments	
Audit	$50,000
Corporate Responsibility	$25,000
Finance	$25,000
Governance and Nominating	$25,000
Human Resources	$50,000
Risk	$50,000

Annual Subcommittee Chair Retainer, payable quarterly in equal installments	
Credit	$10,000
Technology	$10,000
Regular or Special Board or Committee or Subcommittee Meeting Fee	$2,000 per meeting in excess of 12 per year

Exhibit 10(g)

Wells Fargo Bank, National Association
Non-Employee Director Compensation Program
(Effective April 1, 2022)

Component	Amount
Annual Board Member Retainer, payable quarterly in equal installments	$10,000
Annual Board Chair Retainer, payable quarterly in equal installments	$25,000
Board or Special Board or Committee Meeting Fee	$2,000 per meeting in excess of 12 meetings per year
WFBNA Regulatory Compliance Oversight Committee Chair Fee, payable quarterly in equal installments	$10,000

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 March 31, 2022, 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

Charles W. Scharf
Chief Executive Officer

Date: May 3, 2022

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 March 31, 2022, 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

Michael P. Santomassimo
Chief Financial Officer

Date: May 3, 2022

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 March 31, 2022, 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: May 3, 2022

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 March 31, 2022, 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: May 3, 2022