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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2023
OR

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

For the transition period from ________ to ________

Commission file number 001-2979

WELLS FARGO & COMPANY

(Exact name of registrant as specified in its charter)

Delaware	**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 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 October 20, 2023
Common stock, $1-2/3 par value	3,631,639,714

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FINANCIAL REVIEW

Summary Financial Data (1)

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

(1) In first quarter 2023, we adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-12 – Financial Services – Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts*. We adopted ASU 2018-12 with retrospective application, which required revision of prior period financial statements. Prior period risk-based capital and certain other regulatory related metrics were not revised. For additional information, including the financial statement line items impacted by the adoption of ASU 2018-12, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

(2) Pre-tax pre-provision profit (PTPP) is total revenue less noninterest expense. Management believes that PTPP is a useful financial measure because it enables investors and others to assess the Company's ability to generate capital to cover credit losses through a credit cycle.

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

(4) Book value per common share is common stockholders' equity divided by common shares outstanding. Tangible book value per common share is tangible common equity divided by common shares outstanding.

(5) Tangible common equity is a non-GAAP financial measure and represents total equity less preferred equity, noncontrolling interests, goodwill, certain identifiable intangible assets (other than mortgage servicing rights) and goodwill and other intangibles on investments in consolidated portfolio companies, net of applicable deferred taxes. The methodology of determining tangible common equity may differ among companies. Management believes that return on average tangible common equity and tangible book value per common share, which utilize tangible common equity, are useful financial measures because they enable management, investors, and others to assess the Company's use of equity. For additional information, including a corresponding reconciliation to generally accepted accounting principles (GAAP) financial measures, see the "Capital Management – Tangible Common Equity" section in this Report.

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

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

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

(9) For additional information, see the "Capital Management" section and Note 21 (Regulatory Capital Requirements and Other Restrictions) to Financial Statements in this Report.

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

(11) Represents average high-quality liquid assets divided by average projected net cash outflows, as each is defined under the LCR rule.

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

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

Financial Review

Overview

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

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

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

On February 2, 2018, the Company entered into a consent order with the Board of Governors of the Federal Reserve System (FRB). As required by the consent order, the Company's Board of Directors (Board) submitted to the FRB a plan to further enhance the Board's governance and oversight of the Company, and the Company submitted to the FRB a plan to further improve the Company's compliance and operational risk management program. The Company continues to engage with the FRB as the Company works to address the consent order provisions. The consent order also requires the Company, following the FRB's acceptance and approval of the plans and the Company's adoption and implementation of the plans, to complete an initial third-party review of the enhancements and improvements provided for in the plans. Until this third-party review is complete and the plans are approved and implemented to the satisfaction of the FRB, the Company's total consolidated assets as defined under the consent order will be limited to the level as of December 31, 2017. Compliance with this asset cap is measured on a two-quarter daily average basis to allow for management of temporary fluctuations. After removal of the asset cap, a second third-party review must also be conducted to assess the efficacy and sustainability of the enhancements and improvements.

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

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

Consent Order with the OCC Regarding Loss Mitigation Activities

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

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

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

Retail Sales Practices Matters

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

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

Customer Remediation Activities

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

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

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

Recent Developments

Debit Card Interchange Fees

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

Federal Deposit Insurance Corporation Special Assessment

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

Capital Matters

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

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

Financial Performance

Adoption of Accounting Standards Update 2018-12

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

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

Consolidated Financial Highlights

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

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

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

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

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

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

Capital and Liquidity

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

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

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

Credit Quality

Credit quality reflected the following:

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

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

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

Earnings Performance

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

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

Net Interest Income

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

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

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

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

						Quarter ended September 30,
			2023			2022
($ in millions)	**Average balance**	**Interest income/ expense**	**Average interest rates**	Average balance	Interest income/ expense	Average interest rates
Assets						
Interest-earning deposits with banks	**$ 158,893**	**1,926**	**4.81%**	$ 130,761	699	2.12%
Federal funds sold and securities purchased under resale agreements	**68,715**	**888**	**5.13**	57,432	250	1.73
Debt securities:						
Trading debt securities	**109,802**	**1,060**	**3.86**	91,618	631	2.75
Available-for-sale debt securities	**139,511**	**1,371**	**3.92**	127,821	792	2.47
Held-to-maturity debt securities	**273,948**	**1,822**	**2.65**	305,063	1,704	2.23
Total debt securities	**523,261**	**4,253**	**3.24**	524,502	3,127	2.38
Loans held for sale (2)	**5,437**	**87**	**6.40**	11,458	120	4.18
Loans:						
Commercial and industrial – U.S.	**308,862**	**5,460**	**7.02**	300,097	3,211	4.25
Commercial and industrial – Non-U.S.	**73,415**	**1,312**	**7.09**	81,278	751	3.67
Commercial real estate mortgage	**129,206**	**2,149**	**6.60**	133,720	1,388	4.12
Commercial real estate construction	**24,480**	**498**	**8.07**	21,571	268	4.93
Lease financing	**15,564**	**191**	**4.90**	14,526	137	3.76
Total commercial loans	**551,527**	**9,610**	**6.92**	551,192	5,755	4.14
Residential mortgage – first lien	**252,176**	**2,129**	**3.38**	253,383	2,002	3.16
Residential mortgage – junior lien	**11,742**	**210**	**7.11**	14,226	189	5.28
Credit card	**48,889**	**1,612**	**13.08**	42,407	1,230	11.51
Auto	**51,014**	**615**	**4.78**	54,874	590	4.27
Other consumer	**27,845**	**607**	**8.65**	29,383	413	5.58
Total consumer loans	**391,666**	**5,173**	**5.26**	394,273	4,424	4.47
Total loans (2)	**943,193**	**14,783**	**6.23**	945,465	10,179	4.28
Equity securities	**25,019**	**153**	**2.42**	29,722	156	2.09
Other	**8,565**	**107**	**4.93**	13,577	68	1.97
Total interest-earning assets	**$ 1,733,083**	**22,197**	**5.09%**	$ 1,712,917	14,599	3.39%
Cash and due from banks	**27,137**	**—**		25,646	—	
Goodwill	**25,174**	**—**		25,177	—	
Other	**106,489**	**—**		116,949	—	
Total noninterest-earning assets	**$ 158,800**	**—**		167,772	—	
Total assets	**$ 1,891,883**	**22,197**		1,880,689	14,599	
Liabilities						
Deposits:						
Demand deposits	**$ 414,294**	**1,846**	**1.77%**	$ 421,072	335	0.32%
Savings deposits	**366,788**	**725**	**0.78**	434,023	63	0.06
Time deposits	**153,593**	**1,871**	**4.83**	29,584	77	1.04
Deposits in non-U.S. offices	**18,825**	**166**	**3.51**	17,540	38	0.86
Total interest-bearing deposits	**953,500**	**4,608**	**1.92**	902,219	513	0.23
Short-term borrowings:						
Federal funds purchased and securities sold under agreements to repurchase	**75,849**	**999**	**5.23**	25,648	122	1.88
Other short-term borrowings	**14,229**	**134**	**3.72**	13,799	36	1.06
Total short-term borrowings	**90,078**	**1,133**	**4.99**	39,447	158	1.59
Long-term debt	**181,955**	**3,039**	**6.67**	158,984	1,553	3.90
Other liabilities	**32,564**	**208**	**2.54**	36,217	172	1.89
Total interest-bearing liabilities	**$ 1,258,097**	**8,988**	**2.84%**	$ 1,136,867	2,396	0.84%
Noninterest-bearing demand deposits	**386,807**	**—**		505,632	—	
Other noninterest-bearing liabilities	**62,151**	**—**		55,148	—	
Total noninterest-bearing liabilities	**$ 448,958**	**—**		560,780	—	
Total liabilities	**$ 1,707,055**	**8,988**		1,697,647	2,396	
Total equity	**184,828**	**—**		183,042	—	
Total liabilities and equity	**$ 1,891,883**	**8,988**		1,880,689	2,396	
Interest rate spread on a taxable-equivalent basis (3)			**2.25%**			2.55%
Net interest income and net interest margin on a taxable-equivalent basis (3)		**$ 13,209**	**3.03%**		$ 12,203	2.83%

(continued on following page)

Earnings Performance *(continued)*

(continued from previous page)

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

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

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

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

Noninterest Income

Table 2: Noninterest Income

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

NM – Not meaningful

Third quarter 2023 vs. third quarter 2022

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

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

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

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

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

partially offset by:
- higher income from net favorable hedge results related to MSR valuations.

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

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

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

Net losses from equity securities decreased reflecting:
- lower impairment of equity securities;

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

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

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

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

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

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

Net servicing income decreased driven by:
- lower servicing fees due to a lower balance of mortgage loans serviced for others, including the impact of MSR sales;

partially offset by:
- higher income from net favorable hedge results related to MSR valuations.

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

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

Earnings Performance *(continued)*

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

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

Net losses from equity securities increased reflecting:

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

partially offset by:

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

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

Noninterest Expense

Table 3: Noninterest Expense

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

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

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

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

Personnel expense increased driven by:
- higher salaries expense, including higher severance expense; and
- higher incentive compensation expense;

partially offset by:
- the impact of efficiency initiatives.

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

Operating losses decreased driven by:
- lower expense for legal actions, compared with third quarter 2022 that included amounts related to the December 2022 CFPB consent order. For additional information on legal actions, see Note 10 (Legal Actions) to Financial Statements in this Report; and
- lower expense for customer remediation activities, compared with higher expense in 2022 predominantly due to the further refinement of the scope of remediation for historical mortgage lending, automobile lending, and consumer deposit accounts matters. Expenses for customer remediation activities in the third quarter and first nine months of 2023 were lower primarily related to matters that had lower estimated costs and complexity than historical matters. For additional information on customer remediation activities, see the "Overview" section above.

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

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

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

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

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

Income Tax Expense

Table 4: Income Tax Expense

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

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

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

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

Operating Segment Results

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

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

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

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

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

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

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

Table 5: Management Reporting Structure

Wells Fargo & Company

Consumer Banking and Lending	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate
• Consumer, Small and Business Banking • Home Lending • Credit Card • Auto • Personal Lending	• Middle Market Banking • Asset-Based Lending and Leasing	• Banking • Commercial Real Estate • Markets	• Wells Fargo Advisors • The Private Bank	• Corporate Treasury • Enterprise Functions • Investment Portfolio • Venture capital and private equity investments • Non-strategic businesses

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

Table 6: Operating Segment Results – Highlights

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

(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 6a and Table 6b provide additional information for Consumer Banking and Lending.

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

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

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

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

Third quarter 2023 vs. third quarter 2022

Revenue increased driven by:
- higher net interest income driven by higher interest rates and deposit spreads, partially offset by lower deposit balances;

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

Provision for credit losses decreased due to:
- a $436 million decrease in the allowance for credit losses driven by a lower allowance for auto loans;

partially offset by:
- higher net charge-offs driven by our Credit Card and Personal Lending businesses.

Noninterest expense decreased due to:
- lower operating losses driven by lower expense for legal actions and customer remediation activities; and
- lower personnel expense driven by the impact of efficiency initiatives, as well as lower revenue-related incentive compensation in Home Lending due to lower production;

partially offset by:
- higher operating costs and advertising costs.

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

Revenue increased driven by:
- higher net interest income driven by higher interest rates and deposit spreads, partially offset by lower deposit balances;

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

Provision for credit losses increased due to:
- a $405 million increase in the allowance for credit losses

driven by higher credit card loan balances, a less favorable economic outlook, and portfolio credit normalization, partially offset by a lower allowance for auto loans; and

- higher net charge-offs driven by our Credit Card, Personal Lending, and Auto businesses.

Noninterest expense decreased due to:

- lower operating losses driven by lower expense for legal actions and customer remediation activities; and
- lower personnel expense driven by the impact of efficiency initiatives, as well as lower revenue-related incentive compensation in Home Lending due to lower production;

partially offset by:

- higher operating costs, advertising costs, and FDIC assessments.

Table 6b: Consumer Banking and Lending – Balance Sheet

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

Third quarter 2023 vs. third quarter 2022

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

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

partially offset by:

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

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

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

Total loans (average) increased driven by:

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

partially offset by:

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

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

Commercial Banking provides financial solutions to private, family owned and certain public companies. Products and services include banking and credit products across multiple industry sectors and municipalities, secured lending and lease products, and treasury management. Table 6c and Table 6d provide additional information for Commercial Banking.

Table 6c: Commercial Banking – Income Statement and Selected Metrics

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

NM – Not meaningful

Third quarter 2023 vs. third quarter 2022

Revenue increased driven by:
- higher net interest income reflecting higher interest rates and higher loan balances, partially offset by lower deposit balances;

partially offset by:
- lower other noninterest income due to lower net gains from equity securities, partially offset by higher revenue from renewable energy investments.

Provision for credit losses reflected loan growth.

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

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

Revenue increased driven by:
- higher net interest income reflecting higher interest rates and higher loan balances, partially offset by lower deposit balances;

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

Provision for credit losses reflected loan growth.

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

Table 6d: Commercial Banking – Balance Sheet

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

Third quarter 2023 vs. third quarter 2022

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

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

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

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

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

Corporate and Investment Banking delivers a suite of capital markets, banking, and financial products and services to corporate, commercial real estate, government and institutional clients globally. Products and services include corporate banking, investment banking, treasury management, commercial real estate lending and servicing, equity and fixed income solutions as well as sales, trading, and research capabilities. Table 6e and Table 6f provide additional information for Corporate and Investment Banking.

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

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

NM – Not meaningful

Third quarter 2023 vs. third quarter 2022

Revenue increased driven by:

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

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

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

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

Revenue increased driven by:

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

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

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

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

Table 6f: Corporate and Investment Banking – Balance Sheet

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

Third quarter 2023 vs. third quarter 2022

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

Total trading-related assets (average and period-end) increased reflecting:
- increased volume of reverse repurchase agreements; and
- higher trading account securities driven by higher mortgage-backed securities;

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

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

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

Total loans (average) decreased driven by lower originations.

Total trading-related assets (average) increased reflecting:

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

partially offset by:

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

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

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

Table 6g: Wealth and Investment Management

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

NM- Not meaningful

Third quarter 2023 vs. third quarter 2022

Revenue increased driven by:

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

partially offset by:

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

Noninterest expense increased driven by:

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

partially offset by:

- the impact of efficiency initiatives.

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

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

Revenue decreased driven by:

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

partially offset by:

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

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

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

Noninterest expense increased driven by:
- higher operating costs;

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

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

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

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

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

Table 6h: WIM Advisory Assets

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

(1) Inflows include new advisory account assets, contributions, dividends and interest.
(2) Outflows include closed advisory account assets, withdrawals and client management fees.
(3) Market impact reflects gains and losses on portfolio investments.
(4) Investment advice and other services are provided to the client, but decisions are made by the client and the fees earned are based on a percentage of the advisory account assets, not the number and size of transactions executed by the client.
(5) Professionally managed portfolios with fees earned based on respective strategies and as a percentage of certain client assets.
(6) Professional advisory portfolios managed by third-party asset managers. Fees are earned based on a percentage of certain client assets.
(7) Program with portfolios constructed of load-waived, no-load, and institutional share class mutual funds. Fees are earned based on a percentage of certain client assets.
(8) Discretionary and non-discretionary portfolios held in personal trusts, investment agency, or custody accounts with fees earned based on a percentage of client assets.

Corporate includes corporate treasury and enterprise functions, net of allocations (including funds transfer pricing, capital, liquidity and certain expenses), in support of the reportable operating segments, as well as our investment portfolio and venture capital and private equity investments. Corporate also includes certain lines of business that management has determined are no longer consistent with the long-term strategic goals of the Company as well as results for previously divested businesses. In third quarter 2023, we sold investments in certain private equity funds, which had a minimal impact to net income. Table 6i and Table 6j provide additional information for Corporate.

Table 6i: Corporate – Income Statement

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

NM – Not meaningful

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

Third quarter 2023 vs. third quarter 2022

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

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

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

Revenue increased driven by:
- higher net interest income reflecting higher interest rates;

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

Noninterest expense decreased driven by:
- lower operating losses due to lower expense for legal actions; and
- the impact of previously divested businesses.

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

Table 6j: Corporate – Balance Sheet

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

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

Third quarter 2023 vs. third quarter 2022

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

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

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

Total assets (average) decreased reflecting:

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

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

Balance Sheet Analysis

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

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

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

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

	September 30, 2023					December 31, 2022			
($ 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)	**$**	**137,265**	**(10,828)**	**126,437**	**5.3**	$ 121,725	(8,131)	113,594	5.4
Held-to-maturity (3)		**267,214**	**(50,287)**	**216,927**	**8.7**	297,059	(41,538)	255,521	8.1
Total	**$**	**404,479**	**(61,115)**	**343,364**	**n/a**	$ 418,784	(49,669)	369,115	n/a

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

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

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

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

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

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

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

Loan Portfolios

Table 8 provides a summary of total outstanding loans by portfolio segment. Commercial loans decreased from December 31, 2022, due to decreases in both the commercial and industrial and commercial real estate loan portfolios as paydowns exceeded originations and advances. Consumer loans decreased from December 31, 2022, as increases in the credit card portfolio were more than offset by decreases in all other consumer loan portfolios, primarily the residential mortgage loan portfolio.

Table 8: Loan Portfolios

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

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

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

Deposits

Deposits decreased from December 31, 2022, reflecting:

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

partially offset by:

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

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

Table 9: Deposits

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

Off-Balance Sheet Arrangements

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

Unfunded Credit Commitments

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

Transactions with Unconsolidated Entities

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

Guarantees and Other Arrangements

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

Commitments to Purchase Debt and Equity Securities

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

Derivatives

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

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

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

Credit Risk Management

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

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

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

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

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

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

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

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

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

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

Credit Quality Overview Table 11 provides credit quality trends.

Table 11: Credit Quality Overview

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

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

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

COMMERCIAL AND INDUSTRIAL LOANS AND LEASE FINANCING

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

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

The majority of our commercial and industrial loans and lease financing portfolio is secured by short-term assets, such as accounts receivable, inventory and debt securities, as well as long-lived assets, such as equipment and other business assets. Generally, the primary source of repayment for this portfolio is the operating cash flows of customers, with the collateral securing this portfolio representing a secondary source of repayment.

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

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

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

* Less than 1%.

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

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

Table 12a provides further loan segmentation for our largest industry category, financials except banks. This category includes loans to investment firms, financial vehicles, nonbank creditors, rental and leasing companies, securities firms, and investment banks. These loans are generally secured and have features to help manage credit risk, such as structural credit enhancements, collateral eligibility requirements, contractual re-margining of collateral supporting the loans, and loan amounts limited to a percentage of the value of the underlying assets considering underlying credit risk, asset duration, and ongoing performance.

Table 12a: Financials Except Banks Industry Category

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

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

(2) Includes loans for subscription or capital calls and loans to prime brokerage customers and securities firms.

(3) Includes asset-based lending and leasing, including loans to special purpose entities, loans to commercial leasing entities, structured lending facilities to commercial loan managers, and also includes collateralized loan obligations (CLOs) in loan form, all of which were rated AA or above, of $7.7 billion and $7.8 billion at September 30, 2023, and December 31, 2022, respectively.

(4) Includes originators or servicers of financial assets collateralized by consumer loans such as auto loans and leases, and credit cards.

(5) Includes originators or servicers of financial assets collateralized by commercial or residential real estate loans.

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

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

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

We generally subject CRE loans to individual risk assessment using our internal borrower and collateral quality ratings. We had $16.7 billion of CRE mortgage loans classified as criticized at September 30, 2023, compared with $11.3 billion at December 31, 2022, and $1.3 billion of CRE construction loans classified as criticized at September 30, 2023, compared with $1.1 billion at December 31, 2022. The increase in criticized CRE loans was predominantly driven by the office and apartments property types. The credit quality of the office property type continued to be adversely affected as weakened demand for office space continued to drive higher vacancy rates and deteriorating operating performance. We continue to closely monitor this portfolio. At September 30, 2023, nearly one-third of the CRE loans in the office property type had recourse to a guarantor, typically through a repayment guarantee, in addition to the related collateral. Loans in California and New York represented approximately 40% of the office property type at September 30, 2023.

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

Table 13: CRE Loans by State and Property Type

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

* Less than 1%.

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

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

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

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

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

Our largest single country exposure outside the U.S. at September 30, 2023, was the United Kingdom, which totaled $28.4 billion, or approximately 1% of our total assets, and included $4.2 billion of sovereign claims. Our United Kingdom sovereign claims arise from deposits we have placed with the Bank of England pursuant to regulatory requirements in support of our London branch.

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

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

Table 14: Select Country Exposures

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

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

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

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

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

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

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

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

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

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

Table 15: Residential Mortgage – First Lien Portfolio Performance

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

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

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

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

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

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

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

Table 16: Residential Mortgage – Junior Lien Portfolio Performance

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

(1) Quarterly net charge-offs as a percentage of average respective loans are annualized.
(2) Consists of 45 states; no state in Other had loans in excess of $680 million and $790 million at September 30, 2023, and December 31, 2022, respectively.

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

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

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

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

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

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

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

NONPERFORMING ASSETS (NONACCRUAL LOANS AND FORECLOSED ASSETS) For information about when we generally place loans on nonaccrual status, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2022 Form 10-K. Table 18 summarizes nonperforming assets (NPAs).

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

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

(1) Residential mortgage loans predominantly insured by the FHA or guaranteed by the VA are not placed on nonaccrual status because they are insured or guaranteed.

(2) Consistent with regulatory reporting requirements, foreclosed real estate resulting from government insured/guaranteed loans are classified as nonperforming. Both principal and interest related to these foreclosed real estate assets are collectible because the loans were predominantly insured by the FHA or guaranteed by the VA. Receivables related to the foreclosure of certain government guaranteed real estate mortgage loans are excluded from this table and included in accounts receivable in Other assets. For additional information on the classification of certain government-guaranteed mortgage loans upon foreclosure, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2022 Form 10-K.

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

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

Table 19 provides an analysis of the changes in nonaccrual loans. Typically, changes to nonaccrual loans period-over-period represent inflows for loans that are placed on nonaccrual status in accordance with our policies, offset by reductions for loans that are paid down, charged off, sold, foreclosed, or are no longer classified as nonaccrual as a result of continued performance and an improvement in the borrower's financial condition and loan repayment capabilities.

Table 19: Analysis of Changes in Nonaccrual Loans

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

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

- 99% of total commercial nonaccrual loans are secured, the majority of which are secured by real estate.
- 91% of commercial nonaccrual loans were current on interest and 76% of commercial nonaccrual loans were current on both principal and interest, but were on nonaccrual status because the full or timely collection of interest or principal had become uncertain.
- 99% of total consumer nonaccrual loans are secured, of which 95% are secured by real estate and 98% have a CLTV ratio of 80% or less.
- $515 million of the $658 million of consumer loans in bankruptcy or discharged in bankruptcy, and classified as nonaccrual, were current.

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

Table 20: Foreclosed Assets

(in millions)	**Sep 30, 2023**	Dec 31, 2022
Summary by loan segment		
Government insured/guaranteed	**$ 14**	22
Commercial	**118**	65
Consumer	**45**	50
Total foreclosed assets	**$ 177**	137

	Quarter ended September 30,		Nine months ended September 30,	
(in millions)	**2023**	2022	**2023**	2022
Analysis of changes in foreclosed assets				
Balance, beginning of period	**$ 133**	130	**$ 137**	112
Net change in government insured/guaranteed (1)	**(2)**	1	**(8)**	4
Additions to foreclosed assets (2)	**175**	104	**433**	305
Reductions from sales and write-downs	**(129)**	(110)	**(385)**	(296)
Balance, end of period	**$ 177**	125	**$ 177**	125

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

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

At December 31, 2022, TDRs totaled $9.2 billion. The amount of our TDRs for COVID-related loan modification programs would have otherwise been higher without the TDR relief provided by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the *Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus (Revised)* (Interagency Statement). Customers who are unable to resume making their contractual loan payments upon exiting from these programs may require further assistance and may receive or be eligible to receive modifications. For additional information on customer accommodations, including loan modifications, in response to the COVID-19 pandemic, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2022 Form 10-K.

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

Table 21: Net Loan Charge-offs

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

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

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

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

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

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

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

Table 22: Allocation of the ACL for Loans

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

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

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

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

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

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

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

Table 23: Forecasted Key Economic Variables

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

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

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

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

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

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

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

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

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

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

Asset/Liability Management

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

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

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

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

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

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

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

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

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

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

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

Interest rate sensitive noninterest income is also impacted by changes in earnings credit for noninterest-bearing deposits that reduce treasury management deposit-related service fees on commercial accounts, and by trading assets. In addition, the impact to net interest income does not include the fair value changes of trading securities, which, along with the effects of related economic hedges, are recorded in noninterest income. In addition to changes in interest rates, net interest income and noninterest income from trading securities may be impacted by the actual composition of the trading portfolio. For additional information on our trading assets and liabilities, see Note 2 (Trading Activities) to Financial Statements in this Report.

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

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

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

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

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

MARKET RISK Market risk is the risk of possible economic loss from adverse changes in market risk factors such as interest rates, credit spreads, foreign exchange rates, equity and commodity prices, and the risk of possible loss due to counterparty exposure. This applies to implied volatility risk, basis risk, and market liquidity risk. It includes price risk in the trading book, mortgage servicing rights and the hedge effectiveness risk associated with mortgage loans held at fair value, and impairment of private equity investments. For information on our oversight of market risk, see the "Risk Management – Asset/Liability Management – Market Risk" section in our 2022 Form 10-K.

MARKET RISK – TRADING ACTIVITIES We engage in trading activities to accommodate the investment and risk management activities of our customers and to execute economic hedging to manage certain balance sheet risks. These trading activities predominantly occur within our CIB businesses and, to a lesser extent, other businesses of the Company. Debt securities held for trading, equity securities held for trading, trading loans, and trading derivatives are financial instruments used in our trading activities, and all are carried at fair value. Income earned on the financial instruments used in our trading activities include net interest income, changes in fair value, and realized gains and losses. Net interest income earned from our trading activities is reflected in the interest income and interest expense components of our consolidated statement of income. Changes in fair value of the financial instruments used in our trading activities are reflected in net gains from trading activities. For additional information on the financial instruments used in our trading activities and the income from these trading activities, see Note 2 (Trading Activities) to Financial Statements in this Report.

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

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

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

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

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

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

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

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

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

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

To help achieve this objective, the Board establishes liquidity guidelines that require sufficient asset-based liquidity to cover potential funding requirements and to avoid over-dependence on volatile, less reliable funding markets. These guidelines are monitored on a monthly basis by the management-level Corporate Asset/Liability Committee and on a quarterly basis by the Board. These guidelines are established and monitored for both the Company and the Parent on a stand-alone basis so that the Parent is a source of strength for its banking subsidiaries. For additional information on liquidity risk and funding management, see the "Risk Management – Liquidity Risk and Funding" section in our 2022 Form 10-K.

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

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

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

Table 26: Liquidity Coverage Ratio

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

(1) Excludes excess HQLA at certain subsidiaries that are not transferable to other Wells Fargo entities.
(2) Net of applicable haircuts required under the LCR rule.
(3) Projected net cash outflows are calculated by applying a standardized set of outflow and inflow assumptions, defined by the LCR rule, to various exposures and liability types, such as deposits and unfunded loan commitments, which are prescribed based on a number of factors, including the type of customer and the nature of the account.

Liquidity Sources We maintain liquidity in the form of cash, interest-earning deposits with banks, and unencumbered high-quality, liquid debt securities. These assets make up our primary sources of liquidity. Our primary sources of liquidity are substantially the same in composition as HQLA under the LCR rule; however, our primary sources of liquidity will generally exceed HQLA calculated under the LCR rule due to the applicable haircuts to HQLA and the exclusion of excess HQLA at our subsidiary IDIs required under the LCR rule. Our primary sources of liquidity are presented in Table 27 at fair value, which also includes encumbered securities that are not included as available HQLA in the calculation of the LCR.

Table 27: Primary Sources of Liquidity

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

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

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

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

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

Funding Sources The Parent acts as a source of funding for the Company through the issuance of long-term debt and equity. WFC Holdings, LLC (the "IHC") is an intermediate holding company and subsidiary of the Parent, which provides funding support for the ongoing operational requirements of the Parent and certain of its direct and indirect subsidiaries. For additional information on the IHC, see the "Regulatory Matters – 'Living Will' Requirements and Related Matters" section in our 2023 Second Quarter Report on Form 10-Q. Additional subsidiary funding is provided by deposits, short-term borrowings and long-term debt.

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

Table 28 presents a summary of our short-term borrowings, which generally mature in less than 30 days. The balances of federal funds purchased and securities sold under agreements to repurchase may vary over time due to client activity, our own demand for financing, and our overall mix of liabilities. For additional information on the classification of our short-term borrowings, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2022 Form 10-K. We pledge certain financial instruments that we own to collateralize repurchase agreements and other securities financings. For additional information, see the "Pledged Assets" section of Note 15 (Pledged Assets and Collateral) to Financial Statements in this Report.

Table 28: Short-Term Borrowings

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

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

We access domestic and international capital markets for long-term funding through issuances of registered debt securities, private placements and asset-backed secured funding. We issue long-term debt in a variety of maturities and currencies to achieve cost-efficient funding and to maintain an appropriate maturity profile. Proceeds from securities issued were used for general corporate purposes unless otherwise specified in the applicable prospectus or prospectus supplement, and we expect the proceeds from securities issued in the future will be used for the same purposes. Depending on market conditions and our liquidity position, we may redeem or repurchase, and subsequently retire, our outstanding debt securities in privately negotiated or open market transactions, by tender offer, or otherwise. We issued $6.0 billion of long-term debt in October 2023. Table 29 provides the aggregate carrying value of long-term debt maturities (based on contractual payment dates) for the remainder of 2023 and the following years thereafter, as of September 30, 2023.

Table 29: Maturity of Long-Term Debt

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

(1) Includes $36.0 billion of FHLB advances.
(2) Primarily relates to unfunded commitments for low-income housing tax credit (LIHTC) investments. For additional information, see Note 16 (Securitizations and Variable Interest Entities) to Financial Statements in our 2022 Form 10-K.

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

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

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

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

Table 30: Credit Ratings as of September 30, 2023

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

Capital Management

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

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

Regulatory Capital Requirements

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

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

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

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

Table 31: Risk-Based Capital Requirements – Standardized Approach

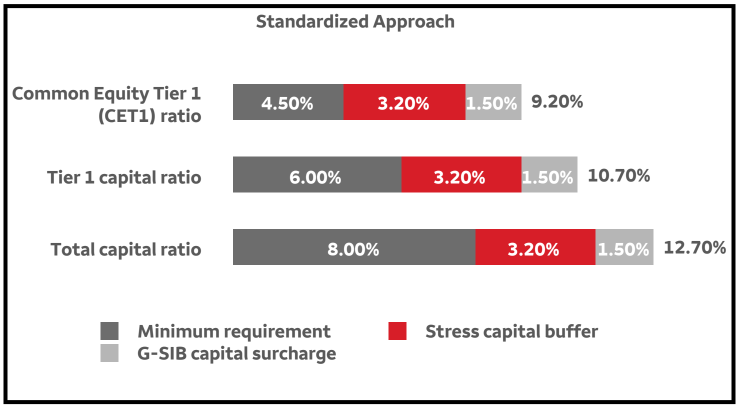
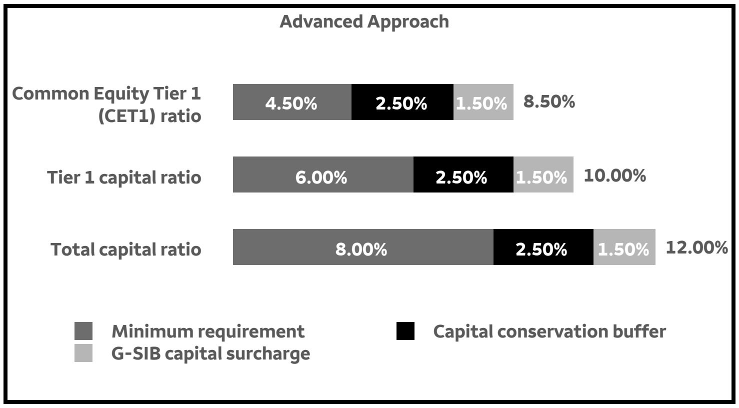


Table 32: Risk-Based Capital Requirements – Advanced Approach



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

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

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

Capital Management *(continued)*

As a global systemically important bank (G-SIB), we are also subject to the FRB's rule implementing an additional capital surcharge between 1.00-4.50% on the risk-based capital 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. Our G-SIB capital surcharge will continue to be 1.50% in 2023. On July 27, 2023, the FRB issued a proposed rule that would impact the methodology used to calculate the G-SIB capital surcharge.

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

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

Table 33: Capital Components and Ratios

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

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

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

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

Table 34: Risk-Based Capital Calculation and Components

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

(1) In first quarter 2023, we adopted ASU 2018-12. We adopted this ASU with retrospective application, which required revision of prior period financial statements. Prior period risk-based capital and certain other regulatory related metrics were not revised. For additional information, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

(2) In third quarter 2023, we sold investments in certain private equity funds. As a result, we have removed the related goodwill and other intangible assets on investments in consolidated portfolio companies.

(3) Determined by applying the combined federal statutory rate and composite state income tax rates to the difference between book and tax basis of the respective goodwill and intangible assets at period-end.

(4) In second quarter 2020, the Company elected to apply a modified transition provision issued by federal banking regulators related to the impact of the current expected credit loss accounting standard (CECL) on regulatory capital. The rule permits certain banking organizations to exclude from regulatory capital the initial adoption impact of CECL, plus 25% of the cumulative changes in the allowance for credit losses (ACL) under CECL for each period until December 31, 2021, followed by a three-year phase-out period in which the benefit is reduced by 25% in year one, 50% in year two and 75% in year three.

(5) Differences between the approaches are driven by the qualifying amounts of ACL includable in Tier 2 capital. Under the Advanced Approach, eligible credit reserves represented by the amount of qualifying ACL in excess of expected credit losses (using regulatory definitions) is limited to 0.60% of Advanced credit RWAs, whereas the Standardized Approach includes ACL in Tier 2 capital up to 1.25% of Standardized credit RWAs. Under both approaches, any excess ACL is deducted from the respective total RWAs.

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

Table 35: Risk-Weighted Assets

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

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

Table 36 provides an analysis of changes in CET1.

Table 36: Analysis of Changes in Common Equity Tier 1

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

(1) Effective January 1, 2023, we adopted ASU 2022-02, Financial Instruments – Credit Losses (Topic 326): *Troubled Debt Restructurings and Vintage Disclosures*. For additional information, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

(2) In third quarter 2023, we sold investments in certain private equity funds. As a result, we have removed the related goodwill and other intangible assets on investments in consolidated portfolio companies.

(3) Determined by applying the combined federal statutory rate and composite state income tax rates to the difference between book and tax basis of the respective goodwill and intangible assets at period-end.

(4) In second quarter 2020, the Company elected to apply a modified transition provision issued by federal banking regulators related to the impact of CECL on regulatory capital. The rule permits certain banking organizations to exclude from regulatory capital the initial adoption impact of CECL, plus 25% of the cumulative changes in the allowance for credit losses (ACL) under CECL for each period until December 31, 2021, followed by a three-year phase-out period in which the benefit is reduced by 25% in year one, 50% in year two and 75% in year three.

(5) Includes $338 million related to our first quarter 2023 adoption of ASU 2018-12. For additional information, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

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

Table 37: Analysis of Changes in RWAs

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

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

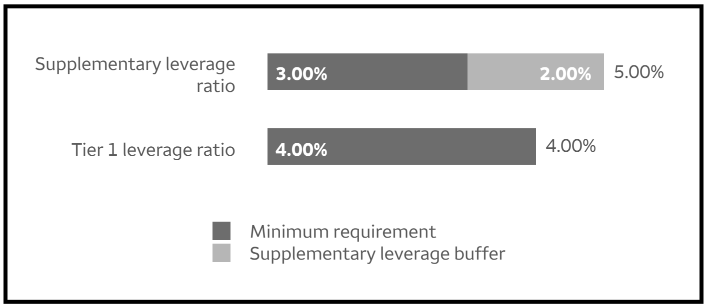
(1) In fourth quarter 2022, we redeemed all outstanding shares of our Employee Stock Ownership Plan (ESOP) Cumulative Convertible Preferred Stock in exchange for shares of the Company's common stock. For additional information, see Note 11 (Preferred Stock) to Financial Statements in our 2022 Form 10-K.

(2) In third quarter 2023, we sold investments in certain private equity funds. As a result, we have removed the related goodwill and other intangible assets on investments in consolidated portfolio companies.

(3) Determined by applying the combined federal statutory rate and composite state income tax rates to the difference between book and tax basis of the respective goodwill and intangible assets at period-end.

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

Table 39: Leverage Requirements Applicable to the Company



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

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

Table 40: Leverage Ratios for the Company

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

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

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

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

TLAC requirement

Greater of:

18.00% of RWAs + 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

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

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

Table 42: TLAC and Eligible Unsecured Long-Term Debt

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

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

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

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

Capital Planning and Stress Testing

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

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

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

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

Securities Repurchases

From time to time the Board authorizes the Company to repurchase shares of our common stock. Although we announce when the Board authorizes share repurchases, we typically do not give any public notice before we repurchase our shares. Various factors determine the amount of our share repurchases, including our capital requirements, the number of shares we expect to issue for employee benefit plans and any acquisitions, market conditions (including the trading price of our stock), and regulatory and legal considerations, including under the FRB's capital plan rule. Due to the various factors that may impact the amount of our share repurchases and the fact that we tend to be in the market regularly to satisfy repurchase considerations under our capital plan, our share repurchases occur at various price levels. We may suspend share repurchase activity at any time.

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

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

Regulatory Matters

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

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

Critical Accounting Policies

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

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

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

Current Accounting Developments

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

Table 43: Current Accounting Developments – Issued Standards

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

Other Accounting Developments

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

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

Forward-Looking Statements

This document contains forward-looking statements. In addition, we may make forward-looking statements in our other documents filed or furnished with the Securities and Exchange Commission, and our management may make forward-looking statements orally to analysts, investors, representatives of the media and others. Forward-looking statements can be identified by words such as “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects,” “target,” “projects,” “outlook,” “forecast,” “will,” “may,” “could,” “should,” “can” and similar references to future periods. In particular, forward-looking statements include, but are not limited to, statements we make about: (i) the future operating or financial performance of the Company, including our outlook for future growth; (ii) our expectations regarding noninterest expense and our efficiency ratio; (iii) future credit quality and performance, including our expectations regarding future loan losses, our allowance for credit losses, and the economic scenarios considered to develop the allowance; (iv) our expectations regarding net interest income and net interest margin; (v) loan growth or the reduction or mitigation of risk in our loan portfolios; (vi) future capital or liquidity levels, ratios or targets; (vii) our expectations regarding our mortgage business and any related commitments or exposures; (viii) the expected outcome and impact of legal, regulatory and legislative developments, as well as our expectations regarding compliance therewith; (ix) future common stock dividends, common share repurchases and other uses of capital; (x) our targeted range for return on assets, return on equity, and return on tangible common equity; (xi) expectations regarding our effective income tax rate; (xii) the outcome of contingencies, such as legal proceedings; (xiii) environmental, social and governance related goals or commitments; and (xiv) the Company’s plans, objectives and strategies.

Forward-looking statements are not based on historical facts but instead represent our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. We caution you, therefore, against relying on any of these forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. While there is no assurance that any list of risks and uncertainties or risk factors is complete, important factors that could cause actual results to differ materially from those in the forward-looking statements include the following, without limitation:

- current and future economic and market conditions, including the effects of declines in housing prices, high unemployment rates, declines in commercial real estate prices, U.S. fiscal debt, budget and tax matters, geopolitical matters (including the conflict in Ukraine), and any slowdown in global economic growth;
- the effect of the COVID-19 pandemic, including on our credit quality and business operations, as well as its impact on general economic and financial market conditions;
- our capital and liquidity requirements (including under regulatory capital standards, such as the Basel III capital standards) and our ability to generate capital internally or raise capital on favorable terms;
- current, pending or future legislation or regulation that could have a negative effect on our revenue and businesses, including rules and regulations relating to bank products and financial services;
- developments in our mortgage banking business, including any negative effects relating to our mortgage servicing, loan modification or foreclosure practices, and any changes in industry standards, regulatory or judicial requirements, or our strategic plans for the business;
- our ability to realize any efficiency ratio or expense target as part of our expense management initiatives, including as a result of business and economic cyclicality, seasonality, changes in our business composition and operating environment, growth in our businesses and/or acquisitions, and unexpected expenses relating to, among other things, litigation and regulatory matters;
- the effect of the current interest rate environment or changes in interest rates or in the level or composition of our assets or liabilities on our net interest income, net interest margin and our mortgage originations, mortgage servicing rights and mortgage loans held for sale;
- significant turbulence or a disruption in the capital or financial markets, which could result in, among other things, reduced investor demand for mortgage loans, a reduction in the availability of funding or increased funding costs, and declines in asset values and/or recognition of impairments of securities held in our debt securities and equity securities portfolios;
- the effect of a fall in stock market prices on our investment banking business and our fee income from our brokerage and wealth management businesses;
- negative effects from the retail banking sales practices matter and from instances where customers may have experienced financial harm, including on our legal, operational and compliance costs, our ability to engage in certain business activities or offer certain products or services, our ability to keep and attract customers, our ability to attract and retain qualified employees, and our reputation;
- regulatory matters, including the failure to resolve outstanding matters on a timely basis and the potential impact of new matters, litigation, or other legal actions, which may result in, among other things, additional costs, fines, penalties, restrictions on our business activities, reputational harm, or other adverse consequences;
- a failure in or breach of our operational or security systems or infrastructure, or those of our third-party vendors or other service providers, including as a result of cyber attacks;
- the effect of changes in the level of checking or savings account deposits on our funding costs and net interest margin;
- fiscal and monetary policies of the Federal Reserve Board;
- changes to U.S. tax guidance and regulations as well as the effect of discrete items on our effective income tax rate;
- our ability to develop and execute effective business plans and strategies; and
- the other risk factors and uncertainties described under “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022.

In addition to the above factors, we also caution that the amount and timing of any future common stock dividends or repurchases will depend on the earnings, cash requirements and financial condition of the Company, market conditions, capital requirements (including under Basel capital standards), common stock issuance requirements, applicable law and regulations (including federal securities laws and federal banking regulations), and other factors deemed relevant by the Company, and may be subject to regulatory approval or conditions.

For additional information about factors that could cause actual results to differ materially from our expectations, refer to our reports filed with the Securities and Exchange Commission, including the discussion under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the Securities and Exchange Commission and available on its website at www.sec.gov.[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.

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[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 2022 Form 10-K.

Controls and Procedures

Disclosure Controls and Procedures

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

Internal Control Over Financial Reporting

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

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

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

Wells Fargo & Company and Subsidiaries

Consolidated Statement of Income (Unaudited)

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

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

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries

Consolidated Statement of Comprehensive Income (Unaudited)

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

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

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries

Consolidated Balance Sheet (Unaudited)

(in millions, except shares)		**Sep 30, 2023**	Dec 31, 2022
Assets			
Cash and due from banks	$	**30,815**	34,596
Interest-earning deposits with banks		**187,081**	124,561
Federal funds sold and securities purchased under resale agreements		**70,431**	68,036
Debt securities:			
Trading, at fair value (includes assets pledged as collateral of **$58,123** and $26,932)		**97,075**	86,155
Available-for-sale, at fair value (amortized cost of **$137,265** and $121,725, net of allowance for credit losses)		**126,437**	113,594
Held-to-maturity, at amortized cost, net of allowance for credit losses (fair value **$216,927** and $255,521)		**267,214**	297,059
Loans held for sale (includes **$2,879** and $4,220 carried at fair value)		**4,308**	7,104
Loans		**942,424**	955,871
Allowance for loan losses		**(14,554)**	(12,985)
Net loans		**927,870**	942,886
Mortgage servicing rights (includes **$8,457** and $9,310 carried at fair value)		**9,526**	10,480
Premises and equipment, net		**8,559**	8,350
Goodwill		**25,174**	25,173
Derivative assets		**21,096**	22,774
Equity securities (includes **$19,997** and $28,383 carried at fair value; and assets pledged as collateral of **$1,498** and $747)		**56,026**	64,414
Other assets (1)		**77,649**	75,838
Total assets (2)	$	**1,909,261**	1,881,020
Liabilities			
Noninterest-bearing deposits	$	**384,330**	458,010
Interest-bearing deposits		**969,680**	925,975
Total deposits		**1,354,010**	1,383,985
Short-term borrowings (includes **$195** and $181 carried at fair value)		**93,330**	51,145
Derivative liabilities (1)		**23,463**	20,067
Accrued expenses and other liabilities (includes **$22,610** and $20,290 carried at fair value) (1)		**66,050**	68,740
Long-term debt (includes **$1,875** and $1,346 carried at fair value)		**190,035**	174,870
Total liabilities (3)		**1,726,888**	1,698,807
Equity			
Wells Fargo stockholders' equity:			
Preferred stock – aggregate liquidation preference of **$20,216** and $20,216		**19,448**	19,448
Common stock – $1-2/3 par value, authorized 9,000,000,000 shares; issued 5,481,811,474 shares		**9,136**	9,136
Additional paid-in capital		**60,365**	60,319
Retained earnings (1)		**199,287**	187,968
Accumulated other comprehensive loss (1)		**(15,877)**	(13,362)
Treasury stock, at cost – **1,843,884,672** shares and 1,648,007,022 shares		**(91,215)**	(82,853)
Unearned ESOP shares		**(429)**	(429)
Total Wells Fargo stockholders' equity		**180,715**	180,227
Noncontrolling interests		**1,658**	1,986
Total equity		**182,373**	182,213
Total liabilities and equity	$	**1,909,261**	1,881,020

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

(2) Our consolidated assets at September 30, 2023, and December 31, 2022, include the following assets of certain variable interest entities (VIEs) that can only be used to settle the liabilities of those VIEs: Debt securities, $0 million and $71 million; Loans, $4.7 billion and $4.8 billion; All other assets, $288 million and $191 million; and Total assets, $5.0 billion and $5.1 billion, respectively.

(3) Our consolidated liabilities at September 30, 2023, and December 31, 2022, include $129 million and $201 million, respectively, of VIE liabilities for which the VIE creditors do not have recourse to Wells Fargo.

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries

Consolidated Statement of Changes in Equity (Unaudited)

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

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

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

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries

Consolidated Statement of Changes in Equity (Unaudited)

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

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

(2) Effective January 1, 2023, we adopted ASU 2022-02 – Financial Instruments – Credit Losses (Topic 326): *Troubled Debt Restructurings and Vintage Disclosures.* For additional information, see Note 1 (Summary of Significant Accounting Policies).

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

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries

Consolidated Statement of Cash Flows (Unaudited)

		Nine months ended September 30,	
(in millions)		**2023**	2022
Cash flows from operating activities:			
Net income before noncontrolling interests (1)	**$**	**15,519**	10,458
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for credit losses		**4,117**	577
Changes in fair value of MSRs and LHFS carried at fair value		**188**	(1,550)
Depreciation, amortization and accretion		**4,777**	5,253
Deferred income tax expense (1)		**738**	476
Other, net		**(53)**	(18,274)
Originations and purchases of loans held for sale		**(23,012)**	(59,971)
Proceeds from sales of and paydowns on loans originally classified as held for sale		**20,340**	54,904
Net change in:			
Debt and equity securities, held for trading		**2,656**	29,988
Derivative assets and liabilities (1)		**4,684**	4,329
Other assets		**(6,184)**	(10,673)
Other accrued expenses and liabilities (1)		**(1,614)**	4,286
Net cash provided by operating activities		**22,156**	19,803
Cash flows from investing activities:			
Net change in:			
Federal funds sold and securities purchased under resale agreements		**(2,704)**	10,383
Available-for-sale debt securities:			
Proceeds from sales		**13,992**	16,894
Paydowns and maturities		**10,730**	16,824
Purchases		**(21,480)**	(38,834)
Held-to-maturity debt securities:			
Paydowns and maturities		**13,880**	22,807
Purchases		**(4,225)**	(2,360)
Equity securities, not held for trading:			
Proceeds from sales and capital returns		**1,680**	3,732
Purchases		**(3,407)**	(4,474)
Loans:			
Loans originated by banking subsidiaries, net of principal collected		**8,477**	(63,298)
Proceeds from sales of loans originally classified as held for investment		**3,147**	10,934
Purchases of loans		**(1,365)**	(504)
Principal collected on nonbank entities' loans		**3,748**	3,869
Loans originated by nonbank entities		**(3,053)**	(3,044)
Other, net		**854**	521
Net cash provided (used) by investing activities		**20,274**	(26,550)
Cash flows from financing activities:			
Net change in:			
Deposits		**(29,975)**	(84,324)
Short-term borrowings		**42,185**	13,801
Long-term debt:			
Proceeds from issuance		**33,444**	36,090
Repayment		**(16,248)**	(17,192)
Preferred stock:			
Proceeds from issuance		**1,722**	—
Redeemed		**(1,725)**	—
Cash dividends paid		**(796)**	(777)
Common stock:			
Repurchased		**(9,501)**	(6,027)
Cash dividends paid		**(3,524)**	(3,040)
Other, net		**(453)**	(559)
Net cash provided (used) by financing activities		**15,129**	(62,028)
Net change in cash, cash equivalents, and restricted cash		**57,559**	(68,775)
Cash, cash equivalents, and restricted cash at beginning of period (2)		**159,157**	234,230
Cash, cash equivalents, and restricted cash at end of period (2)	**$**	**216,716**	165,455
Supplemental cash flow disclosures:			
Cash paid for interest	**$**	**20,882**	4,264
Net cash paid (refunded) for income taxes		**(1,936)**	3,863

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

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

Notes to Financial Statements

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

Note 1: Summary of Significant Accounting Policies

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

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

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

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

Actual results could differ from those estimates.

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

Accounting Standards Adopted in 2023

In 2023, we adopted the following new accounting guidance:

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

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

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

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

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

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

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

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

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

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

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

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

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

Table 1.1: Impact of Adoption of ASU 2018-12

	Quarter ended September 30, 2022			Nine months ended September 30, 2022		
($ in millions, except per share amounts)	As reported	Effect of adoption	As revised	As reported	Effect of adoption	As revised
Selected Income Statement Data						
Noninterest income	$ 7,407	61	7,468	22,608	209	22,817
Noninterest expense	14,327	(21)	14,306	41,080	(61)	41,019
Income tax expense	894	18	912	2,214	66	2,280
Net income	3,528	64	3,592	10,318	204	10,522
Diluted earnings per common share	0.85	0.01	0.86	2.47	0.05	2.52

	At December 31, 2022		
	As reported	Effect of adoption	As revised
Selected Balance Sheet Data			
Other assets	$ 75,834	4	75,838
Derivative liabilities	20,085	(18)	20,067
Accrued expenses and other liabilities	69,056	(316)	68,740
Retained earnings	187,649	319	187,968
Accumulated other comprehensive income (loss)	(13,381)	19	(13,362)

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

Table 1.2: Transition Adjustment of ASU 2018-12

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

Supplemental Cash Flow Information

Significant noncash activities are presented in Table 1.3.

Table 1.3: Supplemental Cash Flow Information

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

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

Subsequent Events

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

Note 2: Trading Activities

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

Table 2.1: Trading Assets and Liabilities

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

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

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

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

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

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

(1) Represents realized gains (losses) from our trading activities and unrealized gains (losses) due to changes in fair value of our trading positions.
(2) Excludes economic hedging of mortgage banking and asset/liability management activities, for which hedge results (realized and unrealized) are reported with the respective hedged activities.

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

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

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

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

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

(1) Represents amortized cost of the securities, net of the ACL of $0 and $6 million related to AFS debt securities at September 30, 2023, and December 31, 2022, respectively, and $87 million and $85 million related to HTM debt securities at September 30, 2023, and December 31, 2022, respectively.

(2) Includes investments in tax-exempt preferred debt securities issued by investment funds or trusts that predominantly invest in tax-exempt municipal securities. The amortized cost, net of the ACL, and fair value of these types of securities, was $5.5 billion at September 30, 2023, and $5.1 billion at December 31, 2022.

(3) Predominantly consists of commercial mortgage-backed securities at both September 30, 2023, and December 31, 2022.

(4) Represents fair value hedge basis adjustments related to active portfolio layer method hedges of AFS debt securities, which are not allocated to individual securities in the portfolio. For additional information, see Note 11 (Derivatives).

Table 3.2 details the breakout of purchases of and transfers to HTM debt securities by major category of security. The table excludes the transfer of HTM debt securities with a fair value of $23.2 billion to AFS debt securities in first quarter 2023 in connection with the adoption of ASU 2022-01, Derivatives and Hedging (Topic 815): *Fair Value Hedging – Portfolio Layer Method*. For additional information, see Note 1 (Summary of Significant Accounting Policies).

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

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

(1) Inclusive of securities purchased but not yet settled and noncash purchases from securitization of loans held for sale (LHFS).
(2) Represents fair value as of the date of the transfers. Debt securities transferred from available-for-sale to held-to-maturity had pre-tax unrealized losses recorded in AOCI of $0 and $320 million in the third quarter and first nine months of 2023, respectively, and $456 million and $4.3 billion in the third quarter and first nine months of 2022, respectively, at the time of the transfers.

Table 3.3 shows the composition of interest income, provision for credit losses, and gross realized gains and losses from sales and impairment write-downs included in earnings related to AFS and HTM debt securities (pre-tax).

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

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

(1) Excludes interest income from trading debt securities, which is disclosed in Note 2 (Trading Activities).
(2) Realized gains and losses relate to AFS debt securities. There were no realized gains or losses from HTM debt securities in all periods presented.

Credit Quality

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

CREDIT RATINGS Credit ratings express opinions about the credit quality of a debt security. We determine the credit rating of a security according to the lowest credit rating made available by national recognized statistical rating organizations (NRSROs). Debt securities rated investment grade, that is those with ratings similar to BBB-/Baa3 or above, as defined by NRSROs, are generally considered by the rating agencies and market participants to be low credit risk. Conversely, debt securities rated below investment grade, labeled as “speculative grade” by the rating agencies, are considered to be distinctively higher credit risk than investment grade debt securities. For debt securities not rated by NRSROs, we determine an internal credit grade of the debt securities (used for credit risk management purposes) equivalent to the credit ratings assigned by major credit agencies. Substantially all of our debt securities were rated by NRSROs at September 30, 2023, and December 31, 2022.

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

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

Table 3.4: Investment Grade Debt Securities

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

(1) 99% were rated AA- and above at both September 30, 2023, and December 31, 2022.
(2) Includes federal agency mortgage-backed securities.
(3) 100% were rated AA- and above at both September 30, 2023, and December 31, 2022.
(4) Includes non-U.S. government, non-agency mortgage-backed, and all other debt securities.

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

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

Purchased debt securities with credit deterioration (PCD) are not considered to be in nonaccrual status, as payments from issuers of these securities remain current. PCD securities were insignificant in the third quarter and first nine months of both 2023 and 2022.

Unrealized Losses of Available-for-Sale Debt Securities

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

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

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

(1) Excludes portfolio level basis adjustments.

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

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

Contractual Maturities

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

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

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

(1) Weighted average yields displayed by maturity bucket are weighted based on amortized cost without effect for any related hedging derivatives and are shown pre-tax.
(2) Amortized cost, net excludes portfolio level basis adjustments of $(280) million.

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

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

Note 4: Equity Securities

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

Table 4.1: Equity Securities

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

(1) Represents securities economically hedged with equity derivatives.
(2) Represents securities held as part of our customer accommodation trading activities. For additional information on these activities, see Note 2 (Trading Activities).
(3) See Note 13 (Securitizations and Variable Interest Entities) for information about tax credit investments.
(4) Represents nonmarketable equity securities accounted for under the measurement alternative, which were predominantly securities associated with our venture capital investments.
(5) Includes $3.5 billion of investments in Federal Reserve Bank stock at both September 30, 2023, and December 31, 2022, and $1.4 billion of investments in Federal Home Loan Bank stock at both September 30, 2023, and December 31, 2022.

Net Gains and Losses Not Held for Trading

Table 4.2 provides a summary of the net gains and losses from equity securities not held for trading, which excludes equity method adjustments for our share of the investee's earnings or losses that are recognized in other noninterest income. Gains and losses for securities held for trading are reported in net gains from trading and securities.

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

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

(1) Includes amounts related to venture capital and private equity investments in consolidated portfolio companies, which are not reported in equity securities on our consolidated balance sheet.
(2) Includes unrealized gains (losses) due to observable price changes from equity securities accounted for under the measurement alternative.

Measurement Alternative

Table 4.3 provides additional information about the impairment write-downs and observable price changes from nonmarketable equity securities accounted for under the measurement alternative. Gains and losses related to these adjustments are also included in Table 4.2.

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

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

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

Table 4.4: Measurement Alternative Cumulative Gains (Losses)

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

Note 5: Loans and Related Allowance for Credit Losses

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

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

Table 5.1: Loans Outstanding

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

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

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

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

Loan Purchases, Sales, and Transfers

Table 5.3 presents the proceeds paid or received for purchases and sales of loans and transfers from loans held for investment to mortgages/loans held for sale. The table excludes loans for which we have elected the fair value option and government insured/guaranteed residential mortgage – first lien loans because their loan activity normally does not impact the ACL.

Table 5.3: Loan Purchases, Sales, and Transfers

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

Unfunded Credit Commitments

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

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

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

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

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

Table 5.4: Unfunded Credit Commitments

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

(1) Effective first quarter 2023, unfunded credit commitments exclude discretionary amounts where our approval or consent is required prior to any loan funding or commitment increase. Prior period balances have been revised to conform with the current period presentation.

(2) Includes lines of credit totaling $30.1 billion and $35.5 billion as of September 30, 2023, and December 31, 2022, respectively.

(3) Predominantly includes securities-based lines of credit.

Allowance for Credit Losses

Table 5.5 presents the allowance for credit losses (ACL) for loans, which consists of the allowance for loan losses and the allowance for unfunded credit commitments. The ACL for loans increased $1.5 billion from December 31, 2022, reflecting increases for commercial real estate loans, primarily office loans, as well as for increases in credit card loan balances, partially offset by a decrease for residential mortgage loans related to the adoption of ASU 2022-02, Financial Instruments – Credit Losses (Topic 326): *Troubled Debt Restructurings and Vintage Disclosures.*

Table 5.5: Allowance for Credit Losses for Loans

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

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

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

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

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

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

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

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

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

Credit Quality

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

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

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

Table 5.7: Commercial Loan Categories by Risk Categories and Vintage

	Term loans by origination year						Revolving loans	Revolving loans converted to term loans	Total
(in millions)	2023	2022	2021	2020	2019	Prior			
September 30, 2023									
Commercial and industrial									
Pass	**$ 32,939**	**42,757**	**23,556**	**9,084**	**12,495**	**5,914**	**242,720**	**383**	**369,848**
Criticized	**721**	**1,311**	**1,392**	**429**	**245**	**528**	**8,053**	**—**	**12,679**
Total commercial and industrial	**33,660**	**44,068**	**24,948**	**9,513**	**12,740**	**6,442**	**250,773**	**383**	**382,527**
Gross charge-offs (1)	**86**	**18**	**28**	**4**	**6**	**6**	**226**	**—**	**374**
Commercial real estate									
Pass	**12,148**	**35,116**	**33,719**	**12,832**	**13,182**	**21,051**	**6,193**	**225**	**134,466**
Criticized	**1,921**	**4,169**	**4,329**	**1,911**	**2,875**	**2,471**	**344**	**—**	**18,020**
Total commercial real estate	**14,069**	**39,285**	**38,048**	**14,743**	**16,057**	**23,522**	**6,537**	**225**	**152,486**
Gross charge-offs	**1**	**79**	**—**	**—**	**80**	**44**	**—**	**—**	**204**
Lease financing									
Pass	**4,229**	**4,078**	**2,588**	**1,340**	**927**	**1,682**	**—**	**—**	**14,844**
Criticized	**270**	**339**	**255**	**128**	**112**	**90**	**—**	**—**	**1,194**
Total lease financing	**4,499**	**4,417**	**2,843**	**1,468**	**1,039**	**1,772**	**—**	**—**	**16,038**
Gross charge-offs	**1**	**5**	**6**	**4**	**3**	**2**	**—**	**—**	**21**
Total commercial loans	**$ 52,228**	**87,770**	**65,839**	**25,724**	**29,836**	**31,736**	**257,310**	**608**	**551,051**

	Term loans by origination year						Revolving loans	Revolving loans converted to term loans	Total
	2022	2021	2020	2019	2018	Prior			
December 31, 2022									
Commercial and industrial									
Pass	$ 61,646	31,376	11,128	13,656	3,285	5,739	247,594	842	375,266
Criticized	872	1,244	478	505	665	532	7,244	—	11,540
Total commercial and industrial	62,518	32,620	11,606	14,161	3,950	6,271	254,838	842	386,806
Commercial real estate									
Pass	38,022	38,709	16,564	16,409	10,587	16,159	6,765	150	143,365
Criticized	2,785	2,794	965	2,958	1,088	1,688	159	—	12,437
Total commercial real estate	40,807	41,503	17,529	19,367	11,675	17,847	6,924	150	155,802
Lease financing									
Pass	4,543	3,336	1,990	1,427	765	1,752	—	—	13,813
Criticized	330	275	190	169	94	37	—	—	1,095
Total lease financing	4,873	3,611	2,180	1,596	859	1,789	—	—	14,908
Total commercial loans	$ 108,198	77,734	31,315	35,124	16,484	25,907	261,762	992	557,516

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

Table 5.8 provides days past due (DPD) information for commercial loans, which we monitor as part of our credit risk management practices; however, delinquency is not a primary credit quality indicator for commercial loans.

Table 5.8: Commercial Loan Categories by Delinquency Status

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Table 5.10: Credit Quality Indicators for Credit Card Loans

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

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

Table 5.11: Credit Quality Indicators for Auto Loans by Vintage

	Term loans by origination year						
(in millions)	2023	2022	2021	2020	2019	Prior	Total
September 30, 2023							
By delinquency status:							
Current-29 DPD	**$ 11,904**	**14,342**	**13,874**	**5,021**	**2,674**	**675**	**48,490**
30-89 DPD	**33**	**319**	**546**	**204**	**114**	**50**	**1,266**
90+ DPD	**2**	**32**	**49**	**15**	**7**	**4**	**109**
Total auto	**$ 11,939**	**14,693**	**14,469**	**5,240**	**2,795**	**729**	**49,865**
By FICO:							
740+	**$ 8,003**	**7,222**	**6,119**	**2,152**	**1,211**	**278**	**24,985**
700-739	**1,907**	**2,219**	**2,128**	**828**	**438**	**106**	**7,626**
660-699	**1,217**	**1,969**	**1,975**	**735**	**365**	**90**	**6,351**
620-659	**501**	**1,334**	**1,421**	**500**	**241**	**66**	**4,063**
<620	**306**	**1,934**	**2,787**	**997**	**515**	**174**	**6,713**
No FICO available	**5**	**15**	**39**	**28**	**25**	**15**	**127**
Total auto	**$ 11,939**	**14,693**	**14,469**	**5,240**	**2,795**	**729**	**49,865**
Gross charge-offs	**$ 6**	**192**	**300**	**76**	**42**	**7**	**623**

	Term loans by origination year						
(in millions)	2022	2021	2020	2019	2018	Prior	Total
December 31, 2022							
By delinquency status:							
Current-29 DPD	$ 19,101	19,126	7,507	4,610	1,445	421	52,210
30-89 DPD	218	585	253	167	69	45	1,337
90+ DPD	23	56	22	13	4	4	122
Total auto	$ 19,342	19,767	7,782	4,790	1,518	470	53,669
By FICO:							
740+	$ 9,361	8,233	3,193	2,146	664	166	23,763
700-739	3,090	3,033	1,287	788	238	64	8,500
660-699	2,789	2,926	1,163	641	192	58	7,769
620-659	2,021	2,156	796	421	130	47	5,571
<620	2,062	3,389	1,316	756	263	126	7,912
No FICO available	19	30	27	38	31	9	154
Total auto	$ 19,342	19,767	7,782	4,790	1,518	470	53,669

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

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

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

	Term loans by origination year								
(in millions)	2023	2022	2021	2020	2019	Prior	Revolving loans	Revolving loans converted to term loans	Total
September 30, 2023									
By delinquency status:									
Current-29 DPD	**$ 2,965**	**2,456**	**697**	**197**	**118**	**70**	**21,734**	**116**	**28,353**
30-89 DPD	**14**	**32**	**10**	**2**	**1**	**2**	**15**	**4**	**80**
90+ DPD	**4**	**12**	**4**	**1**	**1**	**1**	**15**	**12**	**50**
Total other consumer	**$ 2,983**	**2,500**	**711**	**200**	**120**	**73**	**21,764**	**132**	**28,483**
By FICO:									
740+	**$ 1,749**	**1,118**	**314**	**101**	**50**	**32**	**1,230**	**28**	**4,622**
700-739	**587**	**467**	**136**	**35**	**20**	**12**	**509**	**21**	**1,787**
660-699	**359**	**404**	**108**	**19**	**15**	**10**	**399**	**16**	**1,330**
620-659	**100**	**179**	**51**	**7**	**7**	**6**	**159**	**13**	**522**
<620	**44**	**148**	**54**	**9**	**9**	**7**	**144**	**15**	**430**
No FICO available (1)	**144**	**184**	**48**	**29**	**19**	**6**	**19,323**	**39**	**19,792**
Total other consumer	**$ 2,983**	**2,500**	**711**	**200**	**120**	**73**	**21,764**	**132**	**28,483**
Gross charge-offs (2)	**$ 108**	**119**	**40**	**7**	**7**	**5**	**44**	**9**	**339**

	Term loans by origination year								
(in millions)	2022	2021	2020	2019	2018	Prior	Revolving loans	Revolving loans converted to term loans	Total
December 31, 2022									
By delinquency status:									
Current-29 DPD	$ 3,718	1,184	341	240	63	83	23,431	117	29,177
30-89 DPD	17	12	2	3	1	2	14	8	59
90+ DPD	5	5	1	1	—	1	13	14	40
Total other consumer	$ 3,740	1,201	344	244	64	86	23,458	139	29,276
By FICO:									
740+	$ 1,908	546	174	112	21	50	1,660	43	4,514
700-739	726	216	62	44	10	13	568	18	1,657
660-699	527	177	34	33	9	8	449	19	1,256
620-659	204	81	13	14	4	5	181	11	513
<620	89	64	14	16	5	5	154	18	365
No FICO available (1)	286	117	47	25	15	5	20,446	30	20,971
Total other consumer	$ 3,740	1,201	344	244	64	86	23,458	139	29,276

(1) Substantially all loans do not require a FICO score and are revolving securities-based loans originated by the Wealth and Investment Management operating segment.
(2) Includes charge-offs on overdrafts, which are generally charged-off at 60 days past due.

NONACCRUAL LOANS Table 5.13 provides loans on nonaccrual status. Nonaccrual loans may have an ACL or a negative allowance for credit losses from expected recoveries of amounts previously written off.

Table 5.13: Nonaccrual Loans

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Table 5.15: Commercial Loan Modifications

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

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

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

Table 5.15a: Financial Effects of Commercial Loan Modifications

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

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

Table 5.15b provides past due information for modified commercial loans. For loan modifications that include a payment deferral, payment performance is not included in the table below until the loan exits the deferral period and payments resume. The table also includes the amount of gross charge-offs that occurred during the third quarter and first nine months of 2023, inclusive of charge-offs to loans with no amortized cost remaining at period end.

Table 5.15b: Payment Performance of Commercial Loan Modifications

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

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

Table 5.16: Consumer Loan Modifications

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

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

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

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

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

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

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

Table 5.16b provides past due information for modified consumer loans. For loan modifications that include a payment delay, payment performance is not included in the table below until the loan exits the deferral period and payments resume. The table also includes the amount of gross charge-offs that occurred during the third quarter and first nine months of 2023, inclusive of charge-offs to loans with no amortized cost remaining at period end.

Table 5.16b: Payment Performance of Consumer Loan Modifications

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

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

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

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

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

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

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

Table 5.17: TDR Modifications

	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 September 30, 2022							
Commercial and industrial	$ 7	4	76	87	—	14.26%	$ 4
Commercial real estate	—	1	37	38	—	0.25	1
Lease financing	—	—	—	—	—	—	—
Total commercial	7	5	113	125	—	12.15	5
Residential mortgage	—	97	332	429	1	1.64	97
Credit card	—	82	—	82	—	20.45	82
Auto	—	2	8	10	2	3.87	2
Other consumer	—	6	1	7	1	11.46	5
Trial modifications (5)	—	—	—	—	—	—	—
Total consumer	—	187	341	528	4	10.27	186
Total	$ 7	192	454	653	4	10.31%	$ 191
Nine months ended September 30, 2022							
Commercial and industrial	$ 7	18	224	249	—	9.76%	$ 18
Commercial real estate	—	11	102	113	—	0.94	11
Lease financing	—	—	1	1	—	—	—
Total commercial	7	29	327	363	—	6.47	29
Residential mortgage	1	292	1,018	1,311	4	1.60	292
Credit card	—	215	—	215	—	19.66	215
Auto	1	6	56	63	13	4.44	6
Other consumer	—	13	2	15	1	11.37	12
Trial modifications (5)	—	—	252	252	—	—	—
Total consumer	2	526	1,328	1,856	18	9.27	525
Total	$ 9	555	1,655	2,219	18	9.12%	$ 554

(1) Amounts represent the recorded investment in loans after recognizing the effects of the TDR, if any. TDRs may have multiple types of concessions, but are presented only once in the first modification type based on the order presented in the table above. The reported amounts include loans remodified of $105 million for the quarter ended September 30, 2022, and $355 million for the first nine months of 2022.

(2) Other concessions include loans with payment (principal and/or interest) deferral, loans discharged in bankruptcy, loan renewals, term extensions and other interest and noninterest adjustments, but exclude modifications that also forgive principal and/or reduce the contractual interest rate. The reported amounts include loans that are new TDRs that may have COVID-19-related payment deferrals and exclude COVID-19-related payment deferrals on loans previously reported as TDRs given limited current financial effects other than payment deferral.

(3) Charge-offs include write-downs of the investment in the loan in the period it is contractually modified. The amount of charge-off will differ from the modification terms if the loan has been charged down prior to the modification based on our policies. In addition, there may be cases where we have a charge-off/down with no legal principal modification.

(4) Recorded investment related to interest rate reduction reflects the effect of reduced interest rates on loans with an interest rate concession as one of their concession types, which includes loans reported as a principal primary modification type that also have an interest rate concession.

(5) Trial modifications are granted a delay in payments due under the original terms during the trial payment period. However, these loans continue to advance through delinquency status and accrue interest according to their original terms. Any subsequent permanent modification generally includes interest rate related concessions; however, the exact concession type and resulting financial effect are usually not known until the loan is permanently modified. Trial modifications for the period are presented net of previously reported trial modifications that became permanent in the current period.

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

Table 5.18: Defaulted TDRs

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

Note 6: Mortgage Banking Activities

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

We apply the amortization method to commercial MSRs and apply the fair value method to residential MSRs. The amortized cost of commercial MSRs was $1.1 billion and $1.2 billion, with an estimated fair value of $1.9 billion and $2.3 billion, at September 30, 2023 and 2022, respectively. Table 6.1 presents the changes in MSRs measured using the fair value method.

Table 6.1: Analysis of Changes in Fair Value MSRs

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

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

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

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

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

Table 6.2 provides key weighted-average assumptions used in the valuation of residential MSRs 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 12 (Fair Values of Assets and Liabilities) for additional information on key assumptions for residential MSRs.

Table 6.2: Assumptions and Sensitivity of Residential MSRs

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

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

The sensitivities in the preceding table are hypothetical and caution should be exercised when relying on this data. Changes in value based on variations in assumptions generally cannot be extrapolated because the relationship of the change in the assumption to the change in value may not be linear. Also, the effect of a variation in a particular assumption on the value of the other interests held is calculated independently without changing any other assumptions. In reality, changes in one factor may result in changes in others, which might magnify or counteract the sensitivities.

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

Table 6.3: Managed Servicing Portfolio

(in billions)	**Sep 30, 2023**	Dec 31, 2022
Residential mortgage servicing:		
Serviced and subserviced for others	**$ 592**	681
Owned loans serviced	**265**	273
Total residential servicing	**857**	954
Commercial mortgage servicing:		
Serviced and subserviced for others	**554**	577
Owned loans serviced	**129**	133
Total commercial servicing	**683**	710
Total managed servicing portfolio	**$ 1,540**	1,664
Total serviced for others, excluding subserviced for others	**$ 1,136**	1,246
MSRs as a percentage of loans serviced for others	**0.84%**	0.84
Weighted average note rate (mortgage loans serviced for others)	**4.47**	4.30

At September 30, 2023, and December 31, 2022, we had servicer advances, net of an allowance for uncollectible amounts, of $1.9 billion and $2.5 billion, respectively. As the servicer of loans for others, we advance certain payments of principal, interest, taxes, insurance, and default-related expenses which are generally reimbursed within a short timeframe from cash flows from the trust, government-sponsored entities (GSEs), insurer or borrower.

The credit risk related to these advances is limited since the reimbursement is generally senior to cash payments to investors. We also advance payments of taxes and insurance for our owned loans which are collectible from the borrower. We maintain an allowance for uncollectible amounts for advances on loans serviced for others that may not be reimbursed if the payments were not made in accordance with applicable servicing agreements or if the insurance or servicing agreements contain limitations on reimbursements. Servicing advances on owned loans are written-off when deemed uncollectible.

Table 6.4 presents the components of mortgage banking noninterest income.

Table 6.4: Mortgage Banking Noninterest Income

		Quarter ended September 30,		Nine months ended September 30,	
(in millions)		**2023**	2022	**2023**	2022
Contractually specified servicing fees, late charges and ancillary fees		**$ 521**	629	**$ 1,635**	1,909
Unreimbursed servicing costs (1)		**(34)**	(35)	**(112)**	(116)
Amortization for commercial MSRs		**(59)**	(62)	**(182)**	(185)
Changes due to collection/realization of expected cash flows (2)	(A)	**(290)**	(290)	**(936)**	(934)
Net servicing fees		**138**	242	**405**	674
Changes in fair value of MSRs due to valuation inputs or assumptions (3)	(B)	**511**	750	**602**	3,223
Net derivative losses from economic hedges (4)		**(569)**	(863)	**(715)**	(3,489)
Market-related valuation changes to MSRs, net of hedge results		**(58)**	(113)	**(113)**	(266)
Total net servicing income		**80**	129	**292**	408
Net gains on mortgage loan originations/sales (5)		**113**	195	**335**	896
Total mortgage banking noninterest income		**$ 193**	324	**$ 627**	1,304
Total changes in fair value of MSRs carried at fair value	(A)+(B)	**$ 221**	460	**$ (334)**	2,289

(1) Includes costs associated with foreclosures, unreimbursed interest advances to investors, other interest costs and transaction costs associated with sales of MSRs.
(2) Represents the reduction in the MSR fair value for the cash flows expected to be collected during the period, net of income accreted due to the passage of time.
(3) Refer to the analysis of changes in fair value MSRs presented in Table 6.1 in this Note for more detail.
(4) See Note 11 (Derivatives) for additional information on economic hedges.
(5) Includes net gains (losses) of $119 million and $169 million in the third quarter and first nine months of 2023, respectively, and $568 million and $2.6 billion in the third quarter and first nine months of 2022, respectively, related to derivatives used as economic hedges of mortgage loans held for sale and derivative loan commitments.

Note 7: Intangible Assets and Other Assets

Table 7.1 presents the gross carrying value of intangible assets and accumulated amortization.

Table 7.1: Intangible Assets

	September 30, 2023			December 31, 2022		
(in millions)	**Gross carrying value**	**Accumulated amortization**	**Net carrying value**	Gross carrying value	Accumulated amortization	Net carrying value
Amortized intangible assets:						
MSRs	**$ 5,023**	**(3,954)**	**1,069**	4,942	(3,772)	1,170
Customer relationship and other intangibles	**773**	**(641)**	**132**	754	(602)	152
Total amortized intangible assets	**$ 5,796**	**(4,595)**	**1,201**	5,696	(4,374)	1,322
Unamortized intangible assets:						
MSRs (carried at fair value)	**$ 8,457**			9,310		
Goodwill	**25,174**			25,173		

Table 7.2 provides the current year and estimated future amortization expense for amortized intangible assets. We based our projections of amortization expense shown below on existing asset balances at September 30, 2023. Future amortization expense may vary from these projections.

Table 7.2: Amortization Expense for Intangible Assets

(in millions)	Amortized MSRs	Customer relationship and other intangibles	Total
Nine months ended September 30, 2023 (actual)	**$ 182**	**39**	**221**
Estimate for the remainder of 2023	**$ 57**	**13**	**70**
Estimate for year ended December 31,			
2024	219	43	262
2025	190	35	225
2026	153	29	182
2027	121	2	123
2028	101	2	103

Table 7.3 shows the allocation of goodwill to our reportable operating segments.

Table 7.3: Goodwill

(in millions)	Consumer Banking and Lending	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate	Consolidated Company
December 31, 2022	$ 16,418	2,931	5,375	344	105	25,173
Foreign currency translation	—	1	—	—	—	1
September 30, 2023	**$ 16,418**	**2,932**	**5,375**	**344**	**105**	**25,174**

Table 7.4 presents the components of other assets.

Table 7.4: Other Assets

(in millions)	**Sep 30, 2023**	Dec 31, 2022
Corporate/bank-owned life insurance (1)	**$ 19,735**	20,807
Accounts receivable (2)	**28,340**	23,646
Interest receivable:		
AFS and HTM debt securities	**1,604**	1,572
Loans	**3,803**	3,470
Trading and other	**1,233**	767
Operating lease assets (lessor)	**5,477**	5,790
Operating lease ROU assets (lessee)	**3,567**	3,837
Other (3)(4)	**13,890**	15,949
Total other assets	**$ 77,649**	75,838

(1) Corporate/bank-owned life insurance is recorded at cash surrender value.
(2) Primarily includes derivatives clearinghouse receivables, trade date receivables, and servicer advances, which are recorded at amortized cost.
(3) Primarily includes income tax receivables, prepaid expenses, foreclosed assets, and venture capital and private equity investments in consolidated portfolio companies.
(4) In first quarter 2023, we adopted ASU 2018-12 – Financial Services – Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts.* For additional information, see Note 1 (Summary of Significant Accounting Policies).

Note 8: Leasing Activity

The information below provides a summary of our leasing activities as a lessor and lessee. See Note 8 (Leasing Activity) in our 2022 Form 10-K for additional information about our leasing activities.

As a Lessor

Noninterest income on leases, included in Table 8.1, is included in other noninterest income on our consolidated statement of income. Lease expense, included in other noninterest expense on our consolidated statement of income, was $172 million and $186 million for the quarters ended September 30, 2023 and 2022, respectively, and $529 million and $559 million for the first nine months of 2023 and 2022, respectively.

Table 8.1: Leasing Revenue

	Quarter ended September 30,		Nine months ended September 30,	
(in millions)	**2023**	2022	**2023**	2022
Interest income on lease financing	**$ 188**	134	**$ 533**	438
Other lease revenue:				
Variable revenue on lease financing	**25**	28	**74**	85
Fixed revenue on operating leases	**241**	243	**735**	730
Variable revenue on operating leases	**9**	17	**33**	46
Other lease-related revenue (1)	**16**	34	**103**	121
Noninterest income on leases	**291**	322	**945**	982
Total leasing revenue	**$ 479**	456	**$ 1,478**	1,420

(1) Predominantly includes net gains (losses) on disposition of assets leased under operating leases or lease financings.

As a Lessee

Substantially all of our leases are operating leases. Table 8.2 presents balances for our operating leases.

Table 8.2: Operating Lease Right-of-Use (ROU) Assets and Lease Liabilities

(in millions)	**Sep 30, 2023**	Dec 31, 2022
ROU assets	**$ 3,567**	3,837
Lease liabilities	**4,170**	4,465

Table 8.3 provides the composition of our lease costs, which are predominantly included in occupancy expense.

Table 8.3: Lease Costs

	Quarter ended September 30,		Nine months ended September 30,	
(in millions)	**2023**	2022	**2023**	2022
Fixed lease expense – operating leases	**$ 248**	263	**$ 747**	769
Variable lease expense	**66**	67	**207**	210
Other (1)	**(12)**	(7)	**(38)**	(25)
Total lease costs	**$ 302**	323	**$ 916**	954

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

Note 9: Preferred Stock

We are authorized to issue 20 million shares of preferred stock, without par value. Outstanding preferred shares rank senior to common shares both as to the payment of dividends and liquidation preferences but have no general voting rights. All outstanding preferred stock with a liquidation preference value, except for Series L Preferred Stock, may be redeemed for the liquidation preference value, plus any accrued but unpaid dividends, on any dividend payment date on or after the earliest redemption date for that series. Additionally, these same series of preferred stock may be redeemed following a "regulatory capital treatment event", as described in the terms of each series. Capital actions, including redemptions of our preferred stock, may be subject to regulatory approval or conditions.

In addition, we are authorized to issue 4 million shares of preference stock, without par value. We have not issued any preference shares under this authorization. If issued, preference shares would be limited to one vote per share.

In July 2023, we issued $1.725 billion of our Preferred Stock, Series EE. In September 2023, we redeemed our Preferred Stock, Series Q, for a cost of $1.725 billion.

Table 9.1 summarizes information about our preferred stock.

Table 9.1: Preferred Stock

		September 30, 2023				December 31, 2022			
(in millions, except shares)	**Earliest redemption date**	**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)	**Currently redeemable**	**97,000**	**96,546**	**$ —**	**—**	97,000	96,546	$ —	—
Preferred Stock:									
Series L (1)									
7.50% Non-Cumulative Perpetual Convertible Class A	**—**	**4,025,000**	**3,967,981**	**3,968**	**3,200**	4,025,000	3,967,986	3,968	3,200
Series Q									
5.85% Fixed-to-Floating Non-Cumulative Perpetual Class A	**Redeemed**	**—**	**—**	**—**	**—**	69,000	69,000	1,725	1,725
Series R									
6.625% Fixed-to-Floating Non-Cumulative Perpetual Class A	**3/15/2024**	**34,500**	**33,600**	**840**	**840**	34,500	33,600	840	840
Series S									
5.90% Fixed-to-Floating Non-Cumulative Perpetual Class A	**6/15/2024**	**80,000**	**80,000**	**2,000**	**2,000**	80,000	80,000	2,000	2,000
Series U									
5.875% Fixed-to-Floating Non-Cumulative Perpetual Class A	**6/15/2025**	**80,000**	**80,000**	**2,000**	**2,000**	80,000	80,000	2,000	2,000
Series Y									
5.625% Non-Cumulative Perpetual Class A	**Currently redeemable**	**27,600**	**27,600**	**690**	**690**	27,600	27,600	690	690
Series Z									
4.75% Non-Cumulative Perpetual Class A	**3/15/2025**	**80,500**	**80,500**	**2,013**	**2,013**	80,500	80,500	2,013	2,013
Series AA									
4.70% Non-Cumulative Perpetual Class A	**12/15/2025**	**46,800**	**46,800**	**1,170**	**1,170**	46,800	46,800	1,170	1,170
Series BB									
3.90% Fixed-Reset Non-Cumulative Perpetual Class A	**3/15/2026**	**140,400**	**140,400**	**3,510**	**3,510**	140,400	140,400	3,510	3,510
Series CC									
4.375% Non-Cumulative Perpetual Class A	**3/15/2026**	**46,000**	**42,000**	**1,050**	**1,050**	46,000	42,000	1,050	1,050
Series DD									
4.25% Non-Cumulative Perpetual Class A	**9/15/2026**	**50,000**	**50,000**	**1,250**	**1,250**	50,000	50,000	1,250	1,250
Series EE									
7.625% Fixed-Reset Non-Cumulative Perpetual Class A	**9/15/2028**	**69,000**	**69,000**	**1,725**	**1,725**	—	—	—	—
Total		**4,776,800**	**4,714,427**	**$ 20,216**	**19,448**	4,776,800	4,714,432	$ 20,216	19,448

(1) At the option of the holder, each share of Series L Preferred Stock may be converted at any time into 6.3814 shares of common stock, plus cash in lieu of fractional shares, subject to anti-dilution adjustments. If converted within 30 days of certain liquidation or change of control events, the holder may receive up to 16.5916 additional shares, or, at our option, receive an equivalent amount of cash in lieu of common stock. We may convert some or all of the Series L Preferred Stock into shares of common stock if the closing price of our common stock exceeds 130 percent of the conversion price of the Series L Preferred Stock for 20 trading days during any period of 30 consecutive trading days. We declared dividends of $74 million on Series L Preferred Stock for both quarters ended September 30, 2023, and September 30, 2022.

Note 10: Legal Actions

Wells Fargo and certain of our subsidiaries are involved in a number of judicial, regulatory, governmental, arbitration, and other proceedings or investigations concerning matters arising from the conduct of our business activities, and many of those proceedings and investigations expose Wells Fargo to potential financial loss or other adverse consequences. These proceedings and investigations include actions brought against Wells Fargo and/or our subsidiaries with respect to corporate-related matters and transactions in which Wells Fargo and/or our subsidiaries were involved. In addition, Wells Fargo and our subsidiaries may be requested to provide information to or otherwise cooperate with government authorities in the conduct of investigations of other persons or industry groups.

We establish accruals for legal actions when potential losses associated with the actions become probable and the costs can be reasonably estimated. For such accruals, we record the amount we consider to be the best estimate within a range of potential losses that are both probable and estimable; however, if we cannot determine a best estimate, then we record the low end of the range of those potential losses. There can be no assurance as to the ultimate outcome of legal actions, including the matters described below, and the actual costs of resolving legal actions may be substantially higher or lower than the amounts accrued for those actions.

ADVISORY ACCOUNT CASH SWEEP INVESTIGATION The United States Securities and Exchange Commission (SEC) has undertaken an investigation regarding the cash sweep options that the Company provides to investment advisory clients at account opening.

AUTOMOBILE LENDING MATTERS On April 20, 2018, the Company entered into consent orders with the Office of the Comptroller of the Currency (OCC) and the Consumer Financial Protection Bureau (CFPB) to resolve, among other things, investigations by the agencies into the Company's compliance risk management program and its past practices involving certain automobile collateral protection insurance (CPI) policies and certain mortgage interest rate lock extensions. Shareholders filed a putative securities fraud class action against the Company and its executive officers alleging material misstatements and omissions of CPI-related information in the Company's public disclosures. In January 2020, the court dismissed this action as to all defendants except the Company and a former executive officer and limited the action to two alleged misstatements. On September 26, 2023, the court granted final approval of an agreement pursuant to which the Company paid $300 million to resolve this action. Additionally, a number of other lawsuits were filed by non-governmental parties seeking damages or other remedies related to these CPI policies and related to the unused portion of guaranteed automobile protection (GAP) waiver or insurance agreements. As previously disclosed, the Company entered into various settlements to resolve these lawsuits, while others were dismissed. In addition, federal and state government agencies, including the CFPB, have undertaken formal or informal inquiries, investigations, or examinations regarding these and other issues related to the origination, servicing, and collection of consumer auto loans, including related insurance products. On December 20, 2022, the Company entered into a consent order with the CFPB to resolve the CFPB's investigations related to automobile lending, consumer deposit accounts, and mortgage lending. The consent order requires, among other things, remediation to customers and the payment of a $1.7 billion civil penalty to the CFPB. As previously disclosed, the Company entered into an agreement to resolve investigations by state attorneys general.

COMPANY 401(K) PLAN MATTERS Federal government agencies, including the United States Department of Labor (Department of Labor), have undertaken reviews of certain transactions associated with the Employee Stock Ownership Plan feature of the Company's 401(k) plan, including the manner in which the 401(k) plan purchased certain securities used in connection with the Company's contributions to the 401(k) plan. As previously disclosed, the Company entered into an agreement to resolve the Department of Labor's review. On September 26, 2022, participants in the Company's 401(k) plan filed a putative class action in the United States District Court for the District of Minnesota alleging that the Company violated the Employee Retirement Income Security Act of 1974 in connection with certain of these transactions.

CONSENT ORDER DISCLOSURE LITIGATION Wells Fargo shareholders brought a putative securities fraud class action in the United States District Court for the Southern District of New York alleging that the Company and certain of its current and former executive officers and directors made false or misleading statements regarding the Company's efforts to comply with the February 2018 consent order with the Federal Reserve Board and the April 2018 consent orders with the CFPB and OCC. On September 8, 2023, the court granted final approval of an agreement pursuant to which the Company paid $1.0 billion to resolve this action. Allegations related to the Company's efforts to comply with these three consent orders are also among the subjects of shareholder derivative lawsuits filed in California state and federal court.

HIRING PRACTICES MATTERS Government agencies, including the United States Department of Justice and the SEC, have undertaken formal or informal inquiries or investigations regarding the Company's hiring practices related to diversity. The United States Department of Justice has since closed its investigation without taking action. A putative securities fraud class action has also been filed in the United States District Court for the Northern District of California alleging that the Company and certain of its executive officers made false or misleading statements about the Company's hiring practices related to diversity. Allegations related to the Company's hiring practices related to diversity are also among the subjects of a shareholder derivative lawsuit pending in the United States District Court for the Northern District of California.

INTERCHANGE LITIGATION Plaintiffs representing a class of merchants have filed putative class actions, and individual merchants have filed individual actions, against Wells Fargo Bank, N.A., Wells Fargo & Company, Wachovia Bank, N.A., and Wachovia Corporation regarding the interchange fees associated with Visa and MasterCard payment card transactions. Visa, MasterCard, and several other banks and bank holding companies are also named as defendants in these actions. These actions have been consolidated in the United States District Court for the Eastern District of New York. The amended and consolidated complaint asserts claims against defendants based on alleged violations of federal and state antitrust laws and seeks damages as well as injunctive relief. Plaintiff merchants allege that Visa, MasterCard, and payment card issuing banks unlawfully colluded to set interchange rates. Plaintiffs also allege that enforcement of certain Visa and MasterCard rules and alleged tying and bundling of services offered to merchants are anticompetitive. Wells Fargo and Wachovia, along with other defendants and entities, are parties to Loss and Judgment Sharing Agreements, which provide that they, along with other entities, will share, based on a formula, in any losses from the Interchange Litigation. On July 13, 2012, Visa, MasterCard, and the financial institution defendants, including Wells Fargo, signed a memorandum of understanding with plaintiff merchants to resolve the consolidated class action and reached a separate settlement in principle of the consolidated individual actions. The settlement payments to be made by all defendants in the consolidated class and individual actions totaled approximately $6.6 billion before reductions applicable to certain merchants opting out of the settlement. The class settlement also provided for the distribution to class merchants of 10 basis points of default interchange across all credit rate categories for a period of eight consecutive months. The district court granted final approval of the settlement, which was appealed to the United States Court of Appeals for the Second Circuit by settlement objector merchants. Other merchants opted out of the settlement and are pursuing several individual actions. On June 30, 2016, the Second Circuit vacated the settlement agreement and reversed and remanded the consolidated action to the United States District Court for the Eastern District of New York for further proceedings. On November 23, 2016, prior class counsel filed a petition to the United States Supreme Court, seeking review of the reversal of the settlement by the Second Circuit, and the Supreme Court denied the petition on March 27, 2017. On November 30, 2016, the district court appointed lead class counsel for a damages class and an equitable relief class. The parties have entered into a settlement agreement to resolve the damages class claims pursuant to which defendants will pay a total of approximately $6.2 billion, which includes approximately $5.3 billion of funds remaining from the 2012 settlement and $900 million in additional funding. The Company's allocated responsibility for the additional funding is approximately $94.5 million. The court granted final approval of the settlement on December 13, 2019, which was appealed to the United States Court of Appeals for the Second Circuit by settlement objector merchants. On March 15, 2023, the Second Circuit affirmed the damages class settlement. On September 27, 2021, the district court granted the plaintiffs' motion for class certification in the equitable relief case. Several of the opt-out and direct action litigations have been settled while others remain pending.

RECORD-KEEPING INVESTIGATIONS The SEC and the United States Commodity Futures Trading Commission (CFTC) have undertaken investigations regarding the Company's compliance with records retention requirements relating to business communications sent over unapproved electronic messaging channels. In August 2023, the Company entered into agreements pursuant to which it paid $125 million to the SEC and $75 million to the CFTC in order to resolve their investigations.

RMBS TRUSTEE LITIGATION In December 2014, Phoenix Light SF Limited (Phoenix Light) and certain related entities filed a complaint in the United States District Court for the Southern District of New York alleging claims against Wells Fargo Bank, N.A., in its capacity as trustee for a number of residential mortgage-backed securities (RMBS) trusts. Complaints raising similar allegations have been filed by Commerzbank AG in the Southern District of New York, IKB International and IKB Deutsche Industriebank (together, IKB) in New York state court, and Park Royal I LLC and Park Royal II LLC in New York state court. In each case, the plaintiffs allege that Wells Fargo Bank, N.A., as trustee, caused losses to investors, and plaintiffs assert causes of action based upon, among other things, the trustee's alleged failure to notify and enforce repurchase obligations of mortgage loan sellers for purported breaches of representations and warranties, notify investors of alleged events of default, and abide by appropriate standards of care following alleged events of default. In July 2022, the district court dismissed Phoenix Light's claims and certain of the claims asserted by Commerzbank AG, and subsequently entered judgment in each case in favor of Wells Fargo Bank, N.A. In August 2022, Phoenix Light and Commerzbank AG each appealed the district court's decision to the United States Court of Appeals for the Second Circuit. Phoenix Light dismissed its appeal in May 2023, terminating its case. In October 2023, the Company reached an agreement in principle with IKB to resolve IKB's claims. The Company previously settled two class actions filed by institutional investors and an action filed by the National Credit Union Administration with similar allegations.

SEMINOLE TRIBE TRUSTEE LITIGATION The Seminole Tribe of Florida filed a complaint in Florida state court alleging that Wells Fargo, as trustee, charged excess fees in connection with the administration of a minor's trust and failed to invest the assets of the trust prudently. The complaint was later amended to include three individual current and former beneficiaries as plaintiffs and to remove the Tribe as a party to the case.

OUTLOOK As described above, the Company establishes accruals for legal actions when potential losses associated with the actions become probable and the costs can be reasonably estimated. The high end of the range of reasonably possible losses in excess of the Company's accrual for probable and estimable losses was approximately $1.6 billion as of September 30, 2023. The outcomes of legal actions are unpredictable and subject to significant uncertainties, and it is inherently difficult to determine whether any loss is probable or even possible. It is also inherently difficult to estimate the amount of any loss and there may be matters for which a loss is probable or reasonably possible but not currently estimable. Accordingly, actual losses may be in excess of the established accrual or the range of reasonably possible loss. Based on information currently available, advice of counsel, available insurance coverage, and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial condition. However, it is possible that the ultimate resolution of a matter, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Note 11: Derivatives

We use derivatives to manage exposure to market risk, including interest rate risk, credit risk and foreign currency risk, and to assist customers with their risk management objectives. We designate certain derivatives as hedging instruments in qualifying hedge accounting relationships (fair value or cash flow hedges). Our remaining derivatives consist of economic hedges that do not qualify for hedge accounting and derivatives held for customer accommodation trading or other purposes. For additional information on our derivatives activities, see Note 14 (Derivatives) in our 2022 Form 10-K.

Table 11.1 presents the total notional or contractual amounts and fair values for our derivatives. Derivative transactions can be measured in terms of the notional amount, but this amount is not recorded on our consolidated balance sheet and is not, when viewed in isolation, a meaningful measure of the risk profile of the instruments. The notional amount is generally not exchanged, but is used only as the basis on which derivative cash flows are determined.

Table 11.1: Notional or Contractual Amounts and Fair Values of Derivatives

	September 30, 2023			December 31, 2022		
		Fair value			Fair value	
(in millions)	Notional or contractual amount	Derivative assets	Derivative liabilities	Notional or contractual amount	Derivative assets	Derivative liabilities
Derivatives designated as hedging instruments						
Interest rate contracts	$ 347,039	300	898	263,876	670	579
Commodity contracts	2,490	29	4	1,681	9	25
Foreign exchange contracts	4,832	57	500	15,544	161	1,015
Total derivatives designated as qualifying hedging instruments		386	1,402		840	1,619
Derivatives not designated as hedging instruments						
Economic hedges:						
Interest rate contracts	58,689	470	264	65,727	410	253
Equity contracts (1)	4,666	—	226	3,326	—	242
Foreign exchange contracts	28,409	394	278	38,139	490	968
Credit contracts	490	22	—	290	14	—
Subtotal		886	768		914	1,463
Customer accommodation trading and other derivatives:						
Interest rate contracts	11,359,609	43,037	49,687	10,156,300	40,006	42,641
Commodity contracts	88,412	3,913	2,101	96,001	5,991	3,420
Equity contracts	450,904	13,613	10,633	390,427	9,573	8,012
Foreign exchange contracts	1,963,228	23,705	23,978	1,475,224	21,562	24,703
Credit contracts	61,196	56	25	45,359	52	36
Subtotal		84,324	86,424		77,184	78,812
Total derivatives not designated as hedging instruments		85,210	87,192		78,098	80,275
Total derivatives before netting		85,596	88,594		78,938	81,894
Netting		(64,500)	(65,131)		(56,164)	(61,827)
Total		$ 21,096	23,463		22,774	20,067

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

Balance Sheet Offsetting

We execute substantially all of our derivative transactions under master netting arrangements. Where legally enforceable, these master netting arrangements give the ability, in the event of default by the counterparty, to liquidate securities held as collateral and to offset receivables and payables with the same counterparty. We reflect all derivative balances and related cash collateral subject to enforceable master netting arrangements on a net basis on our consolidated balance sheet. We do not net non-cash collateral that we receive or pledge against derivative balances on our consolidated balance sheet.

For disclosure purposes, we present "Total Derivatives, net" which represents the aggregate of our net exposure to each counterparty after considering the balance sheet netting adjustments and any non-cash collateral. We manage derivative exposure by monitoring the credit risk associated with each counterparty using counterparty-specific credit risk limits, using master netting arrangements and obtaining collateral.

Table 11.2 provides information on the fair values of derivative assets and liabilities subject to enforceable master netting arrangements, the balance sheet netting adjustments and the resulting net fair value amount recorded on our consolidated balance sheet, as well as the non-cash collateral associated with such arrangements. In addition to the netting amounts included in the table, we also have balance sheet netting related to resale and repurchase agreements that are disclosed within Note 15 (Pledged Assets and Collateral).

Note 11: Derivatives *(continued)*

Table 11.2: Offsetting of Derivative Assets and Liabilities

	September 30, 2023		December 31, 2022	
(in millions)	**Derivative Assets**	**Derivative Liabilities**	Derivative Assets	Derivative Liabilities
Interest rate contracts				
Over-the-counter (OTC)	**$ 40,599**	**45,392**	37,000	37,598
OTC cleared	**1,323**	**1,641**	649	845
Exchange traded	**236**	**329**	262	193
Total interest rate contracts	**42,158**	**47,362**	37,911	38,636
Commodity contracts				
OTC	**3,080**	**1,384**	4,833	2,010
Exchange traded	**566**	**598**	876	1,134
Total commodity contracts	**3,646**	**1,982**	5,709	3,144
Equity contracts				
OTC	**6,794**	**6,546**	4,269	4,475
Exchange traded	**3,727**	**2,915**	3,742	2,409
Total equity contracts	**10,521**	**9,461**	8,011	6,884
Foreign exchange contracts				
OTC	**24,022**	**23,858**	21,537	26,127
Total foreign exchange contracts	**24,022**	**23,858**	21,537	26,127
Credit contracts				
OTC	**50**	**18**	39	22
Total credit contracts	**50**	**18**	39	22
Total derivatives subject to enforceable master netting arrangements, gross	**80,397**	**82,681**	73,207	74,813
Less: Gross amounts offset				
Counterparty netting (1)	**(54,730)**	**(54,780)**	(49,115)	(49,073)
Cash collateral netting	**(9,770)**	**(10,351)**	(7,049)	(12,754)
Total derivatives subject to enforceable master netting arrangements, net	**15,897**	**17,550**	17,043	12,986
Derivatives not subject to enforceable master netting arrangements (2)	**5,199**	**5,913**	5,731	7,081
Total derivatives recognized in consolidated balance sheet, net	**21,096**	**23,463**	22,774	20,067
Non-cash collateral	**(3,935)**	**(4,253)**	(3,517)	(582)
Total Derivatives, net	**$ 17,161**	**19,210**	19,257	19,485

(1) Represents amounts with counterparties subject to enforceable master netting arrangements that have been offset in our consolidated balance sheet, including portfolio level counterparty valuation adjustments related to customer accommodation and other trading derivatives. Counterparty valuation adjustments related to derivative assets were $284 million and $372 million and debit valuation adjustments related to derivative liabilities were $334 million and $331 million as of September 30, 2023, and December 31, 2022, respectively, and were primarily related to interest rate contracts.

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

Fair Value and Cash Flow Hedges

For fair value hedges, we use interest rate swaps to convert certain of our fixed-rate long-term debt and time certificates of deposit to floating rates to hedge our exposure to interest rate risk. We also enter into cross-currency swaps, cross-currency interest rate swaps and forward contracts to hedge our exposure to foreign currency risk and interest rate risk associated with the issuance of non-U.S. dollar denominated long-term debt. We also enter into futures contracts, forward contracts, and swap contracts to hedge our exposure to the price risk of physical commodities included in Other Assets. In addition, we use interest rate swaps, cross-currency swaps, cross-currency interest rate swaps and forward contracts to hedge against changes in fair value of certain investments in available-for-sale (AFS) debt securities due to changes in interest rates, foreign currency rates, or both. For certain fair value hedges of interest rate risk, we use the portfolio layer method to hedge stated amounts of closed portfolios of AFS debt securities. For certain fair value hedges of foreign currency risk, changes in fair value of cross-currency swaps attributable to changes in cross-currency basis spreads are excluded from the assessment of hedge effectiveness and recorded in other comprehensive income (OCI). See Note 20 (Other Comprehensive Income) for the amounts recognized in other comprehensive income.

For cash flow hedges, we use interest rate swaps to hedge the variability in interest payments received on certain interest-earning deposits with banks and certain floating-rate commercial loans. We also use cross-currency swaps to hedge variability in interest payments on fixed-rate foreign currency-denominated long-term debt due to changes in foreign exchange rates.

We estimate $976 million pre-tax of deferred net losses related to cash flow hedges in OCI at September 30, 2023, will be reclassified into net interest income during the next twelve months. For cash flow hedges as of September 30, 2023, we are hedging our interest rate and foreign currency exposure to the variability of future cash flows for all forecasted transactions for a maximum of 9 years. For additional information on our accounting hedges, see Note 1 (Summary of Significant Accounting Policies) in our 2022 Form 10-K.

Table 11.3 and Table 11.4 show the net gains (losses) related to derivatives in cash flow and fair value hedging relationships, respectively.

Table 11.3: Gains (Losses) Recognized on Cash Flow Hedging Relationships

	Net interest income			Total recorded in net income	Total recorded in OCI
(in millions)	Loans	Other interest income	Long-term debt	Derivative gains (losses)	Derivative gains (losses)
Quarter ended September 30, 2023					
Total amounts presented in the consolidated statement of income and other comprehensive income	**$ 14,755**	**2,921**	**(3,039)**	**N/A**	**(542)**
Interest rate contracts:					
Realized gains (losses) (pre-tax) reclassified from OCI into net income	**(69)**	**(135)**	**—**	**(204)**	**204**
Net unrealized gains (losses) (pre-tax) recognized in OCI	**N/A**	**N/A**	**N/A**	**N/A**	**(757)**
Total gains (losses) (pre-tax) on interest rate contracts	**(69)**	**(135)**	**—**	**(204)**	**(553)**
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**	**—**
Total gains (losses) (pre-tax) on foreign exchange contracts	**—**	**—**	**(2)**	**(2)**	**2**
Total gains (losses) (pre-tax) recognized on cash flow hedges	**$ (69)**	**(135)**	**(2)**	**(206)**	**(551)**
Quarter ended September 30, 2022					
Total amounts presented in the consolidated statement of income and other comprehensive income	$ 10,158	1,017	(1,553)	N/A	(1,476)
Interest rate contracts:					
Realized gains (losses) (pre-tax) reclassified from OCI into net income	12	15	—	27	(27)
Net unrealized gains (losses) (pre-tax) recognized in OCI	N/A	N/A	N/A	N/A	(1,472)
Total gains (losses) (pre-tax) on interest rate contracts	12	15	—	27	(1,499)
Foreign exchange contracts:					
Realized gains (losses) (pre-tax) reclassified from OCI into net income	—	—	(3)	(3)	3
Net unrealized gains (losses) (pre-tax) recognized in OCI	N/A	N/A	N/A	N/A	(10)
Total gains (losses) (pre-tax) on foreign exchange contracts	—	—	(3)	(3)	(7)
Total gains (losses) (pre-tax) recognized on cash flow hedges	$ 12	15	(3)	24	(1,506)
Nine months ended September 30, 2023					
Total amounts presented in the consolidated statement of income and other comprehensive income	**$ 42,188**	**7,299**	**(8,243)**	**N/A**	**(850)**
Interest rate contracts:					
Realized gains (losses) (pre-tax) reclassified from OCI into net income	**(190)**	**(308)**	**—**	**(498)**	**498**
Net unrealized gains (losses) (pre-tax) recognized in OCI	**N/A**	**N/A**	**N/A**	**N/A**	**(1,374)**
Total gains (losses) (pre-tax) on interest rate contracts	**(190)**	**(308)**	**—**	**(498)**	**(876)**
Foreign exchange contracts:					
Realized gains (losses) (pre-tax) reclassified from OCI into net income	**—**	**—**	**(6)**	**(6)**	**6**
Net unrealized gains (losses) (pre-tax) recognized in OCI	**N/A**	**N/A**	**N/A**	**N/A**	**—**
Total gains (losses) (pre-tax) on foreign exchange contracts	**—**	**—**	**(6)**	**(6)**	**6**
Total gains (losses) (pre-tax) recognized on cash flow hedges	**$ (190)**	**(308)**	**(6)**	**(504)**	**(870)**
Nine months ended September 30, 2022					
Total amounts presented in the consolidated statement of income and other comprehensive income	$ 25,492	1,526	(3,325)	N/A	(1,560)
Interest rate contracts:					
Realized gains (losses) (pre-tax) reclassified from OCI into net income	7	53	—	60	(60)
Net unrealized gains (losses) (pre-tax) recognized in OCI	N/A	N/A	N/A	N/A	(1,621)
Total gains (losses) (pre-tax) on interest rate contracts	7	53	—	60	(1,681)
Foreign exchange contracts:					
Realized gains (losses) (pre-tax) reclassified from OCI into net income	—	—	(7)	(7)	7
Net unrealized gains (losses) (pre-tax) recognized in OCI	N/A	N/A	N/A	N/A	(26)
Total gains (losses) (pre-tax) on foreign exchange contracts	—	—	(7)	(7)	(19)
Total gains (losses) (pre-tax) recognized on cash flow hedges	$ 7	53	(7)	53	(1,700)

Table 11.4: 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 September 30, 2023						
Total amounts presented in the consolidated statement of income and other comprehensive income	**$ 4,178**	**(4,608)**	**(3,039)**	**381**	**N/A**	**(542)**
Interest contracts						
Amounts related to cash flows on derivatives	**263**	**(114)**	**(956)**	**—**	**(807)**	**N/A**
Recognized on derivatives	**668**	**5**	**(3,970)**	**—**	**(3,297)**	**—**
Recognized on hedged items	**(659)**	**11**	**3,973**	**—**	**3,325**	**N/A**
Total gains (losses) (pre-tax) on interest rate contracts	**272**	**(98)**	**(953)**	**—**	**(779)**	**—**
Foreign exchange contracts						
Amounts related to cash flows on derivatives	**—**	**—**	**(38)**	**—**	**(38)**	**N/A**
Recognized on derivatives	**—**	**—**	**(10)**	**(7)**	**(17)**	**9**
Recognized on hedged items	**—**	**—**	**7**	**6**	**13**	**N/A**
Total gains (losses) (pre-tax) on foreign exchange contracts	**—**	**—**	**(41)**	**(1)**	**(42)**	**9**
Commodity contracts						
Recognized on derivatives	**—**	**—**	**—**	**84**	**84**	**—**
Recognized on hedged items	**—**	**—**	**—**	**(44)**	**(44)**	**N/A**
Total gains (losses) (pre-tax) on commodity contracts	**—**	**—**	**—**	**40**	**40**	**—**
Total gains (losses) (pre-tax) recognized on fair value hedges	**$ 272**	**(98)**	**(994)**	**39**	**(781)**	**9**
Quarter ended September 30, 2022						
Total amounts presented in the consolidated statement of income and other comprehensive income	$ 3,043	(513)	(1,553)	458	N/A	(1,476)
Interest contracts						
Amounts related to cash flows on derivatives	53	8	(66)	—	(5)	N/A
Recognized on derivatives	1,821	(98)	(6,218)	—	(4,495)	—
Recognized on hedged items	(1,805)	99	6,183	—	4,477	N/A
Total gains (losses) (pre-tax) on interest rate contracts	69	9	(101)	—	(23)	—
Foreign exchange contracts						
Amounts related to cash flows on derivatives	—	—	(69)	—	(69)	N/A
Recognized on derivatives	—	—	(283)	(663)	(946)	30
Recognized on hedged items	—	—	311	630	941	N/A
Total gains (losses) (pre-tax) on foreign exchange contracts	—	—	(41)	(33)	(74)	30
Commodity contracts						
Recognized on derivatives	—	—	—	94	94	—
Recognized on hedged items	—	—	—	(90)	(90)	N/A
Total gains (losses) (pre-tax) on commodity contracts	—	—	—	4	4	—
Total gains (losses) (pre-tax) recognized on fair value hedges	$ 69	9	(142)	(29)	(93)	30

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	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)
Nine months ended September 30, 2023						
Total amounts presented in the consolidated statement of income and other comprehensive income	**$ 11,998**	**(11,174)**	**(8,243)**	**1,373**	**N/A**	**(850)**
Interest contracts						
Amounts related to cash flows on derivatives	**863**	**(226)**	**(2,488)**	**—**	**(1,851)**	**N/A**
Recognized on derivatives	**905**	**(166)**	**(4,199)**	**—**	**(3,460)**	**—**
Recognized on hedged items	**(904)**	**181**	**4,188**	**—**	**3,465**	**N/A**
Total gains (losses) (pre-tax) on interest rate contracts	**864**	**(211)**	**(2,499)**	**—**	**(1,846)**	**—**
Foreign exchange contracts						
Amounts related to cash flows on derivatives	**—**	**—**	**(189)**	**—**	**(189)**	**N/A**
Recognized on derivatives	**—**	**—**	**24**	**20**	**44**	**20**
Recognized on hedged items	**—**	**—**	**(39)**	**(15)**	**(54)**	**N/A**
Total gains (losses) (pre-tax) on foreign exchange contracts	**—**	**—**	**(204)**	**5**	**(199)**	**20**
Commodity contracts						
Recognized on derivatives	**—**	**—**	**—**	**181**	**181**	**—**
Recognized on hedged items	**—**	**—**	**—**	**(109)**	**(109)**	**N/A**
Total gains (losses) (pre-tax) on commodity contracts	**—**	**—**	**—**	**72**	**72**	**—**
Total gains (losses) (pre-tax) recognized on fair value hedges	**$ 864**	**(211)**	**(2,703)**	**77**	**(1,973)**	**20**
Nine months ended September 30, 2022						
Total amounts presented in the consolidated statement of income and other comprehensive income	$ 8,308	(754)	(3,325)	1,716	N/A	(1,560)
Interest contracts						
Amounts related to cash flows on derivatives	(33)	72	751	—	790	N/A
Recognized on derivatives	3,851	(313)	(18,289)	—	(14,751)	—
Recognized on hedged items	(3,806)	310	18,124	—	14,628	N/A
Total gains (losses) (pre-tax) on interest rate contracts	12	69	586	—	667	—
Foreign exchange contracts						
Amounts related to cash flows on derivatives	—	—	(86)	—	(86)	N/A
Recognized on derivatives	—	—	(1,054)	(1,834)	(2,888)	140
Recognized on hedged items	—	—	1,089	1,769	2,858	N/A
Total gains (losses) (pre-tax) on foreign exchange contracts	—	—	(51)	(65)	(116)	140
Commodity contracts						
Recognized on derivatives	—	—	—	230	230	—
Recognized on hedged items	—	—	—	(220)	(220)	N/A
Total gains (losses) (pre-tax) on commodity contracts	—	—	—	10	10	—
Total gains (losses) (pre-tax) recognized on fair value hedges	$ 12	69	535	(55)	561	140

Table 11.5 shows the carrying amount and associated cumulative basis adjustment related to the application of hedge accounting that is included in the carrying amount of hedged assets and liabilities in fair value hedging relationships.

Table 11.5: Hedged Items in Fair Value Hedging Relationships

		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)
September 30, 2023					
Available-for-sale debt securities (4)(5)	**$**	**52,783**	**(3,828)**	**13,844**	**552**
Other assets		**1,761**	**(86)**	**—**	**—**
Deposits		**(85,807)**	**384**	**—**	**—**
Long-term debt		**(135,414)**	**17,896**	**—**	**—**
December 31, 2022					
Available-for-sale debt securities (4)	$	39,423	(3,859)	16,100	722
Other assets		1,663	38	—	—
Deposits		(41,687)	205	(10)	—
Long-term debt		(130,997)	13,862	(5)	—

(1) Does not include the carrying amount of hedged items where only foreign currency risk is the designated hedged risk. The carrying amount excluded $649 million and $739 million for available-for-sale debt securities as of September 30, 2023, and December 31, 2022, respectively. There was no carrying amount related to long-term debt at both September 30, 2023, and December 31, 2022.

(2) Represents the full carrying amount of the hedged asset or liability item as of the balance sheet date, except for circumstances in which only a portion of the asset or liability was designated as the hedged item in which case only the portion designated is presented.

(3) The balance includes $33 million and $749 million of debt securities and long-term debt cumulative basis adjustments, respectively, as of September 30, 2023, and $39 million and $334 million of debt securities and long-term debt cumulative basis adjustments, respectively, as of December 31, 2022, on terminated hedges whereby the hedged items have subsequently been re-designated into existing hedges.

(4) Carrying amount represents the amortized cost.

(5) The balance includes cumulative basis adjustments of $(280) million for hedged items currently designated as of September 30, 2023, related to certain AFS debt securities designated as the hedged item in a fair value hedge using the portfolio layer method. At September 30, 2023, the aggregated designated hedged items using the portfolio layer method had a carrying amount of $23.8 billion from closed portfolios of financial assets totaling $26.6 billion.

Derivatives Not Designated as Hedging Instruments

Derivatives not designated as hedging instruments include economic hedges and derivatives entered into for customer accommodation trading purposes.

We use economic hedge derivatives to manage our exposure to interest rate risk, equity price risk, foreign currency risk, and credit risk. We also use economic hedge derivatives to mitigate the periodic earnings volatility caused by mismatches between the changes in fair value of the hedged item and hedging instrument recognized on our fair value accounting hedges. Changes in the fair values of derivatives used to economically hedge the deferred compensation plan are reported in personnel expense.

For additional information on our derivatives activities, see Note 14 (Derivatives) in our 2022 Form 10-K.

Table 11.6 shows the net gains (losses), recognized by income statement lines, related to derivatives not designated as hedging instruments.

Table 11.6: Gains (Losses) on Derivatives Not Designated as Hedging Instruments

	Noninterest income				Noninterest expense
(in millions)	Mortgage banking	Net gains from trading and securities	Other	Total	Personnel expense
Quarter ended September 30, 2023					
Net gains (losses) recognized on economic hedges derivatives:					
Interest contracts (1)	**$ (450)**	**—**	**(251)**	**(701)**	**—**
Equity contracts	**—**	**—**	**66**	**66**	**179**
Foreign exchange contracts	**—**	**—**	**337**	**337**	**—**
Credit contracts	**—**	**—**	**5**	**5**	**—**
Subtotal	**(450)**	**—**	**157**	**(293)**	**179**
Net gains (losses) recognized on customer accommodation trading and other derivatives:					
Interest contracts	**(87)**	**2,438**	**—**	**2,351**	**—**
Commodity contracts	**—**	**79**	**—**	**79**	**—**
Equity contracts	**—**	**818**	**(187)**	**631**	**—**
Foreign exchange contracts	**—**	**1,252**	**—**	**1,252**	**—**
Credit contracts	**—**	**(13)**	**—**	**(13)**	**—**
Subtotal	**(87)**	**4,574**	**(187)**	**4,300**	**—**
Net gains (losses) recognized related to derivatives not designated as hedging instruments	**$ (537)**	**4,574**	**(30)**	**4,007**	**179**
Quarter ended September 30, 2022					
Net gains (losses) recognized on economic hedges derivatives:					
Interest contracts (1)	$ (295)	—	(29)	(324)	—
Equity contracts (2)	—	—	5	5	188
Foreign exchange contracts	—	—	940	940	—
Credit contracts	—	—	(2)	(2)	—
Subtotal	(295)	—	914	619	188
Net gains (losses) recognized on customer accommodation trading and other derivatives:					
Interest contracts	(275)	3,861	—	3,586	—
Commodity contracts	—	69	—	69	—
Equity contracts	—	1,658	(35)	1,623	—
Foreign exchange contracts	—	240	—	240	—
Credit contracts	—	(21)	—	(21)	—
Subtotal	(275)	5,807	(35)	5,497	—
Net gains (losses) recognized related to derivatives not designated as hedging instruments	$ (570)	5,807	879	6,116	188

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	Noninterest income				Noninterest expense
(in millions)	Mortgage banking	Net gains from trading and securities	Other	Total	Personnel expense
Nine months ended September 30, 2023					
Net gains (losses) recognized on economic hedges derivatives:					
Interest contracts (1)	**$ (546)**	**—**	**(301)**	**(847)**	**—**
Equity contracts	**—**	**—**	**(95)**	**(95)**	**(184)**
Foreign exchange contracts	**—**	**—**	**(356)**	**(356)**	**—**
Credit contracts	**—**	**—**	**4**	**4**	**—**
Subtotal	**(546)**	**—**	**(748)**	**(1,294)**	**(184)**
Net gains (losses) recognized on customer accommodation trading and other derivatives:					
Interest contracts	**(98)**	**2,601**	**—**	**2,503**	**—**
Commodity contracts	**—**	**278**	**—**	**278**	**—**
Equity contracts	**—**	**(2,092)**	**(370)**	**(2,462)**	**—**
Foreign exchange contracts	**—**	**2,046**	**—**	**2,046**	**—**
Credit contracts	**—**	**(40)**	**—**	**(40)**	**—**
Subtotal	**(98)**	**2,793**	**(370)**	**2,325**	**—**
Net gains (losses) recognized related to derivatives not designated as hedging instruments	**$ (644)**	**2,793**	**(1,118)**	**1,031**	**(184)**
Nine months ended September 30, 2022					
Net gains (losses) recognized on economic hedges derivatives:					
Interest contracts (1)	$ (933)	—	(81)	(1,014)	—
Equity contracts (2)	—	—	21	21	1,031
Foreign exchange contracts	—	—	2,009	2,009	—
Credit contracts	—	—	5	5	—
Subtotal	(933)	—	1,954	1,021	1,031
Net gains (losses) recognized on customer accommodation trading and other derivatives:					
Interest contracts	(1,087)	9,866	—	8,779	—
Commodity contracts	—	286	—	286	—
Equity contracts	—	6,562	(149)	6,413	—
Foreign exchange contracts	—	885	—	885	—
Credit contracts	—	20	—	20	—
Subtotal	(1,087)	17,619	(149)	16,383	—
Net gains (losses) recognized related to derivatives not designated as hedging instruments	$ (2,020)	17,619	1,805	17,404	1,031

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(1) Mortgage banking amounts for the third quarter and first nine months of 2023 are comprised of gains (losses) of $(569) million and $(715) million, respectively, related to derivatives used as economic hedges of MSRs measured at fair value offset by gains (losses) of $119 million and $169 million, respectively, related to derivatives used as economic hedges of mortgage loans held for sale and derivative loan commitments. The corresponding amounts for the third quarter and first nine months of 2022 are comprised of gains (losses) of $(863) million and $(3.5) billion, respectively, offset by gains (losses) of $568 million and $2.6 billion, respectively. For additional information on our mortgage banking interest contracts, see Note 6 (Mortgage Banking Activities).

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

Credit Derivatives

Credit derivative contracts are arrangements whose value is derived from the transfer of credit risk of a reference asset or entity from one party (the purchaser of credit protection) to another party (the seller of credit protection). We generally use credit derivatives to assist customers with their risk management objectives by purchasing and selling credit protection on corporate debt obligations through the use of credit default swaps or through risk participation swaps to help manage counterparty exposure. We would be required to perform under the credit derivatives we sold in the event of default by the referenced obligors. Events of default include events such as bankruptcy, capital restructuring or lack of principal and/or interest payment.

Table 11.7 provides details of sold credit derivatives.

Table 11.7: Sold Credit Derivatives

		Notional amount	
(in millions)		Protection sold	Protection sold – non-investment grade
September 30, 2023			
Credit default swaps	**$**	**19,077**	**1,756**
Risk participation swaps		**6,677**	**6,429**
Total credit derivatives	**$**	**25,754**	**8,185**
December 31, 2022			
Credit default swaps	$	12,733	1,860
Risk participation swaps		6,728	6,518
Total credit derivatives	$	19,461	8,378

Protection sold represents the estimated maximum exposure to loss that would be incurred if, upon an event of default, the value of our interests and any associated collateral declined to zero, and does not take into consideration any recovery value from the referenced obligation or offset from collateral held or any economic hedges.

The amounts under non-investment grade represent the notional amounts of those credit derivatives on which we have a higher risk of being required to perform under the terms of the credit derivative and are a function of the underlying assets.

We consider the credit risk to be low if the underlying assets under the credit derivative have an external rating that is investment grade. If an external rating is not available, we classify the credit derivative as non-investment grade.

Our maximum exposure to sold credit derivatives is managed through posted collateral and purchased credit derivatives with identical or similar reference positions in order to achieve our desired credit risk profile. The credit risk management is designed to provide an ability to recover a significant portion of any amounts that would be paid under sold credit derivatives.

Credit-Risk Contingent Features

Certain of our derivative contracts contain provisions whereby if the credit rating of our debt were to be downgraded by certain major credit rating agencies, the counterparty could demand additional collateral or require termination or replacement of derivative instruments in a net liability position. Table 11.8 illustrates our exposure to OTC bilateral derivative contracts with credit-risk contingent features, collateral we have posted, and the additional collateral we would be required to post if the credit rating of our debt was downgraded below investment grade.

Table 11.8: Credit-Risk Contingent Features

(in billions)		**Sep 30, 2023**	Dec 31, 2022
Net derivative liabilities with credit-risk contingent features	**$**	**24.5**	20.7
Collateral posted		**21.0**	17.4
Additional collateral to be posted upon a below investment grade credit rating (1)		**3.5**	3.3

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

Note 12: Fair Values of Assets and Liabilities

We use fair value measurements to record fair value adjustments to certain assets and liabilities and to fulfill fair value disclosure requirements. Assets and liabilities recorded at fair value on a recurring basis, such as derivatives, residential MSRs, and trading or AFS debt securities, are presented in Table 12.1 in this Note. Additionally, from time to time, we record fair value adjustments on a nonrecurring basis. These nonrecurring adjustments typically involve application of lower of cost or fair value (LOCOM) accounting, write-downs of individual assets or application of the measurement alternative for nonmarketable equity securities. Assets recorded at fair value on a nonrecurring basis are presented in Table 12.4 in this Note. We provide in Table 12.9 estimates of fair value for financial instruments that are not recorded at fair value, such as loans and debt liabilities carried at amortized cost.

See Note 1 (Summary of Significant Accounting Policies) in our 2022 Form 10-K for discussion of how we determine fair value. For descriptions of the valuation methodologies we use for assets and liabilities recorded at fair value on a recurring or nonrecurring basis, see Note 15 (Fair Values of Assets and Liabilities) in our 2022 Form 10-K.

FAIR VALUE HIERARCHY We classify our assets and liabilities recorded at fair value as either Level 1, 2, or 3 in the fair value hierarchy. The highest priority (Level 1) is assigned to valuations based on unadjusted quoted prices in active markets and the lowest priority (Level 3) is assigned to valuations based on significant unobservable inputs. See Note 1 (Summary of Significant Accounting Policies) in our 2022 Form 10-K for a detailed description of the fair value hierarchy.

In the determination of the classification of financial instruments in Level 2 or Level 3 of the fair value hierarchy, we consider all available information, including observable market data, indications of market liquidity and orderliness, and our understanding of the valuation techniques and significant inputs used. This determination is ultimately based upon the specific facts and circumstances of each instrument or instrument category and judgments are made regarding the significance of the unobservable inputs to the instruments' fair value measurement in its entirety. If unobservable inputs are considered significant, the instrument is classified as Level 3.

We do not classify nonmarketable equity securities in the fair value hierarchy if we use the non-published net asset value (NAV) per share (or its equivalent) as a practical expedient to measure fair value. Marketable equity securities with published NAVs are classified in the fair value hierarchy.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

Table 12.1 presents the balances of assets and liabilities recorded at fair value on a recurring basis.

Table 12.1: **Fair Value on a Recurring Basis**

			September 30, 2023				December 31, 2022	
(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	$ 32,004	3,674	—	35,678	28,844	4,530	—	33,374
Collateralized loan obligations	—	811	60	871	—	540	150	690
Corporate debt securities	—	14,043	68	14,111	—	10,344	23	10,367
Federal agency mortgage-backed securities	—	40,086	—	40,086	—	34,447	—	34,447
Non-agency mortgage-backed securities	—	1,415	7	1,422	—	1,243	12	1,255
Other debt securities	—	4,906	1	4,907	—	6,022	—	6,022
Total trading debt securities	32,004	64,935	136	97,075	28,844	57,126	185	86,155
Available-for-sale debt securities:								
Securities of U.S. Treasury and federal agencies	46,343	—	—	46,343	45,285	—	—	45,285
Non-U.S. government securities	—	163	—	163	—	162	—	162
Securities of U.S. states and political subdivisions	—	19,496	126	19,622	—	10,332	113	10,445
Federal agency mortgage-backed securities	—	54,540	—	54,540	—	48,137	—	48,137
Non-agency mortgage-backed securities	—	2,803	—	2,803	—	3,284	—	3,284
Collateralized loan obligations	—	1,821	—	1,821	—	3,981	—	3,981
Other debt securities	—	979	166	1,145	—	2,137	163	2,300
Total available-for-sale debt securities	46,343	79,802	292	126,437	45,285	68,033	276	113,594
Loans held for sale	—	2,398	481	2,879	—	3,427	793	4,220
Mortgage servicing rights (residential)	—	—	8,457	8,457	—	—	9,310	9,310
Derivative assets (gross):								
Interest rate contracts	239	43,057	511	43,807	262	40,503	321	41,086
Commodity contracts	—	3,931	11	3,942	—	5,866	134	6,000
Equity contracts	140	13,246	227	13,613	112	9,051	410	9,573
Foreign exchange contracts	—	24,141	15	24,156	27	22,175	11	22,213
Credit contracts	—	51	27	78	—	44	22	66
Total derivative assets (gross)	379	84,426	791	85,596	401	77,639	898	78,938
Equity securities:								
Marketable	9,271	14	9	9,294	18,527	86	3	18,616
Nonmarketable	—	10,666	37	10,703	—	9,750	17	9,767
Total equity securities	9,271	10,680	46	19,997	18,527	9,836	20	28,383
Other assets (1)	—	—	110	110	—	—	—	—
Total assets prior to derivative netting	$ 87,997	242,241	10,313	340,551	93,057	216,061	11,482	320,600
Derivative netting (2)				(64,500)				(56,164)
Total assets after derivative netting				$ 276,051				264,436
Derivative liabilities (gross):								
Interest rate contracts	$ (332)	(43,133)	(7,384)	(50,849)	(193)	(40,377)	(2,903)	(43,473)
Commodity contracts	—	(2,081)	(24)	(2,105)	—	(3,325)	(120)	(3,445)
Equity contracts (1)	(132)	(9,246)	(1,481)	(10,859)	(118)	(6,502)	(1,634)	(8,254)
Foreign exchange contracts	—	(24,716)	(40)	(24,756)	(29)	(26,622)	(35)	(26,686)
Credit contracts	—	(23)	(2)	(25)	—	(33)	(3)	(36)
Total derivative liabilities (gross)	(464)	(79,199)	(8,931)	(88,594)	(340)	(76,859)	(4,695)	(81,894)
Short-sale and other liabilities (1)	(17,446)	(5,296)	(63)	(22,805)	(14,791)	(5,513)	(167)	(20,471)
Long-term debt	—	(1,875)	—	(1,875)	—	(1,346)	—	(1,346)
Total liabilities prior to derivative netting	$ (17,910)	$ (86,370)	(8,994)	(113,274)	(15,131)	(83,718)	(4,862)	(103,711)
Derivative netting (2)				65,131				61,827
Total liabilities after derivative netting				$ (48,143)				(41,884)

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

(2) Represents balance sheet netting of derivative asset and liability balances, related cash collateral, and portfolio level counterparty valuation adjustments. See Note 11 (Derivatives) for additional information.

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

Table 12.2 presents the changes in Level 3 assets and liabilities measured at fair value on a recurring basis.

Table 12.2: Changes in Level 3 Fair Value Assets and Liabilities on a Recurring Basis

(in millions)	Balance, beginning of period	Net gains/ (losses) (1)	Purchases (2)	Sales	Settlements	Transfers into Level 3 (3)	Transfers out of Level 3 (4)	Balance, end of period	Net unrealized gains (losses) related to assets and liabilities held at period end	(5)
Quarter ended September 30, 2023										
Trading debt securities	**$ 132**	**12**	**5**	**(8)**	**(3)**	**22**	**(24)**	**136**	**1**	**(6)**
Available-for-sale debt securities	**230**	**15**	**33**	**(32)**	**(3)**	**49**	**—**	**292**	**(10)**	**(6)**
Loans held for sale	**486**	**(5)**	**53**	**(38)**	**(37)**	**28**	**(6)**	**481**	**(13)**	**(7)**
Mortgage servicing rights (residential) (8)	**8,251**	**221**	**36**	**(51)**	**—**	**—**	**—**	**8,457**	**511**	**(7)**
Net derivative assets and liabilities:										
Interest rate contracts	**(5,638)**	**(2,019)**	**—**	**—**	**813**	**(37)**	**8**	**(6,873)**	**(1,350)**	
Equity contracts	**(1,381)**	**5**	**—**	**—**	**68**	**(25)**	**79**	**(1,254)**	**50**	
Other derivative contracts	**(1)**	**(32)**	**6**	**(1)**	**17**	**—**	**(2)**	**(13)**	**(13)**	
Total derivative contracts	**(7,020)**	**(2,046)**	**6**	**(1)**	**898**	**(62)**	**85**	**(8,140)**	**(1,313)**	**(9)**
Equity securities	**27**	**17**	**7**	**(6)**	**—**	**1**	**—**	**46**	**14**	**(6)**
Other assets and liabilities	**(58)**	**105**	**—**	**—**	**—**	**—**	**—**	**47**	**105**	**(10)**
Quarter ended September 30, 2022										
Trading debt securities	$ 169	(15)	68	(43)	—	—	3	182	(15)	(6)
Available-for-sale debt securities	167	(9)	225	—	(4)	334	—	713	—	(6)
Loans held for sale	1,072	(55)	114	(36)	(45)	28	(4)	1,074	(55)	(7)
Mortgage servicing rights (residential) (8)	9,163	460	204	1	—	—	—	9,828	750	(7)
Net derivative assets and liabilities:										
Interest rate contracts	(571)	(2,220)	—	—	132	188	1	(2,470)	(1,905)	
Equity contracts	(1,484)	(135)	—	—	249	12	236	(1,122)	133	
Other derivative contracts	137	28	13	(8)	28	—	5	203	70	
Total derivative contracts	(1,918)	(2,327)	13	(8)	409	200	242	(3,389)	(1,702)	(9)
Equity securities	31	(1)	1	(1)	—	(3)	(9)	18	(1)	(6)
Other assets and liabilities (11)	(549)	60	—	—	—	—	—	(489)	60	(10)
Nine months ended September 30, 2023										
Trading debt securities	**$ 185**	**5**	**112**	**(156)**	**(7)**	**77**	**(80)**	**136**	**(9)**	**(6)**
Available-for-sale debt securities	**276**	**(9)**	**109**	**(32)**	**(13)**	**304**	**(343)**	**292**	**(28)**	**(6)**
Loans held for sale	**793**	**(5)**	**220**	**(267)**	**(102)**	**93**	**(251)**	**481**	**(27)**	**(7)**
Mortgage servicing rights (residential) (8)	**9,310**	**(334)**	**131**	**(650)**	**—**	**—**	**—**	**8,457**	**602**	**(7)**
Net derivative assets and liabilities:										
Interest rate contracts	**(2,582)**	**(4,594)**	**1**	**(1)**	**1,748**	**(1,467)**	**22**	**(6,873)**	**(3,082)**	
Equity contracts	**(1,224)**	**(458)**	**—**	**—**	**402**	**(80)**	**106**	**(1,254)**	**(48)**	
Other derivative contracts	**9**	**(95)**	**12**	**(3)**	**68**	**(2)**	**(2)**	**(13)**	**(67)**	
Total derivative contracts	**(3,797)**	**(5,147)**	**13**	**(4)**	**2,218**	**(1,549)**	**126**	**(8,140)**	**(3,197)**	**(9)**
Equity securities	**20**	**1**	**11**	**(9)**	**—**	**23**	**—**	**46**	**3**	**(6)**
Other assets and liabilities	**(167)**	**214**	**—**	**—**	**—**	**—**	**—**	**47**	**214**	**(10)**
Nine months ended September 30, 2022										
Trading debt securities	$ 241	(52)	161	(135)	(6)	5	(32)	182	(48)	(6)
Available-for-sale debt securities	186	(35)	279	(25)	(14)	460	(138)	713	(1)	(6)
Loans held for sale	1,033	(173)	293	(106)	(175)	214	(12)	1,074	(163)	(7)
Mortgage servicing rights (residential) (8)	6,920	2,289	868	(249)	—	—	—	9,828	3,223	(7)
Net derivative assets and liabilities:										
Interest rate contracts	127	(3,179)	—	—	778	(197)	1	(2,470)	(2,348)	
Equity contracts (11)	(417)	(149)	—	—	1,118	(584)	(1,090)	(1,122)	512	
Other derivative contracts	5	94	13	(8)	100	—	(1)	203	179	
Total derivative contracts	(285)	(3,234)	13	(8)	1,996	(781)	(1,090)	(3,389)	(1,657)	(9)
Equity securities	8,910	3	1	(3)	—	2	(8,895)	18	(2)	(6)
Other assets and liabilities (11)	(791)	302	—	—	—	—	—	(489)	302	(10)

(1) All amounts represent net gains (losses) included in net income except for AFS debt securities and other assets and liabilities which also included net gains (losses) in other comprehensive income. Net gains (losses) included in other comprehensive income for AFS debt securities were $(9) million and $(28) million for the third quarter and first nine months of 2023, respectively, and $(9) million and $(36) million for the third quarter and first nine months of 2022, respectively. Net gains (losses) included in other comprehensive income for other assets and liabilities were $(13) million and $(8) million for the third quarter and first nine months of 2023, respectively, and $1 million and $102 million for the third quarter and first nine months of 2022, respectively.

(2) Includes originations of mortgage servicing rights and loans held for sale.

(3) All assets and liabilities transferred into Level 3 were previously classified within Level 2.

(4) All assets and liabilities transferred out of Level 3 are classified as Level 2. During first quarter 2022, we transferred $8.9 billion of non-marketable equity securities and $1.4 billion of related economic hedging derivative assets (equity contracts) out of Level 3 due to our election to measure fair value of these instruments as a portfolio. Under this election, the unit of valuation is the portfolio-level, rather than each individual instrument. The unobservable inputs previously significant to the valuation of the instruments individually are no longer significant, as those unobservable inputs offset under the portfolio election.

(5) All amounts represent net unrealized gains (losses) related to assets and liabilities held at period end included in net income except for AFS debt securities and other assets and liabilities which also included net unrealized gains (losses) related to assets and liabilities held at period end in other comprehensive income. Net unrealized gains (losses) included in other comprehensive income for AFS debt securities were $(8) million and $(25) million for the third quarter and first nine months of 2023, respectively, and $0 for both the third quarter and first nine months of 2022. Net unrealized gains (losses) included in other comprehensive income for other assets and liabilities were $(13) million and $(8) million for the third quarter and first nine months of 2023, respectively, and $1 million and $102 million for the third quarter and first nine months of 2022, respectively.

(6) Included in net gains from trading and securities on our consolidated statement of income.

(7) Included in mortgage banking income on our consolidated statement of income.

(8) For additional information on the changes in mortgage servicing rights, see Note 6 (Mortgage Banking Activities).

(9) Included in mortgage banking income, net gains from trading and securities, and other noninterest income on our consolidated statement of income.

(10) Included in other noninterest income on our consolidated statement of income.

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

Table 12.3 provides quantitative information about the valuation techniques and significant unobservable inputs used in the valuation of our Level 3 assets and liabilities measured at fair value on a recurring basis.

The significant unobservable inputs for Level 3 assets inherent in the fair values obtained from third-party vendors are not included in the table, as the specific inputs applied are not provided by the vendor (for additional information on vendor-developed valuations, see Note 15 (Fair Values of Assets and Liabilities) in our 2022 Form 10-K).

Weighted averages of inputs are calculated using outstanding unpaid principal balance for cash instruments, such as loans and securities, and notional amounts for derivative instruments.

Table 12.3: Valuation Techniques – Recurring Basis

($ in millions, except cost to service amounts)	Fair Value Level 3	Valuation Technique	Significant Unobservable Input	Range of Inputs		Weighted Average
September 30, 2023						
Trading and available-for-sale debt securities	**$ 162**	**Discounted cash flow**	**Discount rate**	**0.0 - 14.5**	**%**	**6.4**
	136	**Market comparable pricing**	**Comparability adjustment**	**(40.9) - 39.0**		**(4.3)**
	130	**Market comparable pricing**	**Multiples**	**1.4x - 13.4x**		**4.3x**
Loans held for sale	**481**	**Discounted cash flow**	**Default rate**	**0.0 - 24.2**	**%**	**1.0**
			Discount rate	**2.9 - 15.3**		**10.2**
			Loss severity	**0.0 - 56.8**		**17.3**
			Prepayment rate	**3.3 - 12.4**		**10.6**
Mortgage servicing rights (residential)	**8,457**	**Discounted cash flow**	**Cost to service per loan (1)**	**$ 52 - 506**		**102**
			Discount rate	**9.2 - 13.8**	**%**	**9.6**
			Prepayment rate (2)	**7.1 - 21.9**		**8.5**
Net derivative assets and (liabilities):						
Interest rate contracts	**(6,703)**	**Discounted cash flow**	**Discount rate**	**4.0 - 5.5**		**5.0**
	(57)	**Discounted cash flow**	**Default rate**	**0.4 - 5.0**		**1.4**
			Loss severity	**50.0 - 50.0**		**50.0**
			Prepayment rate	**22.0 - 22.0**		**22.0**
Interest rate contracts: derivative loan commitments	**(113)**	**Discounted cash flow**	**Fall-out factor**	**1.0 - 99.0**		**25.0**
			Initial-value servicing	**(310.6) - 141.0**	**bps**	**(191.1)**
Equity contracts	**(1,024)**	**Discounted cash flow**	**Conversion factor**	**(7.2) - 0.0**	**%**	**(6.7)**
			Weighted average life	**0.8 - 2.3**	**yrs**	**1.3**
	(230)	**Option model**	**Correlation factor**	**(70.0) - 99.0**	**%**	**29.9**
			Volatility factor	**6.5 - 98.0**		**35.4**
Insignificant Level 3 assets, net of liabilities (3)	**80**					
Total Level 3 assets, net of liabilities	**$ 1,319 (4)**					
December 31, 2022						
Trading and available-for-sale debt securities	$ 157	Discounted cash flow	Discount rate	2.7 - 12.5	%	6.4
	185	Market comparable pricing	Comparability adjustment	(33.6) - 14.1		(4.8)
	119	Market comparable pricing	Multiples	1.1x - 7.4x		4.0x
Loans held for sale	793	Discounted cash flow	Default rate	0.0 - 25.0	%	0.7
			Discount rate	2.9 - 13.4		9.5
			Loss severity	0.0 - 53.6		15.7
			Prepayment rate	3.5 - 14.2		10.7
Mortgage servicing rights (residential)	9,310	Discounted cash flow	Cost to service per loan (1)	$ 52 - 550		102
			Discount rate	8.7 - 14.1	%	9.1
			Prepayment rate (2)	8.1 - 21.9		9.4
Net derivative assets and (liabilities):						
Interest rate contracts	(2,411)	Discounted cash flow	Discount rate	3.2 - 4.9		4.2
	(63)	Discounted cash flow	Default rate	0.4 - 5.0		2.3
			Loss severity	50.0 - 50.0		50.0
			Prepayment rate	2.8 - 22.0		18.7
Interest rate contracts: derivative loan commitments	(108)	Discounted cash flow	Fall-out factor	1.0 - 99.0		41.0
			Initial-value servicing	(9.3) - 141.0	bps	11.5
Equity contracts (3)	(1,000)	Discounted cash flow	Conversion factor	(12.2) - 0.0	%	(9.9)
			Weighted average life	0.5 - 1.5	yrs	0.8
	(224)	Option model	Correlation factor	(77.0) - 99.0	%	49.5
			Volatility factor	6.5 - 96.5		37.3
Insignificant Level 3 liabilities, net of assets (3)	(138)					
Total Level 3 assets, net of liabilities	$ 6,620 (4)					

(1) The high end of the range of inputs is for servicing modified loans. For non-modified loans, the range is $52 - $170 at September 30, 2023, and $52 - $178 at December 31, 2022.
(2) Includes a blend of prepayment speeds and expected defaults. Prepayment speeds are influenced by mortgage interest rates as well as our estimation of drivers of borrower behavior.
(3) In first quarter 2023, we adopted ASU 2018-12 – Financial Services – Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts*. For additional information, see Note 1 (Summary of Significant Accounting Policies).
(4) Consists of total Level 3 assets of $10.3 billion and $11.5 billion and total Level 3 liabilities of $9.0 billion and $4.9 billion, before netting of derivative balances, at September 30, 2023, and December 31, 2022, respectively.

For additional information on the valuation techniques and significant unobservable inputs used in the valuation of our Level 3 assets and liabilities, including how changes in these inputs affect fair value estimates, see Note 15 (Fair Values of Assets and Liabilities) in our 2022 Form 10-K.

Assets and Liabilities Recorded at Fair Value on a Nonrecurring Basis

We may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis in accordance with GAAP. These adjustments to fair value usually result from application of LOCOM accounting, write-downs of individual assets, or application of the measurement alternative for certain nonmarketable equity securities.

Table 12.4 provides the fair value hierarchy and fair value at the date of the nonrecurring fair value adjustment for all assets that were still held as of September 30, 2023, and December 31, 2022, and for which a nonrecurring fair value adjustment was recorded during the nine months ended September 30, 2023, and the year ended December 31, 2022.

Table 12.4: Fair Value on a Nonrecurring Basis

	September 30, 2023			December 31, 2022		
(in millions)	**Level 2**	**Level 3**	**Total**	Level 2	Level 3	Total
Loans held for sale (1)	**$ 383**	**346**	**729**	838	554	1,392
Loans:						
Commercial	**590**	**—**	**590**	285	—	285
Consumer	**81**	**—**	**81**	512	—	512
Total loans	**671**	**—**	**671**	797	—	797
Mortgage servicing rights (commercial)	**—**	**—**	**—**	—	75	75
Nonmarketable equity securities	**1,102**	**1,341**	**2,443**	1,926	2,818	4,744
Other assets	**1,871**	**53**	**1,924**	1,862	296	2,158
Total assets at fair value on a nonrecurring basis	**$ 4,027**	**1,740**	**5,767**	5,423	3,743	9,166

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

Table 12.5 presents the gains (losses) on certain assets held at the end of the reporting periods presented for which a nonrecurring fair value adjustment was recognized in earnings during the respective periods.

Table 12.5: Gains (Losses) on Assets with Nonrecurring Fair Value Adjustment

	Nine months ended September 30,	
(in millions)	**2023**	2022
Loans held for sale	**$ (33)**	(87)
Loans:		
Commercial	**(329)**	(72)
Consumer	**(550)**	(544)
Total loans	**(879)**	(616)
Mortgage servicing rights (commercial)	**—**	4
Nonmarketable equity securities (1)	**(681)**	(357)
Other assets (2)	**(180)**	(319)
Total	**$ (1,773)**	(1,375)

(1) Includes impairment of nonmarketable equity securities and observable price changes related to nonmarketable equity securities accounted for under the measurement alternative.

(2) Includes impairment of operating lease ROU assets, valuation of physical commodities, valuation losses on foreclosed real estate and other collateral owned, and impairment of venture capital and private equity investments in consolidated portfolio companies.

Table 12.6 provides quantitative information about the valuation techniques and significant unobservable inputs used in the valuation of our Level 3 assets that are measured at fair value on a nonrecurring basis and determined using an internal model. The table is limited to financial instruments that had nonrecurring fair value adjustments during the periods presented. Weighted averages of inputs are calculated using outstanding unpaid principal balance for cash instruments, such as loans, and carrying value prior to the nonrecurring fair value measurement for nonmarketable equity securities and venture capital and private equity investments in consolidated portfolio companies.

Table 12.6: Valuation Techniques – Nonrecurring Basis

($ in millions)	Fair Value Level 3	Valuation Technique (1)	Significant Unobservable Input (1)	Range of Inputs Positive (Negative)	Weighted Average
September 30, 2023					
Loans held for sale	**$ 346**	**Discounted cash flow**	**Default rate**	**0.1 - 97.1%**	**16.3**
			Discount rate	**4.8 - 14.0**	**6.4**
			Loss severity	**7.1 - 53.5**	**16.4**
			Prepayment rate	**2.9 - 24.7**	**12.3**
Nonmarketable equity securities	**429**	**Market comparable pricing**	**Comparability adjustment**	**(100.0) - (5.0)**	**(34.0)**
	911	**Market comparable pricing**	**Multiples**	**0.7x - 27.1x**	**8.4x**
Insignificant Level 3 assets	**54**				
Total	**$ 1,740**				
December 31, 2022					
Loans held for sale	$ 143	Discounted cash flow	Default rate	0.1 - 86.1%	13.8
			Discount rate	3.8 - 13.8	9.0
			Loss severity	8.1 - 43.8	18.6
			Prepayment rate	2.3 - 23.4	18.6
	411	Market comparable pricing	Comparability adjustment	(8.2) - (0.9)	(4.3)
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	1,461	Market comparable pricing	Comparability adjustment	(100.0) - (4.0)	(30.1)
	1,352	Market comparable pricing	Multiples	0.8x - 18.7x	9.9x
Other assets (2)	234	Market comparable pricing	Multiples	6.4 - 8.0	7.1
Insignificant Level 3 assets	67				
Total	$ 3,743				

(1) See Note 15 (Fair Values of Assets and Liabilities) in our 2022 Form 10-K for additional information on the valuation technique(s) and significant unobservable inputs used in the valuation of Level 3 assets.

(2) Represents venture capital and private equity investments in consolidated portfolio companies.

Fair Value Option

The fair value option is an irrevocable election, generally only permitted upon initial recognition of financial assets or liabilities, to measure eligible financial instruments at fair value with changes in fair value reflected in earnings. We may elect the fair value option to align the measurement model with how the financial assets or liabilities are managed or to reduce complexity or accounting asymmetry. Following is a discussion of the portfolios for which we elected the fair value option. For additional information, including the basis for our fair value option elections, see Note 15 (Fair Values of Assets and Liabilities) in our 2022 Form 10-K.

Table 12.7 reflects differences between the fair value carrying amount of the assets and liabilities for which we have elected the fair value option and the contractual aggregate unpaid principal amount at maturity.

Table 12.7: Fair Value Option

	September 30, 2023			December 31, 2022		
(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 (1)	**$ 2,879**	**3,166**	**(287)**	4,220	4,614	(394)
Long-term debt (2)	**(1,875)**	**(2,444)**	**569**	(1,346)	(1,775)	429

(1) Nonaccrual loans and loans 90 days or more past due and still accruing included in LHFS for which we have elected the fair value option were insignificant at September 30, 2023, and December 31, 2022.

(2) Includes zero coupon notes for which the aggregate unpaid principal amount reflects the contractual principal due at maturity.

Table 12.8 reflects amounts included in earnings related to initial measurement and subsequent changes in fair value, by income statement line item, for assets and liabilities for which the fair value option was elected. Amounts recorded in net interest income are excluded from the table below.

Table 12.8: Gains (Losses) on Changes in Fair Value Included in Earnings

			2023			2022
(in millions)	**Mortgage banking noninterest income**	**Net gains from trading and securities**	**Other noninterest income**	Mortgage banking noninterest income	Net gains from trading and securities	Other noninterest income
Quarter ended September 30,						
Loans held for sale	**$ 30**	**8**	**(44)**	(149)	3	—
Long-term debt	**—**	**10**	**—**	—	34	—
Nine months ended September 30,						
Loans held for sale	**$ 161**	**33**	**(48)**	(752)	13	—
Long-term debt	**—**	**(11)**	**—**	—	57	—

For performing loans, instrument-specific credit risk gains or losses are derived principally by determining the change in fair value of the loans due to changes in the observable or implied credit spread. Credit spread is the market yield on the loans less the relevant risk-free benchmark interest rate. For nonperforming loans, we attribute all changes in fair value to instrument-specific credit risk. For LHFS accounted for under the fair value option, instrument-specific credit gains or losses were insignificant during the third quarter and first nine months of both 2023 and 2022.

For long-term debt, instrument-specific credit risk gains or losses represent the impact of changes in fair value due to changes in our credit spread and are derived using observable secondary bond market information. These impacts are recorded within the debit valuation adjustments (DVA) in OCI. See Note 20 (Other Comprehensive Income) for additional information.

Disclosures about Fair Value of Financial Instruments

Table 12.9 presents a summary of fair value estimates for financial instruments that are not carried at fair value on a recurring basis. Some financial instruments are excluded from the scope of this table, such as certain insurance contracts, certain nonmarketable equity securities, and leases. This table also excludes assets and liabilities that are not financial instruments such as the value of the long-term relationships with our deposit, credit card and trust customers, MSRs, premises and equipment, goodwill and deferred taxes.

Loan commitments, standby letters of credit and commercial and similar letters of credit are not included in Table 12.9. A reasonable estimate of the fair value of these instruments is the carrying value of deferred fees plus the allowance for unfunded credit commitments, which totaled $602 million and $737 million at September 30, 2023, and December 31, 2022, respectively.

The total of the fair value calculations presented does not represent, and should not be construed to represent, the underlying fair value of the Company.

Table 12.9: Fair Value Estimates for Financial Instruments

		Estimated fair value			
(in millions)	Carrying amount	Level 1	Level 2	Level 3	Total
September 30, 2023					
Financial assets					
Cash and due from banks (1)	**$ 30,815**	**30,815**	**—**	**—**	**30,815**
Interest-earning deposits with banks (1)	**187,081**	**186,858**	**223**	**—**	**187,081**
Federal funds sold and securities purchased under resale agreements (1)	**70,431**	**—**	**70,431**	**—**	**70,431**
Held-to-maturity debt securities	**267,214**	**2,003**	**212,206**	**2,718**	**216,927**
Loans held for sale	**1,429**	**—**	**982**	**481**	**1,463**
Loans, net (2)	**911,923**	**—**	**53,251**	**808,555**	**861,806**
Nonmarketable equity securities (cost method)	**4,992**	**—**	**—**	**5,059**	**5,059**
Total financial assets	**$ 1,473,885**	**219,676**	**337,093**	**816,813**	**1,373,582**
Financial liabilities					
Deposits (3)	**$ 176,712**	**—**	**122,361**	**52,764**	**175,125**
Short-term borrowings	**93,135**	**—**	**93,135**	**—**	**93,135**
Long-term debt (4)	**188,140**	**—**	**186,887**	**1,894**	**188,781**
Total financial liabilities	**$ 457,987**	**—**	**402,383**	**54,658**	**457,041**
December 31, 2022					
Financial assets					
Cash and due from banks (1)	$ 34,596	34,596	—	—	34,596
Interest-earning deposits with banks (1)	124,561	124,338	223	—	124,561
Federal funds sold and securities purchased under resale agreements (1)	68,036	—	68,036	—	68,036
Held-to-maturity debt securities	297,059	14,285	238,552	2,684	255,521
Loans held for sale	2,884	—	2,208	719	2,927
Loans, net (2)	928,049	—	57,532	836,831	894,363
Nonmarketable equity securities (cost method)	4,900	—	—	4,961	4,961
Total financial assets	$ 1,460,085	173,219	366,551	845,195	1,384,965
Financial liabilities					
Deposits (3)	$ 66,887	—	46,745	18,719	65,464
Short-term borrowings	50,964	—	50,970	—	50,970
Long-term debt (4)	173,502	—	172,783	999	173,782
Total financial liabilities	$ 291,353	—	270,498	19,718	290,216

(1) Amounts consist of financial instruments for which carrying value approximates fair value.
(2) Excludes lease financing with a carrying amount of $15.8 billion and $14.7 billion at September 30, 2023, and December 31, 2022, respectively.
(3) Excludes deposit liabilities with no defined or contractual maturity of $1.2 trillion and $1.3 trillion at September 30, 2023, and December 31, 2022, respectively.
(4) Excludes obligations under finance leases of $20 million and $22 million at September 30, 2023, and December 31, 2022, respectively.

Note 13: Securitizations and Variable Interest Entities

Involvement with Variable Interest Entities (VIEs)

In the normal course of business, we enter into various types of on- and off-balance sheet transactions with special purpose entities (SPEs), which are corporations, trusts, limited liability companies or partnerships that are established for a limited purpose. SPEs are often formed in connection with securitization transactions whereby financial assets are transferred to an SPE. SPEs formed in connection with securitization transactions are generally considered variable interest entities (VIEs). The VIE may alter the risk profile of the asset by entering into derivative transactions or obtaining credit support, and issues various forms of interests in those assets to investors. When we transfer financial assets from our consolidated balance sheet to a VIE in connection with a securitization, we typically receive cash and sometimes other interests in the VIE as proceeds for the assets we transfer. In certain transactions with VIEs, we may retain the right to service the transferred assets and repurchase the transferred assets if the outstanding balance of the assets falls below the level at which the cost to service the assets exceed the benefits. In addition, we may purchase the right to service loans transferred to a VIE by a third party.

In connection with our securitization or other VIE activities, we have various forms of ongoing involvement with VIEs, which may include:

- underwriting securities issued by VIEs and subsequently making markets in those securities;
- providing credit enhancement on securities issued by VIEs through the use of letters of credit or financial guarantees;
- entering into other derivative contracts with VIEs;
- holding senior or subordinated interests in VIEs;
- acting as servicer or investment manager for VIEs;
- providing administrative or trustee services to VIEs; and
- providing seller financing to VIEs.

Loan Sales and Securitization Activity

We periodically transfer consumer and commercial loans and other types of financial assets in securitization and whole loan sale transactions.

MORTGAGE LOANS SOLD TO U.S. GOVERNMENT SPONSORED ENTITIES AND TRANSACTIONS WITH GINNIE MAE In the normal course of business we sell residential and commercial mortgage loans to government-sponsored entities (GSEs). These loans are generally transferred into securitizations sponsored by the GSEs, which provide certain credit guarantees to investors and servicers. We also transfer mortgage loans into securitization pools pursuant to Government National Mortgage Association (GNMA) guidelines which are insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA). Mortgage loans eligible for securitization with the GSEs or GNMA are considered conforming loans. The GSEs or GNMA design the structure of these securitizations, sponsor the involved VIEs, and have power over the activities most significant to the VIE.

We account for loans transferred in conforming mortgage loan securitization transactions as sales and do not consolidate the VIEs as we are not the primary beneficiary. In exchange for the transfer of loans, we typically receive securities issued by the VIEs which we sell to third parties for cash or hold for investment purposes as HTM or AFS securities. We also retain servicing rights on the transferred loans. As a servicer, we retain the option to repurchase loans from certain loan securitizations, which becomes exercisable based on delinquency status such as when three scheduled loan payments are past due. When we have the unilateral option to repurchase a loan, we recognize the loan and a corresponding liability on our balance sheet regardless of our intent to repurchase the loan, and the loans remain pledged to the securitization. At September 30, 2023, and December 31, 2022, we recorded assets and related liabilities of $1.1 billion and $743 million, respectively, where we did not exercise our option to repurchase eligible loans. We repurchased loans of $49 million and $240 million, during the third quarter and first nine months of 2023, respectively, and $574 million and $2.1 billion during the third quarter and first nine months of 2022, respectively.

Upon transfers of loans, we also provide indemnification for losses incurred due to material breaches of contractual representations and warranties as well as other recourse arrangements. At September 30, 2023, and December 31, 2022, our liability for these repurchase and recourse arrangements was $185 million and $167 million, respectively, and the maximum exposure to loss was $13.5 billion and $13.8 billion at September 30, 2023 and December 31, 2022, respectively.

Substantially all residential servicing activity is related to assets transferred to GSE and GNMA securitizations. See Note 6 (Mortgage Banking Activities) for additional information about residential and commercial servicing rights, advances and servicing fees.

NONCONFORMING MORTGAGE LOAN SECURITIZATIONS In the normal course of business, we sell nonconforming mortgage loans in securitization transactions that we design and sponsor. Nonconforming mortgage loan securitizations do not involve a government credit guarantee, and accordingly, beneficial interest holders are subject to credit risk of the underlying assets held by the securitization VIE. We typically originate the transferred loans and account for the transfers as sales. We also typically retain the right to service the loans and may hold other beneficial interests issued by the VIE, such as debt securities held for investment purposes. Our servicing role related to nonconforming commercial mortgage loan securitizations is limited to primary or master servicer. We do not consolidate the VIE because the most significant decisions impacting the performance of the VIE are generally made by the special servicer or the controlling class security holder. For our residential nonconforming mortgage loan securitizations accounted for as sales, we either do not hold variable interests that we consider potentially significant or are not the primary servicer for a majority of the VIE assets.

WHOLE LOAN SALE TRANSACTIONS We may also sell whole loans to VIEs where we have continuing involvement in the form of financing. We account for these transfers as sales, and do not consolidate the VIEs as we do not have the power to direct the most significant activities of the VIEs.

Table 13.1 presents information about transfers of assets during the periods presented for which we recorded the transfers as sales and have continuing involvement with the transferred assets. In connection with these transfers, we received proceeds and recorded servicing assets and securities. Each of these interests are initially measured at fair value. Servicing rights are classified as Level 3 measurements, and generally securities are classified as Level 2. The majority of our transfers relate to residential mortgage securitizations with the GSEs or GNMA and generally result in no gain or loss because the loans are measured at fair value on a recurring basis. Additionally, we may transfer certain government insured loans that we previously repurchased. These loans are carried at the lower of cost or market, and we recognize gains on such transfers when the market value is greater than the carrying value of the loan when it is sold.

Table 13.1: Transfers with Continuing Involvement

	2023		2022	
(in millions)	**Residential mortgages**	**Commercial mortgages**	Residential mortgages	Commercial mortgages
Quarter ended September 30,				
Assets sold	**$ 2,810**	**3,189**	14,447	3,061
Proceeds from transfer (1)	**2,810**	**3,243**	14,447	3,121
Net gains (losses) on sale	**—**	**54**	—	60
Continuing involvement (2):				
Servicing rights recognized	**$ 36**	**27**	193	32
Securities recognized (3)	**—**	**39**	—	39
Nine months ended September 30,				
Assets sold	**$ 11,188**	**6,488**	64,438	11,439
Proceeds from transfer (1)	**11,188**	**6,606**	64,490	11,629
Net gains (losses) on sale	**—**	**118**	52	190
Continuing involvement (2):				
Servicing rights recognized	**$ 129**	**61**	833	102
Securities recognized (3)	**—**	**87**	2,062	176

(1) Represents cash proceeds and the fair value of non-cash beneficial interests recognized at securitization settlement.
(2) Represents assets or liabilities recognized at securitization settlement date related to our continuing involvement in the transferred assets.
(3) Represents debt securities obtained at securitization settlement held for investment purposes that are classified as available-for-sale or held-to-maturity. In 2022, these predominantly related to agency securities. Excludes trading debt securities held temporarily for market-marking purposes, which are sold to third parties at or shortly after securitization settlement, of $1.3 billion and $5.0 billion during the third quarter and first nine months of 2023, respectively, and $3.0 billion and $13.3 billion during the third quarter and first nine months of 2022, respectively.

In the normal course of business, we purchase certain non-agency securities at initial securitization or subsequently in the secondary market, which we hold for investment. We also provide seller financing in the form of loans. We received cash flows of $58 million and $199 million during the third quarter and first nine months of 2023, respectively, and $95 million and $399 million, during the third quarter and first nine months of 2022, respectively, related to principal and interest payments on these securities and loans, which exclude cash flows related to trading activities.

Table 13.2 presents the key weighted-average assumptions we used to initially measure residential MSRs recognized during the periods presented.

Table 13.2: Residential MSRs – Assumptions at Securitization Date

	2023	2022
Quarter ended September 30,		
Prepayment rate (1)	**16.0%**	15.0
Discount rate	**9.9**	8.5
Cost to service ($ per loan)	**$ 131**	101
Nine months ended September 30,		
Prepayment rate (1)	**17.2%**	11.9
Discount rate	**9.7**	7.7
Cost to service ($ per loan)	**$ 171**	114

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

See Note 12 (Fair Values of Assets and Liabilities) and Note 6 (Mortgage Banking Activities) for additional information on key assumptions for residential MSRs.

RESECURITIZATION ACTIVITIES We enter into resecuritization transactions as part of our trading activities to accommodate the investment and risk management activities of our customers. In resecuritization transactions, we transfer trading debt securities to VIEs in exchange for new beneficial interests that are sold to third parties at or shortly after securitization settlement. This activity is performed for customers seeking a specific return or risk profile. Substantially all of our transactions involve the resecuritization of conforming mortgage-backed securities issued by the GSEs or guaranteed by GNMA. We do not consolidate the resecuritization VIEs as we share in the decision-making power with third parties and do not hold significant economic interests in the VIEs other than for market-making activities. During the nine months ended September 30, 2023 and 2022, we transferred securities of $10.6 billion and $15.7 billion, respectively, to resecuritization VIEs, and retained securities of $284 million and $622 million, respectively. These amounts are not included in Table 13.1. Related total VIE assets were $111.9 billion and $112.0 billion at September 30, 2023, and December 31, 2022, respectively. As of September 30, 2023, and December 31, 2022, we held $1.1 billion and $793 million of securities, respectively.

Sold or Securitized Loans Serviced for Others

Table 13.3 presents information about loans that we have originated and sold or securitized in which we have ongoing involvement as servicer. For loans sold or securitized where servicing is our only form of continuing involvement, we generally experience a loss only if we were required to repurchase a delinquent loan or foreclosed asset due to a breach in representations and warranties associated with our loan sale or servicing contracts. Table 13.3 excludes mortgage loans sold to and held or securitized by GSEs or GNMA of $621.1 billion and $704.5 billion at September 30, 2023, and December 31, 2022, respectively. Delinquent loans include loans 90 days or more past due and loans in bankruptcy, regardless of delinquency status. Delinquent loans and foreclosed assets related to loans sold to and held or securitized by GSEs or GNMA were $3.4 billion and $4.6 billion at September 30, 2023, and December 31, 2022, respectively.

Table 13.3: Sold or Securitized Loans Serviced for Others

						Net charge-offs	
		Total loans		Delinquent loans and foreclosed assets (1)		Nine months ended September 30,	
(in millions)		**Sep 30, 2023**	Dec 31, 2022	**Sep 30, 2023**	Dec 31, 2022	**2023**	2022
Commercial	$	**66,232**	67,029	**899**	912	**89**	24
Residential		**8,591**	9,201	**415**	501	**12**	13
Total off-balance sheet sold or securitized loans	$	**74,823**	76,230	**1,314**	1,413	**101**	37

(1) Includes $184 million and $274 million of commercial foreclosed assets and $29 million and $25 million of residential foreclosed assets at September 30, 2023, and December 31, 2022, respectively.

Transactions with Unconsolidated VIEs

MORTGAGE LOAN SECURITIZATIONS Table 13.4 includes nonconforming mortgage loan securitizations where we originate and transfer the loans to the unconsolidated securitization VIEs that we sponsor. For additional information about these VIEs, see the "Loan Sales and Securitization Activity" section within this Note. Nonconforming mortgage loan securitizations also include commercial mortgage loan securitizations sponsored by third parties where we did not originate or transfer the loans but serve as master servicer and invest in securities that could be potentially significant to the VIE.

Conforming loan securitization and resecuritization transactions involving the GSEs and GNMA are excluded from Table 13.4 because we are not the sponsor or we do not have power over the activities most significant to the VIEs. Additionally, due to the nature of the guarantees provided by the GSEs and the FHA and VA, our credit risk associated with these VIEs is limited. For additional information about conforming mortgage loan securitizations and resecuritizations, see the "Loan Sales and Securitization Activity" and "Resecuritization Activities" sections within this Note.

COMMERCIAL REAL ESTATE LOANS We may transfer purchased industrial development bonds and GSE credit enhancements to VIEs in exchange for beneficial interests. We may also acquire such beneficial interests in transactions where we do not act as a transferor. We own all of the beneficial interests and may also service the underlying mortgages that serve as collateral to the bonds. The GSEs have the power to direct the servicing and workout activities of the VIE in the event of a default, therefore we do not have control over the key decisions of the VIEs.

OTHER VIE STRUCTURES We engage in various forms of structured finance arrangements with other VIEs, including asset-backed finance structures and other securitizations collateralized by asset classes other than mortgages. Collateral may include rental properties, asset-backed securities, student loans and mortgage loans. We may participate in structuring or marketing the arrangements as well as provide financing, service one or more of the underlying assets, or enter into derivatives with the VIEs. We may also receive fees for those services. We are not the primary beneficiary of these structures because we do not have power to direct the most significant activities of the VIEs.

Table 13.4 provides a summary of our exposure to the unconsolidated VIEs described above, which includes investments in securities, loans, guarantees, liquidity agreements, commitments and certain derivatives. We exclude certain transactions with unconsolidated VIEs when our continuing involvement is temporary or administrative in nature or insignificant in size.

In Table 13.4, "Total VIE assets" represents the remaining principal balance of assets held by unconsolidated VIEs using the most current information available. "Carrying value" is the amount in our consolidated balance sheet related to our involvement with the unconsolidated VIEs. "Maximum exposure to loss" is determined as the carrying value of our investment in the VIEs excluding the unconditional repurchase options that have not been exercised, plus the remaining undrawn liquidity and lending commitments, the notional amount of net written derivative contracts, and generally the notional amount of, or stressed loss estimate for, other commitments and guarantees.

Debt, guarantees and other commitments include amounts related to lending arrangements, liquidity agreements, and certain loss sharing obligations associated with loans originated, sold, and serviced under certain GSE programs.

"Maximum exposure to loss" represents estimated loss that would be incurred under severe, hypothetical circumstances, for which we believe the possibility is extremely remote, such as where the value of our interests and any associated collateral declines to zero, without any consideration of recovery or offset from any economic hedges. Accordingly, this disclosure is not an indication of expected loss.

Table 13.4: Unconsolidated VIEs

		Carrying value – asset (liability)					
(in millions)	Total VIE assets	Loans	Debt securities (1)	Equity securities	All other assets (2)	Debt and other liabilities	Net assets
September 30, 2023							
Nonconforming mortgage loan securitizations	$ 152,670	—	2,410	—	569	(12)	2,967
Commercial real estate loans	5,597	5,580	—	—	17	—	5,597
Other	1,949	240	—	43	10	—	293
Total	$ 160,216	5,820	2,410	43	596	(12)	8,857

	Maximum exposure to loss					
	Loans	Debt securities (1)	Equity securities	All other assets (2)	Debt, guarantees, and other commitments	Total exposure
Nonconforming mortgage loan securitizations	$ —	2,410	—	569	12	2,991
Commercial real estate loans	5,580	—	—	17	701	6,298
Other	240	—	43	10	158	451
Total	$ 5,820	2,410	43	596	871	9,740

		Carrying value – asset (liability)					
(in millions)	Total VIE assets	Loans	Debt securities (1)	Equity securities	All other assets (2)	Debt and other liabilities	Net assets
December 31, 2022							
Nonconforming mortgage loan securitizations	$ 154,464	—	2,420	—	617	(13)	3,024
Commercial real estate loans	5,627	5,611	—	—	16	—	5,627
Other	2,174	292	1	43	21	—	357
Total	$ 162,265	5,903	2,421	43	654	(13)	9,008

	Maximum exposure to loss					
	Loans	Debt securities (1)	Equity securities	All other assets (2)	Debt, guarantees, and other commitments	Total exposure
Nonconforming mortgage loan securitizations	$ —	2,420	—	617	13	3,050
Commercial real estate loans	5,611	—	—	16	705	6,332
Other	292	1	43	21	228	585
Total	$ 5,903	2,421	43	654	946	9,967

(1) Includes $234 million and $172 million of securities classified as trading at September 30, 2023, and December 31, 2022, respectively.
(2) All other assets includes mortgage servicing rights, derivative assets, and other assets (predominantly servicing advances).

INVOLVEMENT WITH TAX CREDIT VIES In addition to the unconsolidated VIEs in Table 13.4, we may invest in or provide funding to affordable housing, renewable energy or similar projects that are designed to generate a return primarily through the realization of federal tax credits and other tax benefits. The projects are typically managed by third-party sponsors who have the power over the VIE's assets, therefore, we do not consolidate the VIEs. The carrying value of our equity investments in tax credit VIEs was $18.7 billion at both September 30, 2023, and December 31, 2022. We also had loans to tax credit VIEs with a carrying value of $2.2 billion and $2.0 billion at September 30, 2023, and December 31, 2022, respectively.

Our maximum exposure to loss for tax credit VIEs at September 30, 2023, and December 31, 2022, was $29.3 billion and $28.0 billion, respectively. Our maximum exposure to loss included total unfunded equity and lending commitments of $8.4 billion and $7.3 billion at September 30, 2023, and December 31, 2022, respectively. See Note 14 (Guarantees and Other Commitments) for additional information about commitments to purchase equity securities.

Our affordable housing equity investments qualify for the low-income housing tax credit (LIHTC). For additional information on our LIHTC investments, see Note 16 (Securitizations and Variable Interest Entities) in our 2022 Form 10-K.

Consolidated VIEs

We consolidate VIEs where we are the primary beneficiary. We are the primary beneficiary of the following structure types:

COMMERCIAL AND INDUSTRIAL LOANS AND LEASES We may securitize dealer floor plan loans in a revolving master trust entity. As servicer and residual interest holder, we control the key decisions of the trust and consolidate the entity. The total VIE assets held by the master trust represent a majority of the total VIE assets presented for this category in Table 13.5. In a separate transaction structure, we may provide the majority of debt and equity financing to an SPE that engages in lending and leasing to specific vendors and service the underlying collateral.

OTHER VIE STRUCTURES Other VIEs relate to total return swaps and municipal tender option bond (MTOB) transactions.

Table 13.5 presents a summary of financial assets and liabilities of our consolidated VIEs. The carrying value represents assets and liabilities recorded on our consolidated balance sheet. "Total VIE assets" includes affiliate balances that are eliminated upon consolidation, and therefore in some instances will differ from the carrying value of assets.

On our consolidated balance sheet, we separately disclose (1) the consolidated assets of certain VIEs that can only be used to settle the liabilities of those VIEs, and (2) the consolidated liabilities of certain VIEs for which the VIE creditors do not have recourse to Wells Fargo.

Table 13.5: Transactions with Consolidated VIEs

			Carrying value – asset (liability)			
(in millions)		Total VIE assets	Loans	Debt securities	All other assets (1)	Liabilities (2)
September 30, 2023						
Commercial and industrial loans and leases	**$**	**7,438**	**4,694**	**—**	**202**	**(129)**
Other		**86**	**—**	**—**	**86**	**—**
Total consolidated VIEs	**$**	**7,524**	**4,694**	**—**	**288**	**(129)**
December 31, 2022						
Commercial and industrial loans and leases	$	7,148	4,802	—	190	(129)
Other		72	—	71	1	(72)
Total consolidated VIEs	$	7,220	4,802	71	191	(201)

(1) All other assets includes cash and due from banks, and other assets.
(2) Liabilities include short-term borrowings, and accrued expenses and other liabilities.

Other Transactions

In addition to the transactions included in the previous tables, we have used wholly-owned trust preferred security VIEs to issue debt securities or preferred equity exclusively to third-party investors. As the sole assets of the VIEs are receivables from us, we do not consolidate the VIEs even though we own all of the voting equity shares of the VIEs, have fully guaranteed the obligations of the VIEs, and may have the right to redeem the third-party securities under certain circumstances. On our consolidated balance sheet, we reported the debt securities issued to the VIEs as long-term junior subordinated debt with a carrying value of $411 million and $401 million at September 30, 2023, and December 31, 2022, respectively.

Note 14: Guarantees and Other Commitments

Guarantees are contracts that contingently require us to make payments to a guaranteed party based on an event or a change in an underlying asset, liability, rate or index. For additional descriptions of our guarantees, see Note 17 (Guarantees and Other Commitments) in our 2022 Form 10-K. Table 14.1 shows carrying value and maximum exposure to loss on our guarantees.

Table 14.1: Guarantees – Carrying Value and Maximum Exposure to Loss

			Maximum exposure to loss					
(in millions)		Carrying value of obligation	Expires in one year or less	Expires after one year through three years	Expires after three years through five years	Expires after five years	Total	Non-investment grade
September 30, 2023								
Standby letters of credit (1)	**$**	**90**	**15,105**	**4,237**	**3,129**	**13**	**22,484**	**7,441**
Direct pay letters of credit (1)		**10**	**1,242**	**2,480**	**371**	**5**	**4,098**	**922**
Loans and LHFS sold with recourse (2)		**24**	**192**	**2,176**	**3,400**	**7,980**	**13,748**	**10,870**
Exchange and clearing house guarantees		**—**	**8,548**	**—**	**—**	**—**	**8,548**	**—**
Other guarantees and indemnifications (3)		**—**	**684**	**8**	**1**	**95**	**788**	**637**
Total guarantees	**$**	**124**	**25,771**	**8,901**	**6,901**	**8,093**	**49,666**	**19,870**
December 31, 2022								
Standby letters of credit (1)	$	112	14,014	4,694	3,058	53	21,819	7,071
Direct pay letters of credit (1)		13	1,593	2,734	465	5	4,797	1,283
Loans and LHFS sold with recourse (2)		16	322	1,078	3,408	8,906	13,714	11,399
Exchange and clearing house guarantees		—	4,623	—	—	—	4,623	—
Other guarantees and indemnifications (3)		—	548	1	10	201	760	515
Total guarantees	$	141	21,100	8,507	6,941	9,165	45,713	20,268

(1) Standby and direct pay letters of credit are reported net of syndications and participations.
(2) Represents recourse provided, predominantly to the GSEs, on loans sold under various programs and arrangements.
(3) Includes indemnifications provided to certain third-party clearing agents. Estimated maximum exposure to loss was $52 million and $157 million with related collateral of $558 million and $1.3 billion as of September 30, 2023, and December 31, 2022, respectively.

Maximum exposure to loss represents the estimated loss that would be incurred under an assumed hypothetical circumstance, despite what we believe is a remote possibility, where the value of our interests and any associated collateral declines to zero. Maximum exposure to loss estimates in Table 14.1 do not reflect economic hedges or collateral we could use to offset or recover losses we may incur under our guarantee agreements. Accordingly, these amounts are not an indication of expected loss. We believe the carrying value is more representative of our current exposure to loss than maximum exposure to loss. The carrying value represents the fair value of the guarantee, if any, and also includes an ACL for guarantees, if applicable. In determining the ACL for guarantees, we consider the credit risk of the related contingent obligation.

For our guarantees in Table 14.1, non-investment grade represents those guarantees on which we have a higher risk of performance under the terms of the guarantee, which is determined based on an external rating or an internal credit grade that is below investment grade.

WRITTEN OPTIONS We enter into written foreign currency options and over-the-counter written equity put options that are derivative contracts that have the characteristics of a guarantee. The fair value of written options represents our view of the probability that we will be required to perform under the contract. The fair value of these written options was an asset of $127 million and a liability of $15 million at September 30, 2023, and December 31, 2022, respectively. The fair value may be an asset as a result of deferred premiums on certain option trades. The maximum exposure to loss represents the notional value of these derivative contracts. At September 30, 2023, the maximum exposure to loss was $38.3 billion, with $35.4 billion expiring in three years or less compared with $23.4 billion and $21.3 billion, respectively, at December 31, 2022. See Note 11 (Derivatives) for additional information regarding written derivative contracts.

REPRESENTATIONS OR WARRANTIES We record a liability for mortgage loans that we expect to repurchase pursuant to various representations or warranties. See Note 13 (Securitizations and Variable Interest Entities) for further discussion and related amounts. Additionally, when we sell MSRs, we may provide indemnifications for losses incurred due to material breaches of contractual representations or warranties as well as other recourse arrangements. At September 30, 2023, our liability for these indemnification arrangements was $10 million and the maximum exposure to loss was $844 million, with $609 million expiring in three years or less.

MERCHANT PROCESSING SERVICES We provide debit and credit card transaction processing services through payment networks directly for merchants and as a sponsor for merchant processing 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 September 30, 2023, our potential maximum exposure was approximately $780.0 billion, and related losses, including those from our joint venture entity, were insignificant.

GUARANTEES OF SUBSIDIARIES The Parent fully and unconditionally guarantees the payment of principal, interest, and any other amounts that may be due on securities that its 100% owned finance subsidiary, Wells Fargo Finance LLC, may issue. These securities are not guaranteed by any other subsidiary of the Parent. The guaranteed liabilities were $826 million and $948 million at September 30, 2023, and December 31, 2022, respectively. These guarantees rank on parity with all of the Parent's other unsecured and unsubordinated indebtedness.

OTHER COMMITMENTS We may enter into commitments to purchase debt and equity securities for various business or investment purposes. As of both September 30, 2023, and December 31, 2022, we had commitments to purchase debt securities of $100 million and commitments to purchase equity securities of $8.9 billion and $3.8 billion, respectively. As of September 30, 2023, our commitments to purchase equity securities predominantly included Federal Reserve Bank stock and renewable energy investments.

As part of maintaining our memberships in certain clearing organizations, we are required to stand ready to provide liquidity to sustain market clearing activity in the event unforeseen events occur or are deemed likely to occur. Certain of these obligations are guarantees of other members' performance and accordingly are included in Table 14.1 in Other guarantees and indemnifications.

We have commitments to enter into resale and securities borrowing agreements as well as repurchase and securities lending agreements with certain counterparties, including central clearing organizations. The amount of our unfunded contractual commitments for resale and securities borrowing agreements was $14.5 billion and $19.9 billion as of September 30, 2023, and December 31, 2022, respectively. The amount of our unfunded contractual commitments for repurchase and securities lending agreements was $3.8 billion and $1.6 billion as of September 30, 2023, and December 31, 2022, respectively.

Given the nature of these commitments, they are excluded from Table 5.4 (Unfunded Credit Commitments) in Note 5 (Loans and Related Allowance for Credit Losses).

Note 15: Pledged Assets and Collateral

Pledged Assets

Table 15.1 provides the carrying amount of on-balance sheet pledged assets as well as the fair value of other pledged collateral not recognized on our consolidated balance sheet, which we have received from third parties, have the right to repledge and have repledged. These amounts include assets pledged in transactions accounted for as secured borrowings, which are presented parenthetically on our consolidated balance sheet.

TRADING RELATED ACTIVITY Our trading businesses may pledge debt and equity securities in connection with securities sold under agreements to repurchase (repurchase agreements) and securities lending arrangements. The collateral that we pledge related to our trading activities may include our own collateral as well as collateral that we have received from third parties and have the right to repledge. Substantially all of the collateral we pledge related to trading activity is eligible to be repledged or sold by the secured party.

NON-TRADING RELATED ACTIVITY As part of our liquidity management strategy, we may pledge loans, debt securities, and other financial assets to secure trust and public deposits, borrowings and letters of credit from Federal Home Loan Banks (FHLBs) and the Board of Governors of the Federal Reserve System (FRB) and for other purposes as required or permitted by law or insurance statutory requirements. Substantially all of the non-trading activity pledged collateral is not eligible to be repledged or sold by the secured party.

VIE RELATED We pledge assets in connection with various types of transactions entered into with VIEs. These pledged assets can only be used to settle the liabilities of those entities.

We also have loans recorded on our consolidated balance sheet which represent certain delinquent loans that are eligible for repurchase from GNMA loan securitizations. See Note 13 (Securitizations and Variable Interest Entities) for additional information on consolidated VIE assets.

Table 15.1: Pledged Assets

(in millions)		Sep 30, 2023	Dec 31, 2022
Related to trading activities:			
Off-balance sheet repledged third-party owned debt and equity securities	$	**61,231**	38,191
Trading debt securities and other		**59,183**	28,284
Equity securities		**2,428**	1,477
Total pledged assets related to trading activities		**122,842**	67,952
Related to non-trading activities:			
Loans		**410,663**	344,000
Debt securities:			
Available-for-sale		**64,014**	50,538
Held-to-maturity		**242,792**	17,477
Equity securities		**276**	141
Total pledged assets related to non-trading activities		**717,745**	412,156
Related to VIEs:			
Consolidated VIE assets		**4,982**	5,064
Loans eligible for repurchase from GNMA securitizations		**1,126**	749
Total pledged assets related to VIEs		**6,108**	5,813
Total pledged assets	$	**846,695**	485,921

Securities and Other Collateralized Financing Activities

We enter into resale and repurchase agreements and securities borrowing and lending agreements (collectively, "securities financing activities") typically to finance trading positions (including securities and derivatives), acquire securities to cover short trading positions, accommodate customers' financing needs, and settle other securities obligations. These activities are conducted through our broker-dealer subsidiaries and, to a lesser extent, through other bank entities. Our securities financing activities primarily involve high-quality, liquid securities such as U.S. Treasury securities and government agency securities and, to a lesser extent, less liquid securities, including equity securities, corporate bonds and asset-backed securities. We account for these transactions as collateralized financings in which we typically receive or pledge securities as collateral. We believe these financing transactions generally do not have material credit risk given the collateral provided and the related monitoring processes. We also enter into resale agreements involving collateral other than securities, such as loans, as part of our commercial lending business activities.

OFFSETTING OF SECURITIES AND OTHER COLLATERALIZED FINANCING ACTIVITIES Table 15.2 presents resale and repurchase agreements subject to master repurchase agreements (MRA) and securities borrowing and lending agreements subject to master securities lending agreements (MSLA). Where legally enforceable, these master netting arrangements give the ability, in the event of default by the counterparty, to liquidate securities held as collateral and to offset receivables and payables with the same counterparty. Collateralized financings, and those with a single counterparty, are presented net on our consolidated balance sheet, provided certain criteria are met that permit balance sheet netting. The majority of transactions subject to these agreements do not meet those criteria and thus are not eligible for balance sheet netting.

Collateral we pledged consists of non-cash instruments, such as securities or loans, and is not netted on our consolidated balance sheet against the related liability. Collateral we received includes securities or loans and is not recognized on our consolidated balance sheet. Collateral pledged or received may be increased or decreased over time to maintain certain contractual thresholds, as the assets underlying each arrangement fluctuate in value. Generally, these agreements require collateral to exceed the asset or liability recognized on the balance sheet. The following table includes the amount of collateral pledged or received related to exposures subject to enforceable MRAs or MSLAs. While these agreements are typically over-collateralized, U.S. GAAP requires disclosure in this table to limit the reported amount of such collateral to the amount of the related recognized asset or liability for each counterparty.

In addition to the amounts included in Table 15.2, we also have balance sheet netting related to derivatives that is disclosed in Note 11 (Derivatives).

Table 15.2: Offsetting – Securities and Other Collateralized Financing Activities

(in millions)		Sep 30, 2023	Dec 31, 2022
Assets:			
Resale and securities borrowing agreements			
Gross amounts recognized	$	**114,518**	114,729
Gross amounts offset in consolidated balance sheet (1)		**(23,231)**	(24,464)
Net amounts in consolidated balance sheet (2)		**91,287**	90,265
Collateral not recognized in consolidated balance sheet (3)		**(90,555)**	(89,592)
Net amount (4)	$	**732**	673
Liabilities:			
Repurchase and securities lending agreements			
Gross amounts recognized	$	**104,106**	55,054
Gross amounts offset in consolidated balance sheet (1)		**(23,231)**	(24,464)
Net amounts in consolidated balance sheet (5)		**80,875**	30,590
Collateral pledged but not netted in consolidated balance sheet (6)		**(80,677)**	(30,383)
Net amount (4)	$	**198**	207

(1) Represents recognized amount of resale and repurchase agreements with counterparties subject to enforceable MRAs that have been offset in our consolidated balance sheet.

(2) Includes $70.3 billion and $68.0 billion classified on our consolidated balance sheet in federal funds sold and securities purchased under resale agreements at September 30, 2023, and December 31, 2022, respectively. Also includes $20.9 billion and $22.3 billion classified on our consolidated balance sheet in loans at September 30, 2023, and December 31, 2022, respectively.

(3) Represents the fair value of collateral we have received under enforceable MRAs or MSLAs, limited in the table above to the amount of the recognized asset due from each counterparty. At September 30, 2023, and December 31, 2022, we have received total collateral with a fair value of $140.7 billion and $136.6 billion, respectively, all of which we have the right to sell or repledge. These amounts include securities we have sold or repledged to others with a fair value of $71.8 billion and $59.1 billion at September 30, 2023, and December 31, 2022, respectively.

(4) Represents the amount of our exposure (assets) or obligation (liabilities) that is not collateralized and/or is not subject to an enforceable MRA or MSLA.

(5) Amount is classified in short-term borrowings on our consolidated balance sheet.

(6) Represents the fair value of collateral we have pledged, related to enforceable MRAs or MSLAs, limited in the table above to the amount of the recognized liability owed to each counterparty. At September 30, 2023, and December 31, 2022, we have pledged total collateral with a fair value of $106.5 billion and $56.3 billion, respectively, substantially all of which may be sold or repledged by the counterparty.

REPURCHASE AND SECURITIES LENDING AGREEMENTS Securities sold under repurchase agreements and securities lending arrangements are effectively short-term collateralized borrowings. In these transactions, we receive cash in exchange for transferring securities as collateral and recognize an obligation to reacquire the securities for cash at the transaction's maturity. These types of transactions create risks, including (1) the counterparty may fail to return the securities at maturity, (2) the fair value of the securities transferred may decline below the amount of our obligation to reacquire the securities, and therefore create an obligation for us to pledge additional amounts, and (3) the counterparty may accelerate the maturity on demand, requiring us to reacquire the security prior to contractual maturity. We attempt to mitigate these risks in various ways. Our collateral primarily consists of highly liquid securities. In addition, we underwrite and monitor the financial strength of our counterparties, monitor the fair value of collateral pledged relative to contractually required repurchase amounts, and monitor that our collateral is properly returned through the clearing and settlement process in advance of our cash repayment. Table 15.3 provides the gross amounts recognized on our consolidated balance sheet (before the effects of offsetting) of our liabilities for repurchase and securities lending agreements disaggregated by underlying collateral type.

Table 15.3: Gross Obligations by Underlying Collateral Type

(in millions)		Sep 30, 2023	Dec 31, 2022
Repurchase agreements:			
Securities of U.S. Treasury and federal agencies	$	**35,407**	27,857
Securities of U.S. States and political subdivisions		**386**	83
Federal agency mortgage-backed securities		**47,212**	8,386
Non-agency mortgage-backed securities		**1,605**	682
Corporate debt securities		**6,886**	6,541
Asset-backed securities		**2,606**	1,529
Equity securities		**1,478**	711
Other		**64**	300
Total repurchases		**95,644**	46,089
Securities lending arrangements:			
Securities of U.S. Treasury and federal agencies		**225**	278
Federal agency mortgage-backed securities		**5**	58
Corporate debt securities		**155**	206
Equity securities (1)		**8,055**	8,356
Other		**22**	67
Total securities lending		**8,462**	8,965
Total repurchases and securities lending	$	**104,106**	55,054

(1) Equity securities are generally exchange traded and represent collateral received from third parties that has been repledged. We received the collateral through either margin lending agreements or contemporaneous securities borrowing transactions with other counterparties.

Table 15.4 provides the contractual maturities of our gross obligations under repurchase and securities lending agreements.

Table 15.4: Contractual Maturities of Gross Obligations

(in millions)		Overnight/ continuous	Up to 30 days	30-90 days	>90 days	Total gross obligation
September 30, 2023						
Repurchase agreements	**$**	**51,009**	**21,029**	**15,264**	**8,342**	**95,644**
Securities lending arrangements		**8,362**	**—**	**—**	**100**	**8,462**
Total repurchases and securities lending (1)	**$**	**59,371**	**21,029**	**15,264**	**8,442**	**104,106**
December 31, 2022						
Repurchase agreements	$	36,251	734	2,884	6,220	46,089
Securities lending arrangements		8,965	—	—	—	8,965
Total repurchases and securities lending (1)	$	45,216	734	2,884	6,220	55,054

(1) Securities lending is executed under agreements that allow either party to terminate the transaction without notice, while repurchase agreements have a term structure to them that technically matures at a point in time. The overnight/continuous repurchase agreements require election of both parties to roll the trade rather than the election to terminate the arrangement as in securities lending.

Note 16: Operating Segments

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

Consumer Banking and Lending offers diversified financial products and services for consumers and small businesses with annual sales generally up to $10 million. These financial products and services include checking and savings accounts, credit and debit cards as well as home, auto, personal, and small business lending.

Commercial Banking provides financial solutions to private, family owned and certain public companies. Products and services include banking and credit products across multiple industry sectors and municipalities, secured lending and lease products, and treasury management.

Corporate and Investment Banking delivers a suite of capital markets, banking, and financial products and services to corporate, commercial real estate, government and institutional clients globally. Products and services include corporate banking, investment banking, treasury management, commercial real estate lending and servicing, equity and fixed income solutions as well as sales, trading, and research capabilities.

Wealth and Investment Management provides personalized wealth management, brokerage, financial planning, lending, private banking, trust and fiduciary products and services to affluent, high-net worth and ultra-high-net worth clients. We operate through financial advisors in our brokerage and wealth offices, consumer bank branches, independent offices, and digitally through WellsTrade® and Intuitive Investor®.

Corporate includes corporate treasury and enterprise functions, net of allocations (including funds transfer pricing, capital, liquidity and certain expenses), in support of the reportable operating segments, as well as our investment portfolio and venture capital and private equity investments. Corporate also includes certain lines of business that management has determined are no longer consistent with the long-term strategic goals of the Company as well as results for previously divested businesses. In third quarter 2023, we sold investments in certain private equity funds, which had a minimal impact to net income.

Basis of Presentation

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

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

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

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

Table 16.1 presents our results by operating segment.

Table 16.1: Operating Segments

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

(continued on following page)

Note 16: Operating Segments *(continued)*

(continued from previous page)

	Consumer Banking and Lending	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate (1)	Reconciling Items (2)	Consolidated Company
Quarter ended September 30, 2023							
Loans (average)	**$ 335,545**	**224,416**	**291,651**	**82,195**	**9,386**	**—**	**943,193**
Assets (average)	**376,249**	**243,661**	**559,647**	**88,987**	**623,339**	**—**	**1,891,883**
Deposits (average)	**801,061**	**160,556**	**157,212**	**107,500**	**113,978**	**—**	**1,340,307**
Nine months ended September 30, 2023							
Loans (average)	**$ 336,725**	**224,361**	**292,610**	**82,948**	**9,252**	**—**	**945,896**
Assets (average)	**378,826**	**246,322**	**552,888**	**89,957**	**610,047**	**—**	**1,878,040**
Deposits (average)	**821,741**	**165,887**	**158,337**	**115,418**	**86,707**	**—**	**1,348,090**
Loans (period-end)	**334,956**	**225,771**	**290,330**	**82,331**	**9,036**	**—**	**942,424**
Assets (period-end)	**376,151**	**245,159**	**557,642**	**88,854**	**641,455**	**—**	**1,909,261**
Deposits (period-end)	**798,897**	**160,368**	**162,776**	**103,255**	**128,714**	**—**	**1,354,010**
Quarter ended September 30, 2022							
Loans (average)	$ 335,644	208,997	306,240	85,472	9,112	—	945,465
Assets (average)	379,672	230,934	560,509	91,862	617,712	—	1,880,689
Deposits (average)	888,037	180,231	156,830	158,367	24,386	—	1,407,851
Nine months ended September 30, 2022							
Loans (average)	$ 330,557	201,857	296,557	85,386	9,163	—	923,520
Assets (average)	377,929	223,312	558,773	91,763	648,967	—	1,900,744
Deposits (average)	889,366	189,664	163,578	172,516	23,909	—	1,439,033
Loans (period-end)	337,352	214,585	299,693	85,180	9,096	—	945,906
Assets (period-end)	380,755	239,588	550,695	91,299	615,382	—	1,877,719
Deposits (period-end)	886,991	172,727	154,550	148,890	34,993	—	1,398,151

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

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

(3) Net interest income is interest earned on assets minus the interest paid on liabilities to fund those assets. Segment interest earned includes actual interest income on segment assets as well as a funding credit for their deposits. Segment interest paid on liabilities includes actual interest expense on segment liabilities as well as a funding charge for their assets.

Note 17: Revenue and Expenses

Revenue

Our revenue includes net interest income on financial instruments and noninterest income. Table 17.1 presents our revenue by operating segment. For additional description of our operating segments, including additional financial information and the underlying management accounting process, see Note 16 (Operating Segments). For a description of our revenue from contracts with customers, see Note 20 (Revenue and Expenses) in our 2022 Form 10-K.

Table 17.1: Revenue by Operating Segment

(in millions)	Consumer Banking and Lending	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate	Reconciling Items (1)	Consolidated Company
Quarter ended September 30, 2023							
Net interest income (2)	**$ 7,633**	**2,519**	**2,319**	**1,007**	**(269)**	**(104)**	**13,105**
Noninterest income:							
Deposit-related fees	**670**	**257**	**247**	**5**	**—**	**—**	**1,179**
Lending-related fees (2)	**31**	**133**	**206**	**2**	**—**	**—**	**372**
Investment advisory and other asset-based fees (3)	**—**	**19**	**41**	**2,164**	**—**	**—**	**2,224**
Commissions and brokerage services fees	**—**	**—**	**75**	**492**	**—**	**—**	**567**
Investment banking fees	**—**	**13**	**545**	**—**	**(66)**	**—**	**492**
Card fees:							
Card interchange and network revenue (4)	**909**	**56**	**14**	**1**	**—**	**—**	**980**
Other card fees (2)	**118**	**—**	**—**	**—**	**—**	**—**	**118**
Total card fees	**1,027**	**56**	**14**	**1**	**—**	**—**	**1,098**
Mortgage banking (2)	**105**	**—**	**91**	**(3)**	**—**	**—**	**193**
Net gains (losses) from trading activities (2)	**—**	**(2)**	**1,193**	**25**	**49**	**—**	**1,265**
Net gains (losses) from debt securities (2)	**—**	**25**	**—**	**—**	**(19)**	**—**	**6**
Net gains (losses) from equity securities (2)	**—**	**(6)**	**18**	**—**	**(37)**	**—**	**(25)**
Lease income (2)	**—**	**153**	**4**	**—**	**134**	**—**	**291**
Other (2)	**115**	**238**	**170**	**9**	**(40)**	**(402)**	**90**
Total noninterest income	**1,948**	**886**	**2,604**	**2,695**	**21**	**(402)**	**7,752**
Total revenue	**$ 9,581**	**3,405**	**4,923**	**3,702**	**(248)**	**(506)**	**20,857**
Quarter ended September 30, 2022							
Net interest income (2)	$ 7,102	1,991	2,270	1,088	(248)	(105)	12,098
Noninterest income:							
Deposit-related fees	773	256	255	5	—	—	1,289
Lending-related fees (2)	32	126	198	2	—	—	358
Investment advisory and other asset-based fees (3)	—	13	32	2,066	—	—	2,111
Commissions and brokerage services fees	—	—	76	486	—	—	562
Investment banking fees	—	14	392	—	(31)	—	375
Card fees:							
Card interchange and network revenue (4)	915	60	15	1	—	—	991
Other card fees (2)	128	—	—	—	—	—	128
Total card fees	1,043	60	15	1	—	—	1,119
Mortgage banking (2)	212	—	115	(3)	—	—	324
Net gains (losses) from trading activities (2)	—	(4)	674	16	214	—	900
Net gains from debt securities (2)	—	—	—	—	6	—	6
Net gains (losses) from equity securities (2)	12	85	(2)	(1)	(128)	—	(34)
Lease income (2)	—	176	1	—	145	—	322
Other (2)(5)	103	235	34	5	139	(380)	136
Total noninterest income	2,175	961	1,790	2,577	345	(380)	7,468
Total revenue	$ 9,277	2,952	4,060	3,665	97	(485)	19,566
Nine months ended September 30, 2023							
Net interest income (2)	**$ 22,556**	**7,509**	**7,139**	**3,060**	**(344)**	**(316)**	**39,604**
Noninterest income:							
Deposit-related fees	**2,008**	**741**	**730**	**16**	**(3)**	**—**	**3,492**
Lending-related fees (2)	**90**	**393**	**591**	**6**	**—**	**—**	**1,080**
Investment advisory and other asset-based fees (3)	**—**	**54**	**112**	**6,335**	**—**	**—**	**6,501**
Commissions and brokerage services fees	**—**	**—**	**229**	**1,527**	**—**	**—**	**1,756**
Investment banking fees	**(4)**	**48**	**1,249**	**—**	**(99)**	**—**	**1,194**
Card fees:							
Card interchange and network revenue (4)	**2,701**	**171**	**46**	**3**	**2**	**—**	**2,923**
Other card fees (2)	**306**	**—**	**—**	**—**	**—**	**—**	**306**
Total card fees	**3,007**	**171**	**46**	**3**	**2**	**—**	**3,229**
Mortgage banking (2)	**397**	**—**	**239**	**(9)**	**—**	**—**	**627**
Net gains (losses) from trading activities (2)	**—**	**(9)**	**3,531**	**69**	**138**	**—**	**3,729**
Net gains (losses) from debt securities (2)	**—**	**25**	**—**	**—**	**(15)**	**—**	**10**
Net gains (losses) from equity securities (2)	**—**	**(16)**	**1**	**(2)**	**(459)**	**—**	**(476)**
Lease income (2)	**—**	**489**	**50**	**—**	**406**	**—**	**945**
Other (2)	**346**	**676**	**539**	**26**	**177**	**(1,336)**	**428**
Total noninterest income	**5,844**	**2,572**	**7,317**	**7,971**	**147**	**(1,336)**	**22,515**
Total revenue	**$ 28,400**	**10,081**	**14,456**	**11,031**	**(197)**	**(1,652)**	**62,119**

(continued on following page)

(continued from previous page)

(in millions)	Consumer Banking and Lending	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate	Reconciling Items (1)	Consolidated Company
Nine months ended September 30, 2022							
Net interest income (2)	$ 19,470	4,932	6,317	2,803	(1,685)	(320)	31,517
Noninterest income:							
Deposit-related fees	2,397	894	828	19	—	—	4,138
Lending-related fees (2)	100	369	578	6	—	—	1,053
Investment advisory and other asset-based fees (3)	—	25	74	6,848	8	—	6,955
Commissions and brokerage services fees	—	—	242	1,399	—	—	1,641
Investment banking fees	(3)	44	1,161	—	(94)	—	1,108
Card fees:							
Card interchange and network revenue (4)	2,669	171	44	3	—	—	2,887
Other card fees (2)	373	—	—	—	—	—	373
Total card fees	3,042	171	44	3	—	—	3,260
Mortgage banking (2)	1,077	—	236	(9)	—	—	1,304
Net gains (losses) from trading activities (2)	—	(4)	1,280	28	260	—	1,564
Net gains from debt securities (2)	—	5	—	—	146	—	151
Net gains (losses) from equity securities (2)	(5)	104	(9)	(2)	(161)	—	(73)
Lease income (2)	—	534	14	—	434	—	982
Other (2)(5)	269	697	338	32	592	(1,194)	734
Total noninterest income	6,877	2,839	4,786	8,324	1,185	(1,194)	22,817
Total revenue	$ 26,347	7,771	11,103	11,127	(500)	(1,514)	54,334

(1) Taxable-equivalent adjustments related to tax-exempt income on certain loans and debt securities are included in net interest income, while taxable-equivalent adjustments related to income tax credits for low-income housing and renewable energy investments are included in noninterest income, in each case with corresponding impacts to income tax expense (benefit). Adjustments are included in Corporate, Commercial Banking, and Corporate and Investment Banking and are eliminated to reconcile to the Company's consolidated financial results.
(2) These revenue types are related to financial assets and liabilities, including loans, leases, securities and derivatives, with additional details included in other footnotes to our financial statements.
(3) We earned trailing commissions of $230 million and $684 million for the third quarter and first nine months of 2023, respectively, and $231 million and $747 million for the third quarter and first nine months of 2022, respectively.
(4) The cost of credit card rewards and rebates of $652 million and $1.9 billion for the third quarter and first nine months of 2023, respectively, and $577 million and $1.6 billion for the third quarter and first nine months of 2022, respectively, are presented net against the related revenue.
(5) In first quarter 2023, we adopted ASU 2018-12 – Financial Services – Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts.* For additional information, see Note 1 (Summary of Significant Accounting Policies).

Expenses

OPERATING LOSSES Operating losses consist of expenses related to:

- Legal actions such as litigation and regulatory matters. For additional information on legal actions, see Note 10 (Legal Actions);
- Customer remediation activities, which are associated with our efforts to identify areas or instances where customers may have experienced financial harm and provide remediation as appropriate. We have accrued for the probable and estimable costs related to our customer remediation activities, which amounts may change based on additional facts and information, as well as ongoing reviews and communications with our regulators; and
- Other business activities such as deposit overdraft losses, fraud losses, and isolated instances of customer redress.

Table 17.2 provides the components of our operating losses included in our consolidated statement of income.

Table 17.2: Operating Losses

	Quarter ended September 30,		Nine months ended September 30,	
($ in millions)	**2023**	2022	**2023**	2022
Legal actions	**$ 175**	984	**$ 115**	1,097
Customer remediation	**(30)**	978	**133**	1,615
Other	**184**	256	**580**	755
Total operating losses	**$ 329**	2,218	**$ 828**	3,467

Operating losses may have significant variability given the inherent and unpredictable nature of legal actions and customer remediation activities. The timing and determination of the amount of any associated losses for these matters depends on a variety of factors, some of which are outside of our control.

OTHER EXPENSES Regulatory Charges and Assessments expense, which is included in other noninterest expense, was $277 million and $849 million in the third quarter and first nine months of 2023, respectively, compared with $207 million and $640 million in the same periods a year ago, and primarily consisted of Federal Deposit Insurance Corporation (FDIC) deposit assessment expense.

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

Note 18: Employee Benefits

Pension and Postretirement Plans

We sponsor a frozen noncontributory qualified defined benefit retirement plan, the Wells Fargo & Company Cash Balance Plan (Cash Balance Plan), which covers eligible employees of Wells Fargo. The Cash Balance Plan was frozen on July 1, 2009, and no new benefits accrue after that date. For additional information on our pension and postretirement plans, including plan assumptions, investment strategy and asset allocation, projected benefit payments, and valuation methodologies used for assets measured at fair value, see Note 1 (Summary of Significant Accounting Policies) and Note 21 (Employee Benefits) in our 2022 Form 10-K.

Table 18.1 presents the components of net periodic benefit cost. Service cost is reported in personnel expense and all other components of net periodic benefit cost are reported in other noninterest expense on our consolidated statement of income.

Table 18.1: Net Periodic Benefit Cost

	2023			2022		
	Pension benefits			Pension benefits		
(in millions)	**Qualified**	**Non-qualified**	**Other benefits**	Qualified	Non-qualified	Other benefits
Quarter ended September 30,						
Service cost	**$ 6**	**—**	**—**	5	—	—
Interest cost	**101**	**5**	**3**	95	3	1
Expected return on plan assets	**(126)**	**—**	**(5)**	(119)	—	(5)
Amortization of net actuarial loss (gain)	**35**	**1**	**(7)**	34	3	(6)
Amortization of prior service credit	**—**	**—**	**(2)**	—	—	(2)
Settlement loss	**—**	**—**	**—**	48	—	—
Net periodic benefit cost	**$ 16**	**6**	**(11)**	63	6	(12)
Nine months ended September 30,						
Service cost	**$ 19**	**—**	**—**	15	—	—
Interest cost	**302**	**14**	**11**	244	8	6
Expected return on plan assets	**(378)**	**—**	**(18)**	(384)	—	(16)
Amortization of net actuarial loss (gain)	**105**	**3**	**(19)**	100	9	(17)
Amortization of prior service credit	**—**	**—**	**(7)**	—	—	(7)
Settlement loss	**—**	**—**	**—**	157	1	—
Net periodic benefit cost	**$ 48**	**17**	**(33)**	132	18	(34)

Note 19: Earnings and Dividends Per Common Share

Table 19.1 shows earnings per common share and diluted earnings per common share and reconciles the numerator and denominator of both earnings per common share calculations.

Table 19.1: Earnings Per Common Share Calculations

	Quarter ended September 30,		Nine months ended September 30,	
(in millions, except per share amounts)	**2023**	2022	**2023**	2022
Wells Fargo net income (1)	$ **5,767**	3,592	$ **15,696**	10,522
Less: Preferred stock dividends and other (2)	**317**	279	**874**	837
Wells Fargo net income applicable to common stock (numerator)	$ **5,450**	3,313	$ **14,822**	9,685
Earnings per common share				
Average common shares outstanding (denominator)	**3,648.8**	3,796.5	**3,710.9**	3,807.0
Per share	$ **1.49**	0.87	$ **3.99**	2.54
Diluted earnings per common share				
Average common shares outstanding	**3,648.8**	3,796.5	**3,710.9**	3,807.0
Add: Restricted share rights (3)	**31.8**	28.6	**30.7**	31.5
Diluted average common shares outstanding (denominator)	**3,680.6**	3,825.1	**3,741.6**	3,838.5
Per share	$ **1.48**	0.86	$ **3.96**	2.52

(1) In first quarter 2023, we adopted ASU 2018-12 – Financial Services – Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts*. For additional information, see Note 1 (Summary of Significant Accounting Policies).
(2) The balance for the quarter and the nine months ended September 30, 2023, includes $19 million from the elimination of discounts or issuance costs associated with redemptions of preferred stock.
(3) Calculated using the treasury stock method.

Table 19.2 presents the outstanding securities that were anti-dilutive and therefore not included in the calculation of diluted earnings per common share.

Table 19.2: Outstanding Anti-Dilutive Securities

				Weighted-average shares
	Quarter ended September 30,		Nine months ended September 30,	
(in millions)	**2023**	2022	**2023**	2022
Convertible Preferred Stock, Series L (1)	**25.3**	25.3	**25.3**	25.3
Restricted share rights (2)	**—**	0.3	**0.2**	0.2

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

Table 19.3 presents dividends declared per common share.

Table 19.3: Dividends Declared Per Common Share

	Quarter ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Per common share	$ **0.35**	0.30	$ **0.95**	0.80

Note 20: Other Comprehensive Income

Table 20.1 provides the components of other comprehensive income (OCI), reclassifications to net income by income statement line item, and the related tax effects.

Table 20.1: Summary of Other Comprehensive Income

	Quarter ended September 30,						Nine months ended September 30,					
	2023			2022			2023			2022		
(in millions)	Before tax	Tax effect	Net of tax	Before tax	Tax effect	Net of tax	Before tax	Tax effect	Net of tax	Before tax	Tax effect	Net of tax
Debt securities:												
Net unrealized gains (losses) arising during the period	$ (2,790)	686	(2,104)	(3,373)	829	(2,544)	(2,989)	737	(2,252)	(15,067)	3,709	(11,358)
Reclassification of net (gains) losses to net income	152	(37)	115	180	(44)	136	421	(104)	317	242	(60)	182
Net change	(2,638)	649	(1,989)	(3,193)	785	(2,408)	(2,568)	633	(1,935)	(14,825)	3,649	(11,176)
Derivatives and hedging activities:												
Fair Value Hedges:												
Change in fair value of excluded components on fair value hedges (1)	9	(2)	7	30	(7)	23	20	(5)	15	140	(34)	106
Cash Flow Hedges:												
Net unrealized gains (losses) arising during the period on cash flow hedges	(757)	187	(570)	(1,482)	366	(1,116)	(1,374)	340	(1,034)	(1,647)	407	(1,240)
Reclassification of net (gains) losses to net income	206	(50)	156	(24)	6	(18)	504	(124)	380	(53)	13	(40)
Net change	(542)	135	(407)	(1,476)	365	(1,111)	(850)	211	(639)	(1,560)	386	(1,174)
Defined benefit plans adjustments:												
Net actuarial and prior service gains (losses) arising during the period	—	—	—	(143)	36	(107)	—	—	—	(244)	61	(183)
Reclassification of amounts to noninterest expense (2)	27	(6)	21	77	(19)	58	82	(19)	63	243	(59)	184
Net change	27	(6)	21	(66)	17	(49)	82	(19)	63	(1)	2	1
Debit valuation adjustments (DVA) and other:												
Net unrealized gains (losses) arising during the period (3)	(13)	3	(10)	12	(3)	9	(22)	5	(17)	125	(27)	98
Reclassification of net (gains) losses to net income	—	—	—	—	—	—	—	—	—	—	—	—
Net change	(13)	3	(10)	12	(3)	9	(22)	5	(17)	125	(27)	98
Foreign currency translation adjustments:												
Net unrealized gains (losses) arising during the period	(48)	(1)	(49)	(174)	—	(174)	17	(2)	15	(301)	(2)	(303)
Reclassification of net (gains) losses to net income	—	—	—	—	—	—	—	—	—	—	—	—
Net change	(48)	(1)	(49)	(174)	—	(174)	17	(2)	15	(301)	(2)	(303)
Other comprehensive income (loss)	$ (3,214)	780	(2,434)	(4,897)	1,164	(3,733)	(3,341)	828	(2,513)	(16,562)	4,008	(12,554)
Less: Other comprehensive income from noncontrolling interests, net of tax			2			2			2			3
Wells Fargo other comprehensive loss, net of tax			$ (2,436)			(3,735)			(2,515)			(12,557)

(1) Represents changes in fair value of cross-currency swaps attributable to changes in cross-currency basis spreads, which are excluded from the assessment of hedge effectiveness and recorded in other comprehensive income.

(2) These items are included in the computation of net periodic benefit cost (see Note 18 (Employee Benefits) for additional information).

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

Table 20.2 provides the accumulated OCI (AOCI) balance activity on an after-tax basis.

Table 20.2: Accumulated OCI Balances

(in millions)		Debt securities	Fair value hedges (1)	Cash flow hedges (2)	Defined benefit plans adjustments	Debit valuation adjustments (DVA) and other	Foreign currency translation adjustments	Accumulated other comprehensive income (loss)
Quarter ended September 30, 2023								
Balance, beginning of period	**$**	**(9,781)**	**(69)**	**(1,423)**	**(1,859)**	**7**	**(316)**	**(13,441)**
Net unrealized gains (losses) arising during the period		**(2,104)**	**7**	**(570)**	**—**	**(10)**	**(49)**	**(2,726)**
Amounts reclassified from accumulated other comprehensive income		**115**	**—**	**156**	**21**	**—**	**—**	**292**
Net change		**(1,989)**	**7**	**(414)**	**21**	**(10)**	**(49)**	**(2,434)**
Less: Other comprehensive income from noncontrolling interests		**—**	**—**	**—**	**—**	**—**	**2**	**2**
Balance, end of period (3)(4)	**$**	**(11,770)**	**(62)**	**(1,837)**	**(1,838)**	**(3)**	**(367)**	**(15,877)**
Quarter ended September 30, 2022								
Balance, beginning of period	$	(8,103)	(60)	(173)	(2,005)	4	(272)	(10,609)
Transition adjustment (3)		—	—	—	—	41	—	41
Balance, beginning of period (3)		(8,103)	(60)	(173)	(2,005)	45	(272)	(10,568)
Net unrealized gains (losses) arising during the period		(2,544)	23	(1,116)	(107)	9	(174)	(3,909)
Amounts reclassified from accumulated other comprehensive income		136	—	(18)	58	—	—	176
Net change		(2,408)	23	(1,134)	(49)	9	(174)	(3,733)
Less: Other comprehensive income from noncontrolling interests		—	—	—	—	—	2	2
Balance, end of period (3)(4)	$	(10,511)	(37)	(1,307)	(2,054)	54	(448)	(14,303)
Nine months ended September 30, 2023								
Balance, beginning of period	**$**	**(9,835)**	**(77)**	**(1,183)**	**(1,901)**	**(6)**	**(380)**	**(13,382)**
Transition adjustment (3)						**20**		**20**
Balance, beginning of period (3)		**(9,835)**	**(77)**	**(1,183)**	**(1,901)**	**14**	**(380)**	**(13,362)**
Net unrealized gains (losses) arising during the period		**(2,252)**	**15**	**(1,034)**	**—**	**(17)**	**15**	**(3,273)**
Amounts reclassified from accumulated other comprehensive income		**317**	**—**	**380**	**63**	**—**	**—**	**760**
Net change		**(1,935)**	**15**	**(654)**	**63**	**(17)**	**15**	**(2,513)**
Less: Other comprehensive income from noncontrolling interests		**—**	**—**	**—**	**—**	**—**	**2**	**2**
Balance, end of period (3)(4)	**$**	**(11,770)**	**(62)**	**(1,837)**	**(1,838)**	**(3)**	**(367)**	**(15,877)**
Nine months ended September 30, 2022								
Balance, beginning of period	$	665	(143)	(27)	(2,055)	—	(142)	(1,702)
Transition adjustment (3)		—	—	—	—	(44)	—	(44)
Balance, beginning of period (3)		665	(143)	(27)	(2,055)	(44)	(142)	(1,746)
Net unrealized gains (losses) arising during the period		(11,358)	106	(1,240)	(183)	98	(303)	(12,880)
Amounts reclassified from accumulated other comprehensive income		182	—	(40)	184	—	—	326
Net change		(11,176)	106	(1,280)	1	98	(303)	(12,554)
Less: Other comprehensive income from noncontrolling interests		—	—	—	—	—	3	3
Balance, end of period (3)(4)	$	(10,511)	(37)	(1,307)	(2,054)	54	(448)	(14,303)

(1) Substantially all of the amounts for fair value hedges are foreign exchange contracts.

(2) Substantially all of the amounts for cash flow hedges are interest rate contracts.

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

(4) AOCI related to debt securities includes after-tax unrealized gains or losses associated with the transfer of securities from AFS to HTM of $3.6 billion at both September 30, 2023 and 2022, respectively. These amounts are subsequently amortized from AOCI into earnings over the same period as the related unamortized premiums and discounts.

Note 21: Regulatory Capital Requirements and Other Restrictions

Regulatory Capital Requirements

The Company and each of its subsidiary banks are subject to regulatory capital adequacy requirements promulgated by federal banking regulators. The FRB establishes capital requirements for the consolidated financial holding company, and the Office of the Comptroller of the Currency (OCC) has similar requirements for the Company's national banks, including Wells Fargo Bank, N.A. (the Bank).

Table 21.1 presents regulatory capital information for the Company and the Bank in accordance with Basel III capital requirements. We must calculate our risk-based capital ratios under both the Standardized and Advanced Approaches. The Standardized Approach applies assigned risk weights to broad risk categories, while the calculation of risk-weighted assets (RWAs) under the Advanced Approach differs by requiring applicable banks to utilize a risk-sensitive methodology, which relies upon the use of internal credit models, and includes an operational risk component.

At September 30, 2023, the Bank and our other insured depository institutions were considered well-capitalized under the requirements of the Federal Deposit Insurance Act.

Table 21.1: Regulatory Capital Information

	Wells Fargo & Company				Wells Fargo Bank, N.A.			
	Standardized Approach		Advanced Approach		Standardized Approach		Advanced Approach	
(in millions, except ratios)	**September 30, 2023**	December 31, 2022	**September 30, 2023**	December 31, 2022	**September 30, 2023**	December 31, 2022	**September 30, 2023**	December 31, 2022
Regulatory capital:								
Common Equity Tier 1	**$ 136,164**	133,527	**136,164**	133,527	**141,532**	140,644	**141,532**	140,644
Tier 1	**155,219**	152,567	**155,219**	152,567	**141,532**	140,644	**141,532**	140,644
Total	**188,766**	186,747	**178,367**	177,258	**165,197**	163,885	**155,056**	154,292
Assets:								
Risk-weighted assets	**1,237,122**	1,259,889	**1,130,775**	1,112,307	**1,146,182**	1,177,300	**969,932**	977,713
Adjusted average assets	**1,864,793**	1,846,954	**1,864,793**	1,846,954	**1,661,115**	1,685,401	**1,661,115**	1,685,401
Regulatory capital ratios:								
Common Equity Tier 1 capital	**11.01%** *	10.60	**12.04**	12.00	**12.35** *	11.95	**14.59**	14.39
Tier 1 capital	**12.55** *	12.11	**13.73**	13.72	**12.35** *	11.95	**14.59**	14.39
Total capital	**15.26** *	14.82	**15.77**	15.94	**14.41** *	13.92	**15.99**	15.78
Required minimum capital ratios:								
Common Equity Tier 1 capital	**9.20**	9.20	**8.50**	8.50	**7.00**	7.00	**7.00**	7.00
Tier 1 capital	**10.70**	10.70	**10.00**	10.00	**8.50**	8.50	**8.50**	8.50
Total capital	**12.70**	12.70	**12.00**	12.00	**10.50**	10.50	**10.50**	10.50

	Wells Fargo & Company		Wells Fargo Bank, N.A.	
	September 30, 2023	December 31, 2022	**September 30, 2023**	December 31, 2022
Regulatory leverage:				
Total leverage exposure (1)	**$ 2,239,024**	2,224,789	**2,019,348**	2,058,568
Supplementary leverage ratio (1)	**6.93%**	6.86	**7.01**	6.83
Tier 1 leverage ratio (2)	**8.32**	8.26	**8.52**	8.34
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 September 30, 2023.

(1) The supplementary leverage ratio consists of Tier 1 capital divided by total leverage exposure. Total leverage exposure consists of total average assets, less goodwill and other permitted Tier 1 capital deductions (net of deferred tax liabilities), plus certain off-balance sheet exposures.

(2) The Tier 1 leverage ratio consists of Tier 1 capital divided by total average assets, excluding goodwill and certain other items as determined under the rule.

At September 30, 2023, the Common Equity Tier 1 (CET1), Tier 1 and total capital ratio requirements for the Company included a global systemically important bank (G-SIB) surcharge of 1.50%. The G-SIB surcharge is not applicable to the Bank. In addition, the CET1, Tier 1 and total capital ratio requirements for the Company included a stress capital buffer of 3.20% under the Standardized Approach and a capital conservation buffer of 2.50% under the Advanced Approach. The capital ratio requirements for the Bank included a capital conservation buffer of 2.50% under both the Standardized and Advanced Approaches. The Company is required to maintain these risk-based capital ratios and to maintain a supplementary leverage ratio (SLR) of at least 5.00% (composed of a 3.00% minimum requirement plus a supplementary leverage buffer of 2.00%) to avoid restrictions on capital distributions and discretionary bonus payments. The Bank is required to maintain an SLR of at least 6.00% to be considered well-capitalized under applicable regulatory capital adequacy rules.

Capital Planning Requirements

The FRB's capital plan rule establishes capital planning and other requirements that govern capital distributions, including dividends and share repurchases, by certain large bank holding companies (BHCs), including Wells Fargo. The FRB conducts an annual Comprehensive Capital Analysis and Review exercise and has also published guidance regarding its supervisory expectations for capital planning, including capital policies regarding the process relating to common stock dividend and repurchase decisions in the FRB's SR Letter 15-18. The Parent's ability to make certain capital distributions is subject to the requirements of the capital plan rule and is also subject to the Parent meeting or exceeding certain regulatory capital minimums.

Loan and Dividend Restrictions

Federal law restricts the amount and the terms of both credit and non-credit transactions between a bank and its nonbank affiliates. Additionally, federal laws and regulations limit, and regulators can impose additional limitations on, the dividends that a national bank may pay.

Our nonbank subsidiaries are also limited by certain federal and state statutory provisions and regulations covering the amount of dividends that may be paid in any given year. In addition, under a Support Agreement dated June 28, 2017, as amended and restated on June 26, 2019, among Wells Fargo & Company, the parent holding company (Parent), WFC Holdings, LLC, an intermediate holding company and subsidiary of the Parent (IHC), the Bank, Wells Fargo Securities, LLC, Wells Fargo Clearing Services, LLC, and certain other subsidiaries of the Parent designated from time to time as material entities for resolution planning purposes or identified from time to time as related support entities in our resolution plan, the IHC may be restricted from making dividend payments to the Parent if certain liquidity and/or capital metrics fall below defined triggers or if the Parent's board of directors authorizes it to file a case under the U.S. Bankruptcy Code.

For additional information on loan and dividend restrictions, see Note 25 (Regulatory Capital Requirements and Other Restrictions) in our 2022 Form 10-K.

Cash Restrictions

Cash and cash equivalents may be restricted as to usage or withdrawal. Table 21.2 provides a summary of restrictions on cash and cash equivalents.

Table 21.2: Nature of Restrictions on Cash and Cash Equivalents

(in millions)		**Sep 30, 2023**	Dec 31, 2022
Reserve balance for non-U.S. central banks	**$**	**233**	238
Segregated for benefit of brokerage customers under federal and other brokerage regulations		**564**	898

Glossary of Acronyms

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

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Information in response to this item can be found in Note 10 (Legal Actions) to Financial Statements in this Report which information is incorporated by reference into this item.

Item 1A. Risk Factors

Information in response to this item can be found under the "Financial Review – Risk Factors" section in this Report which information is incorporated by reference into this item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table shows Company repurchases of its common stock for each calendar month in the quarter ended September 30, 2023.

Calendar month	Total number of shares repurchased (1)	Weighted average price paid per share	Approximate dollar value of shares that may yet be repurchased under the authorization (in millions)
July	12,064,081	$ 45.80	$ 29,999
August	45,817	43.41	29,997
September	21,695,693	42.66	29,072
Total	33,805,591		

(1) All shares were repurchased under an authorization covering up to 500 million shares of common stock approved by the Board of Directors (Board) and publicly announced by the Company on January 15, 2021, or an authorization covering up to $30 billion of common stock approved by the Board and publicly announced by the Company on July 25, 2023. Unless modified or revoked by the Board, the authorization announced on July 25, 2023, does not expire and supersedes the prior share repurchase authority approved by the Board.

Item 5. Other Information

Trading Plans

During the three months ended September 30, 2023, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

A list of exhibits to this Form 10-Q is set forth below.

The Company's SEC file number is 001-2979. On and before November 2, 1998, the Company filed documents with the SEC under the name Norwest Corporation. The former Wells Fargo & Company filed documents under SEC file number 001-6214.

Exhibit Number	Description	Location
3(a)	Restated Certificate of Incorporation, as amended and in effect on the date hereof.	Filed herewith.
3(b)	By-Laws.	Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed June 29, 2023.
4(a)	See Exhibits 3(a) and 3(b).	
4(b)	The Company agrees to furnish upon request to the Commission a copy of each instrument defining the rights of holders of senior and subordinated debt of the Company.	
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 Quarterly Report on Form 10-Q for the quarter ended March 31, 2023.
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: October 31, 2023

WELLS FARGO & COMPANY

By: /s/ MUNEERA S. CARR

Muneera S. Carr

Executive Vice President,
Chief Accounting Officer and Controller

(Principal Accounting Officer)