Wells Fargo & Company

Basel III Pillar 3
Regulatory Capital Disclosures

For the quarter ended March 31, 2025

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Any reference to "Wells Fargo", "the Company", "the Bank", "we", "our", or "us" in this Report, means 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. This Report contains forward-looking statements, which may include our current expectations and assumptions regarding our business, the economy, and other future conditions. Please see the "Forward-Looking Statements" section for more information, including factors that could cause our actual results to differ materially from our forward-looking statements.

Disclosure Map

The table below shows where disclosures related to topics addressed in this Pillar 3 disclosure report can be found in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 (first quarter 2025 Form 10-Q) and our Annual Report on Form 10-K for the year ended December 31, 2024 (2024 Form 10-K).

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The tables below provide page references to our first quarter 2025 Form 10-Q and our 2024 Form 10-K for certain topics and financial information listed in the table on the previous page.

Introduction

Company Overview

Wells Fargo & Company is a leading financial services company that has approximately $1.95 trillion in assets. 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. 34 on *Fortune's* 2024 rankings of America's largest corporations. We ranked fourth in assets and third in the market value of our common stock among all U.S. banks at March 31, 2025.

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. The Company routinely takes risks to achieve its business goals and to serve its customers. These risks include financial risks, such as interest rate, credit, liquidity and market risks, and non-financial risks, such as operational risk, which includes compliance and model risks, and strategic and reputation risks. A discussion of our risk management framework is provided in the "Risk Management" section in Management's Discussion and Analysis to our first quarter 2025 Form 10-Q and our 2024 Form 10-K.

Executive Summary

The Pillar 3 disclosures are required by the regulatory capital rules issued by the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (FRB) (collectively, the Agencies), and the Federal Deposit Insurance Corporation (FDIC), and are designed to comply with the rules and regulations associated with the Basel III capital adequacy framework, which prescribed these disclosures under its Pillar 3 - Market Discipline rules. These disclosures should be read in conjunction with our first quarter 2025 Form 10-Q and our 2024 Form 10-K. The Pillar 3 disclosures provide qualitative and quantitative information about regulatory capital calculated under the Advanced Approach for first quarter 2025.

At March 31, 2025, we calculated our Common Equity Tier 1 (CET1), Tier 1, and total capital ratios in accordance with the Standardized and Advanced Approaches. In second quarter 2020, we elected to apply a modified transition provision issued by federal banking regulators related to the impact of the current expected credit loss (CECL) accounting standard 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 our 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. Effective January 1, 2025, the CECL impact has been recognized and accordingly all the tables in this disclosures are on a CECL fully phased-in basis.

Table 1 summarizes our CET1, Tier 1 capital, total capital, risk-weighted assets (RWAs), and the respective capital ratios under the Advanced and Standardized Approaches at March 31, 2025. The capital ratios set forth in Table 1 below exceeded the requirements for CET1, Tier 1, and total capital, respectively, as of March 31, 2025.

Table 1: Capital Components and Ratios Under Basel III March 31, 2025

(in millions, except ratios)	Advanced Approach	Standardized Approach
Common Equity Tier 1 Capital	**$ 135,577**	**135,577**
Tier 1 Capital	**153,855**	**153,855**
Total Capital	**175,359**	**185,503**
Risk-Weighted Assets	**1,063,610**	**1,222,031**
Common Equity Tier 1 Capital Ratio	**12.75 %**	**11.09 ***
Tier 1 Capital Ratio	**14.47**	**12.59 ***
Total Capital Ratio	**16.49**	**15.18 ***

* Denotes the binding capital ratio under the Advanced and Standardized Approaches.

As a covered bank holding company (BHC), we are required to maintain a supplementary leverage ratio (SLR) of at least 5.00% to avoid restrictions on capital distributions and discretionary bonus payments and maintain a minimum Tier 1 leverage ratio of 4.00%. In addition, our insured depository institutions (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%. At March 31, 2025, the Company's SLR and Tier 1 leverage ratio were 6.79% and 8.13%, respectively, and each of our IDIs exceeded their applicable leverage requirements.

As a global systemically important bank (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). As of March 31, 2025, our eligible external TLAC as a percentage of total RWAs was 25.11% compared with a required minimum of 21.50%. For additional information, see the "Total Loss Absorbing Capacity" section in Management's Discussion and Analysis to our first quarter 2025 Form 10-Q.

Basel III Overview

The Company is subject to rules issued by the Agencies and FDIC to implement the Basel Committee on Banking Supervision (BCBS) Basel III capital requirements for U.S. banking organizations (Final Rule). The Basel III capital 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. The capital requirements that apply to us can change in future reporting periods as a result of changes to these rules. See the "Capital Management" section in Management's Discussion and Analysis to our first quarter 2025 Form 10-Q and our 2024 Form 10-K for additional information concerning various regulatory capital adequacy rules applicable to us.

The Final Rule is structured around three Pillars established as part of the Basel III capital adequacy framework:

- Pillar 1 establishes capital requirements and prescribes rules for determining the regulatory capital treatment of capital instruments and for calculating RWAs.

- Pillar 2 requires banks to develop and maintain an Internal Capital Adequacy Assessment Process (ICAAP) to support the assessment of their capital adequacy. Pillar 2 also outlines principles of supervisory review to monitor banks' capital and evaluate banks' management of risks through the use of internal control processes.
- Pillar 3 promotes market discipline through minimum requirements for qualitative and quantitative disclosures made available to the public to enable market participants to compare banks' disclosures of RWAs and improve transparency of the internal model-based approaches that banks use to calculate minimum regulatory capital requirements.

The Final Rule is part of a comprehensive set of reform measures and regulations intended to improve the banking sector's ability to absorb shocks arising from financial and economic stress, improve risk management and governance, and strengthen banks' transparency and disclosures. Table 1a and Table 1b present the CET1, Tier 1, and total capital requirements applicable to the Company under the Standardized Approach and Advanced Approach, respectively, as of March 31, 2025.

Table 1a: Risk-Based Capital Requirements - Standardized Approach

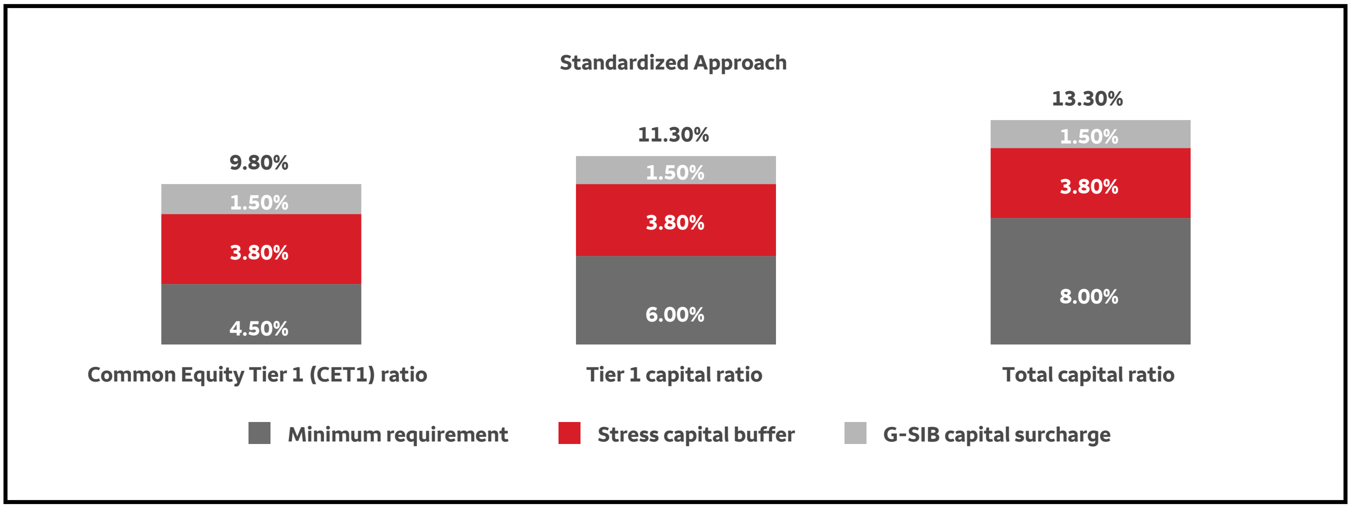
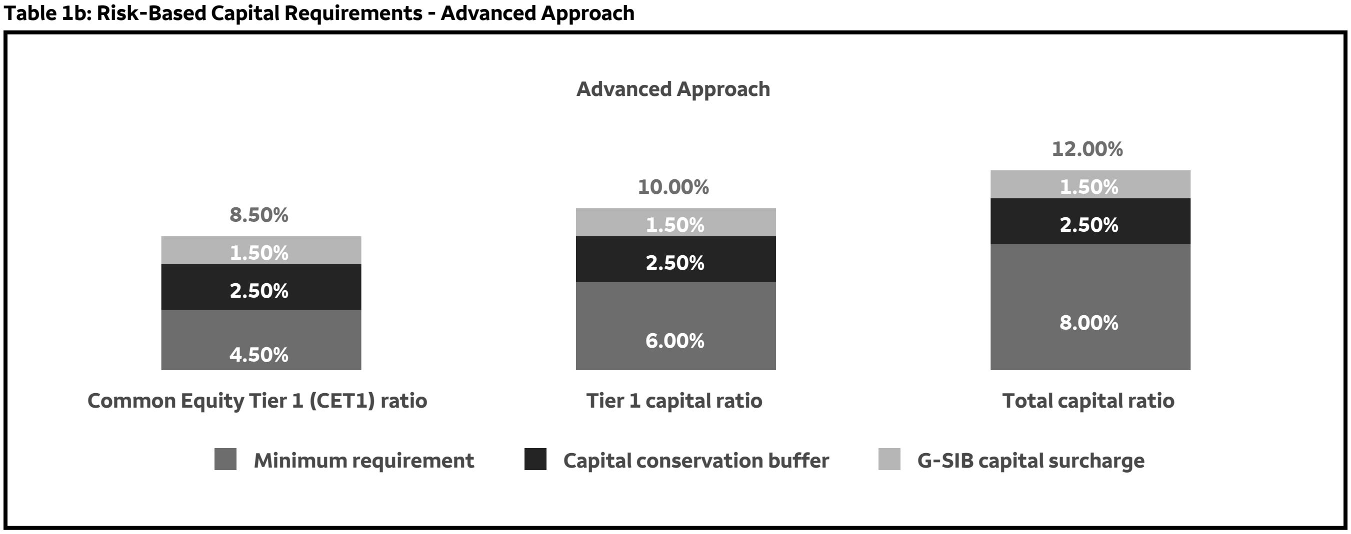


Table 1b: Risk-Based Capital Requirements - Advanced Approach



In addition to the risk-based capital requirements described in Tables 1a and 1b, if the FRB determines that a period of excessive credit growth is contributing to an increase in systemic risk, a countercyclical buffer of up to 2.50% could be added to the risk-based capital ratio requirements under federal banking regulations. The countercyclical buffer in effect at March 31, 2025, 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, 2024, through September 30, 2025, is 3.80%. In April 2025, the FRB proposed changes to the supervisory stress test process.

As a G-SIB, we are also subject to the FRB's rule implementing an additional capital surcharge of between 1.00-4.50% on the risk-based capital ratio requirements of G-SIBs. Under the rule, we must annually calculate our surcharge under two methods and use the higher of the two surcharges. The first method (method one) considers our size, interconnectedness, cross-jurisdictional activity, substitutability, and complexity, consistent with the methodology developed by the BCBS and the Financial Stability Board. 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 2025. On July 27, 2023, the FRB issued a proposed rule that would impact the methodology used to calculate the G-SIB capital surcharge.

As of March 31, 2025, the Company was not subject to any limitations on capital distributions and discretionary bonus payments based on its risk-based capital and leverage ratios under the Final Rule.

Scope of Application of Basel III

The Basel III framework applies to Wells Fargo & Company and its subsidiary banks. Wells Fargo & Company's subsidiary banks are Wells Fargo Bank, National Association (Wells Fargo Bank, N.A.); Wells Fargo Bank South Central, National Association (Wells Fargo Bank South Central, N.A.); Wells Fargo National Bank West; Wells Fargo Trust Company, N.A.; and Wells Fargo Delaware Trust Company, N.A. As of March 31, 2025, Wells Fargo Trust Company, N.A. and Wells Fargo Delaware Trust Company, N.A. were exempt under the Basel III Advanced Approaches.

The basis of consolidation used for regulatory reporting is the same as that used under U.S. Generally Accepted Accounting Principles (GAAP). We currently do not have any unconsolidated entities whose capital is deducted from the Company's total capital except for certain insurance subsidiaries. For additional information on our basis for consolidating entities for accounting purposes, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our first quarter 2025 Form 10-Q and our 2024 Form 10-K. For information regarding restrictions or other major impediments on the transfer of funds and capital distributions, see Note 22 (Regulatory Capital Requirements and Other Restrictions) to Financial Statements in our first quarter 2025 Form 10-Q and Note 26 (Regulatory Capital Requirements and Other Restrictions) to Financial Statements in our 2024 Form 10-K.

Capital under Basel III

Basel III modified previous rules by narrowly defining qualifying capital and increasing capital requirements for certain exposures. CET1 capital primarily includes common stockholders' equity, accumulated other comprehensive income (AOCI), and retained earnings less deductions for certain items such as goodwill, gains related to securitization transactions, intangibles, and minority interests, as well as certain items with values exceeding specified thresholds including: mortgage servicing rights, deferred tax assets, and investments in financial institutions as defined by the Final Rule. Tier 1 capital consists of CET1 capital in addition to capital instruments that qualify as Tier 1 capital such as preferred stock. Tier 2 capital includes qualifying allowance for credit losses and subordinated long-term debt. Total capital is the sum of Tier 1 and Tier 2 capital.

Risk-Weighted Assets under Basel III

Compared with the Standardized Approach, the calculation of RWAs under the Advanced Approach requires that applicable banks employ robust internal models for risk quantification. The significant differences in the two approaches consist of the following:

- Credit Risk: under the Advanced Approach, credit risk RWA is calculated using risk-sensitive calculations that rely upon internal credit models based upon the Company's experience with internal rating grades, whereas under the Standardized Approach, credit risk RWA is calculated using risk weights prescribed in the Final Rule that vary by exposure type;
- Operational Risk: the Advanced Approach includes a separate operational risk component within the calculation of RWAs, while the Standardized Approach does not;
- Credit Valuation Adjustment (CVA) capital charge: the Advanced Approach for counterparty credit risk includes a capital charge for CVA and the Standardized Approach does not; and
- Add-on Multiplier: under the Advanced Approach, a 6.00% add-on multiplier is applied to all components of credit risk RWAs other than the CVA component.

The primary components of RWAs under the Advanced Approach include:

- Credit Risk RWAs, which reflect the risk of loss associated with a borrower or counterparty default (failure to meet obligations in accordance with agreed upon terms), are presented by exposure type including wholesale credit risk, retail credit risk, counterparty credit risk, securitization credit risk, equity credit risk, and other exposures;
- Market Risk RWAs, which reflect the risk of possible economic loss from adverse changes in market risk factors such as interest rates, credit spreads, foreign exchange rates, and equity and commodity prices; and
- Operational Risk RWAs, which reflect the risk resulting from inadequate or failed internal processes, people and systems, or from external events.

In July 2023, federal banking regulators issued a proposed rule to implement the final components of Basel III, which would impact risk-based capital requirements 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. Officials from federal banking regulators have since commented that there may be significant changes to the proposed rule.

Capital Requirements and Management

Wells Fargo's objective in managing its capital 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. We manage capital to meet internal capital targets with the goal of ensuring that sufficient capital reserves remain in excess of regulatory requirements and applicable internal buffers (set in excess of capital requirements by the Company's Board of Directors (Board)). There are operational and governance processes in place designed to manage, forecast, monitor, and report to management and the Board capital levels in relation to regulatory requirements and capital plans.

The Company and each of its IDIs are subject to various regulatory capital requirements administered by the Agencies and the FDIC. Risk-based capital guidelines establish a risk-adjusted ratio relating capital to different categories of assets and off-balance sheet exposures. Our capital adequacy assessment process contemplates material risks that the Company is exposed to and also takes into consideration our performance under a variety of stressed economic conditions, as well as regulatory expectations and guidance.

Capital Management

Wells Fargo actively manages capital through a comprehensive process for assessing its overall capital adequacy. Our Capital Management Committee (CMC) and the management-level Corporate Asset/Liability Committee (Corporate ALCO), each overseen by the Finance Committee of our Board, provide oversight of our capital management framework. CMC recommends our capital objectives and strategic actions to the Finance Committee for approval, establishes our capital targets and triggers, and sets the capital policy. Corporate ALCO reviews the actual and forecasted capital levels every month, and together with CMC, monitors capital against regulatory requirements and internal triggers for signs of stress. CMC and Corporate ALCO review the Company's capital management performance against objectives to ensure alignment with the expectations and guidance offered by regulatory agencies and our Board. The Company's annual capital plan serves as our primary planning tool to establish and test our capital strategy relative to our capital policy and provides a comprehensive discussion of our capital targets. Throughout the year, progress against our capital plan is monitored and reported to executive management, CMC, Corporate ALCO, and our Board. Our capital plan incorporates baseline forecasts as well as forecasts under stress, in order to assess our capital position under multiple economic conditions. Our Board's Risk Committee and Finance Committee meet regularly throughout the year to establish the Company's risk appetite, and the Finance Committee reviews the results of stress testing in order to evaluate and oversee the management of the Company's projected capital adequacy. For information on the terms and conditions of our regulatory capital instruments, refer to Note 9 (Preferred Stock and Common Stock) to Financial Statements in our first quarter 2025 Form 10-Q and Note 11 (Preferred Stock) and Note 12 (Common Stock and Stock Plans) to Financial Statements in our 2024 Form 10-K. For a discussion on our risk management framework, see the "Risk Management" section in Management's Discussion and Analysis to our 2024 Form 10-K.

Additionally, the Company's Capital Reporting Committee (CRC) provides oversight of the regulatory capital calculation results and capital calculation disclosures. The CRC reports directly to the Regulatory Reporting Oversight Committee (RROC), a management-level governance committee overseen by the Audit Committee of the Company's Board. The RROC provides oversight of Wells Fargo's regulatory reporting and disclosures, and assists senior management in fulfilling their responsibilities for oversight of the regulatory financial reports and disclosures made by the Company.

Wells Fargo & Company is the primary provider of capital to its subsidiaries. However, each of the Company's IDIs manages its own capital to support planned business growth and meet regulatory requirements within the context of the Company's annual capital plan. For additional information on our capital management, see the "Capital Management" section in Management's Discussion and Analysis to our first quarter 2025 Form 10-Q and our 2024 Form 10-K.

Internal Capital Adequacy Assessment Process

Our internal capital adequacy assessment process, referred to as ICAAP, is designed to identify our exposure to material risks and evaluate the capital resources available to absorb potential losses arising from those risks. We execute company-wide capital stress tests as a key analytical tool to assess our capital adequacy relative to our risk profile and risk appetite. Company-wide capital stress testing is a forward-looking assessment of the potential impact of adverse events and circumstances on Wells Fargo's capital adequacy. The key outputs from stress testing are pro forma balance sheets and income statements prepared consistent with U.S. GAAP, which are then used to evaluate capital adequacy.

Comprehensive Capital Analysis and Review

In addition to its use in Wells Fargo's ongoing ICAAP, the Company's stress testing framework is also used in calculating results in support of the FRB's annual CCAR and the stress tests administered by the OCC, including related regulatory reporting requirements and disclosure by Wells Fargo of stress testing methodologies and certain adverse scenario results.

For details on our CCAR process, refer to the "Capital Planning and Stress Testing" section in Management's Discussion and Analysis to our first quarter 2025 Form 10-Q and our 2024 Form 10-K.

Capital Summary

Table 2 presents regulatory capital information for Wells Fargo & Company and its IDIs under the Advanced Approach at March 31, 2025.

Table 2: Regulatory Capital Information of Wells Fargo & Company and its Insured Depository Subsidiaries (1) March 31, 2025

Advanced Approach (in millions, except ratios)		**CET 1 Capital (2)**	**Tier 1 Capital (3)**	**Total Capital (4)**	**Advanced Approach RWAs (5)**	**CET1 Capital Ratio (6)**	**Tier 1 Capital Ratio (7)**	**Total Capital Ratio (8)**
Wells Fargo & Company	$	135,577	153,855	175,359	1,063,610	12.75 %	14.47	16.49
Wells Fargo Bank, N.A.		147,334	147,334	159,732	901,328	16.35	16.35	17.72
Wells Fargo Bank South Central, N.A.		822	822	823	453	181.25	181.25	181.53
Wells Fargo National Bank West		1,539	1,539	1,542	1,000	153.79	153.79	154.15

(1) Effective January 1, 2025, the CECL impact has been recognized. Accordingly, this table is on a CECL fully phased-in basis.
(2) Common Equity Tier 1 capital (CET1 capital) consists of common shares issued and additional paid-in capital, retained earnings, and other reserves excluding cash flow hedging reserves, less specified regulatory adjustments.
(3) Tier 1 capital is the sum of CET1 capital and additional Tier 1 capital.
(4) Total capital is defined as Tier 1 capital plus Tier 2 capital.
(5) Total RWAs under the Advanced Approach includes the 6.00% credit risk multiplier where applicable.
(6) CET1 capital ratio = CET1 capital / RWA.
(7) Tier 1 capital ratio = Tier 1 capital / RWA.
(8) Total capital ratio = Total capital / RWA.

Table 3 provides information regarding the components of capital used in calculating CET1 capital, Tier 1 capital, Tier 2 capital, and total capital under the Advanced Approach for Wells Fargo & Company at March 31, 2025.

Table 3: Total Regulatory Capital Base (1) March 31, 2025

(in millions)		**Risk-Based Capital**
Common stock plus related surplus, net of treasury stock	$	(44,780)
Retained earnings		217,405
Accumulated other comprehensive income (AOCI)		(9,998)
Common Equity Tier 1 capital (CET1) before regulatory adjustments and deductions		**162,627**
Less: Goodwill (net of associated deferred taxes)		24,785
Other (includes intangibles, net gain/loss on cash flow hedges)		2,265
Total adjustments and deductions for Common Equity Tier 1 capital		**27,050**
CET1 capital		**135,577**
Additional Tier 1 capital instruments plus related surplus		18,463
Less: Total additional Tier 1 capital deductions		185
Additional Tier 1 capital		**18,278**
Tier 1 capital		**153,855**
Tier 2 capital before regulatory adjustments and deductions		21,947
Less: Total Tier 2 capital deductions		443
Tier 2 capital		**21,504**
Total capital	**$**	**175,359**

(1) Effective January 1, 2025, the CECL impact has been recognized. Accordingly, this table is on a CECL fully phased-in basis.

Table 4 presents information on the RWAs components included within our regulatory capital ratios under the Advanced Approach for Wells Fargo & Company at March 31, 2025.

Table 4: Risk-Weighted Assets by Risk Type - Advanced Approach

(in millions)	March 31, 2025 **Advanced Approach RWAs**
Credit Risk-Weighted Assets	
Wholesale exposures:	
Corporate	$ 297,570
Bank	3,168
Sovereign	5,096
Income Producing Real Estate	95,771
High Volatility Commercial Real Estate	1,179
Total Wholesale exposures	**402,784**
Retail exposures:	
Residential mortgage - first lien	23,340
Residential mortgage - junior lien	337
Residential mortgage - revolving	6,324
Qualifying revolving (1)	56,839
Other retail	44,662
Total Retail exposures	**131,502**
Counterparty exposures:	
OTC derivatives	23,617
Margin loans and repo style transactions	10,802
Cleared transactions (2)	1,593
Unsettled trades	48
Total Counterparty exposures	**36,060**
Credit Valuation Adjustments (CVA)	**17,780**
Securitization exposures	**33,984**
Equity exposures	**50,832**
Other exposures (3)	**56,271**
Non-material portfolios of exposures	**3,858**
Less: Excess eligible credit reserves not included in Tier 2 capital (4)	**2,170**
Total Credit Risk-Weighted Assets (4)	**730,901**
Market risk	**68,246**
Operational risk	**264,463**
Total Risk-Weighted Assets (4)	**$ 1,063,610**

(1) Qualifying revolving exposures are unsecured revolving exposures where the undrawn portion of the exposure is unconditionally cancellable by the Bank.
(2) Includes Derivative and Repo exposures to Central Counterparties with RWAs of $322 million and $55 million, respectively. Default fund contribution to counterparties resulted in RWAs of $1.2 billion, which is also included.
(3) Other exposures include other assets, non-deducted Intangibles, and Mortgage Servicing Rights.
(4) Effective January 1, 2025, the CECL impact has been recognized. Accordingly, this table is on a CECL fully phased-in basis.

Credit Risk

Overview

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 our assets and exposures such as loans, debt securities, and certain derivatives. Our loan portfolios represent the largest component of assets on our consolidated balance sheet for which we have credit risk. 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. Our processes are designed to approve applications and make loans only if we believe the customer has the ability to repay the loan or line of credit in accordance with all of its contractual terms. Our ongoing methods for monitoring and measuring various forms of credit risk are discussed by respective credit risk type in subsequent sections.

The Company's credit risk management oversight process is governed centrally, but provides for decentralized management and accountability by our lines of business. Under Wells Fargo's credit risk management operating model, each business group and enterprise function is responsible for identifying, assessing, managing, and mitigating the credit risk associated with its activities. The Company's Independent Risk Management function establishes and maintains the Company's risk management program, and provides oversight, including challenge to and independent assessment of, the front line's execution of its risk management responsibilities. The overall credit process includes comprehensive credit policies, disciplined credit underwriting, frequent and detailed risk measurement and modeling, extensive credit training programs, and a continual independent loan review and audit process. In addition, regulatory examiners review and perform detailed tests of our credit underwriting and loan administration processes.

The Company uses numerous control processes to monitor and validate its systems on an ongoing basis. These control processes are independent of the development, implementation, and operation of the Advanced Internal Ratings Based (A-IRB) systems. Under the A-IRB systems, risk parameters (e.g., probability of default - PD, loss given default - LGD, and exposure at default - EAD) are calculated using internal models. We rely on historical data along with external benchmarks, such as agency reports and macroeconomic data, to develop and implement these models, and corporate risk is responsible for independent model validation and ongoing performance monitoring through its Model Risk Management group.

For additional information about our credit risk management and practices, accounting policies, and current exposures as reported under U.S. GAAP, refer to the "Credit Risk Management" section in Management's Discussion and Analysis to our first quarter 2025 Form 10-Q and our 2024 Form 10-K. The following provides specific references:

Accounting Policies

- Refer to Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our first quarter 2025 Form 10-Q and our 2024 Form 10-K for a summary of our significant accounting policies, including a discussion of our policies relating to nonaccrual and past due loans, returning nonaccrual loans to accrual status, impaired loans, and loan charge-off policies.

- On January 1, 2020, we adopted the CECL accounting standard, which requires us to record an allowance for credit losses on available-for-sale and held-to-maturity debt securities.

Total Credit Risk Exposures, Impaired Loans, Net Charge-Offs, and Allowance for Credit Losses

- Credit Exposure and Impaired Loans - refer to Note 5 (Loans and Related Allowance for Credit Losses) to Financial Statements in our first quarter 2025 Form 10-Q;
- Debt Securities - refer to Note 3 (Available-for-Sale and Held-to-Maturity Debt Securities) to Financial Statements in our first quarter 2025 Form 10-Q;
- Credit Losses -
  - For loan and lease losses, refer to Table 17 (Nonperforming Assets (Nonaccrual Loans and Foreclosed Assets)), Table 18 (Analysis of Changes in Nonaccrual Loans), Table 19 (Net Loan Charge-Offs), and Table 20 (Allocation of the ACL for Loans) in Management's Discussion and Analysis and Note 5 (Table 5.5 Allowance for Credit Losses for Loans) and Note 5 (Table 5.14 Loans 90 Days or More Past Due and Still Accruing) in Note 5 (Loans and Related Allowance for Credit Losses) to Financial Statements in our first quarter 2025 Form 10-Q;
  - For securities, refer to Note 3 (Available-for-Sale and Held-to-Maturity Debt Securities) to Financial Statements in our first quarter 2025 Form 10-Q;
- The discussions of quarterly credit losses in the sections cited above describe changes from prior periods. The *Historical Credit Results* section in this report compares actual charge-offs to Expected Credit Loss as defined and estimated using the inputs to the Advanced Approach; and
- Derivatives - refer to Note 11 (Derivatives) to Financial Statements in our first quarter 2025 Form 10-Q.

Distribution by Geography, Industry or Counterparty Type, and Contractual Maturity

- Debt Securities - refer to Note 3 (Available-for-Sale and Held-to-Maturity Debt Securities) to Financial Statements in our first quarter 2025 Form 10-Q for details on counterparty type and contractual maturity;
- Loans - refer to Table 12 (Loan Maturities) in our 2024 Form 10-K and Table 12 (Commercial and Industrial Loans and Lease Financing by Industry), Table 13 (CRE Loans by State and Property Type), Table 14 (Top 20 Country Exposures), Table 15 (Residential Mortgage Loans), and Table 18 (Analysis of Changes in Nonaccrual Loans) in Management's Discussion and Analysis and Note 5 (Table 5.14 Loans 90 Days or More Past Due and Still Accruing) in Note 5 (Loans and Related Allowance for Credit Losses) to Financial Statements in our first quarter 2025 Form 10-Q; and
- Derivatives - refer to Note 11 (Derivatives) to Financial Statements in our first quarter 2025 Form 10-Q.

Average Balances

- Refer to Table 1 (Average Balances, Yields and Rates Paid (Taxable-Equivalent Basis)) in Management's Discussion and Analysis to our first quarter 2025 Form 10-Q.

The following is a discussion of how we assess, manage, and measure credit risk by Basel exposure type.

Wholesale Credit Risk

Overview/Management Approach

Wholesale exposures primarily include the following:

- All individually risk-rated loans and commitments, excluding certain commercial loans under $1 million which receive retail regulatory capital treatment, other commercial loans which meet the definition of securitization exposures, and discretionary amounts where our approval or consent is required prior to any loan funding or commitment increase;
- Deposits with and money due from banks, excluding cash items in the process of collection;
- Debt securities, excluding those asset-backed securities (ABS) which meet the definition of a securitization exposure;
- Trading assets that do not qualify as covered positions under the market risk capital rules, but meet the definition of a wholesale exposure;
- Accounts receivable that do not fit in other reporting categories;
- Certain insurance exposures where the Company could suffer a loss if the insurer were to default;
- Reverse repurchase transactions that do not meet the definition of a securitization exposure or a repo-style transaction due to the nature of the collateral or contractual terms of the arrangement; and
- Non-derivative financial guarantees that obligate the Company to make payment if another party fails to perform.

At origination, and throughout the life of a wholesale loan exposure, our underwriters and loan officers use a risk rating methodology to indicate credit quality. Risk rating is essential to wholesale credit approval, risk management monitoring and reporting, loan pricing, determination of an appropriate allowance for loan and lease losses, regulatory capital assignments under the Advanced Approach, and sound corporate governance processes. Risk ratings are individually evaluated and incorporate quantitative and qualitative factors including both point-in-time and through-the-cycle elements. External ratings and other assessments may be considered by underwriters and loan officers as a part of their overall credit evaluation and independent assignment of an internal rating.

Credit Officers certify risk ratings quarterly and are accountable for their accuracy. Our Corporate Credit and Market Risk functions and line of business credit functions continually evaluate and modify credit policies, including risk ratings, to address unacceptable levels of risk as they are identified. Further oversight is provided by our Corporate Risk Asset Review group.

RWAs Measurement: Advanced Internal Ratings Based

Table 4 presents risk-weighted assets by Basel reporting classification. The Corporate, Bank, and Sovereign classifications include credit exposure to corporate entities, banks, and sovereign entities, respectively. Some loans made for the purposes of real estate acquisition, development and construction, other than 1-4 family residential properties, present higher risk and are categorized as high volatility commercial real estate (HVCRE) per regulatory instructions, which were updated in 2018. Additionally, loans which finance commercial real estate (CRE), where the prospects for repayments and recovery depend on the cash flows generated by the real estate serving as collateral for the exposures, are categorized as income-producing real estate (IPRE) in the Final Rule.

Risk-weighted assets are determined by using internal risk parameters. The estimation process for these parameters begins with internal borrower risk-ratings assigned to the obligor and internal collateral quality ratings assigned to the credit facility. The borrower ratings are mapped to estimates of PD and the collateral quality ratings are mapped to estimates of LGD. Borrower ratings and collateral quality ratings are used for both internal risk management and regulatory capital calculations. Parameters are based on models which are validated and back-tested against historical data - including data from periods outside of those used to develop the models - by an independent internal Model Risk Management team. That group also performs ongoing monitoring of the models by back-testing model performance against results from the past few years, focused on assessing performance under current conditions.

To calculate wholesale credit RWAs, the Company inputs its modeled risk parameters (PD, EAD, and LGD) and maturity (M) into the A-IRB risk weight formula, as specified by the Final Rule. PD is an estimate of the probability that an obligor will default over a one-year horizon. EAD is an estimate of the amount that would be owed to Wells Fargo if the obligor were to default. LGD is an estimate of the portion of the EAD that would be lost (including the economic cost of delayed recovery and the cost of collection) in a stressed environment with high default rates. M is the effective remaining maturity of the exposures. Additionally, modeled parameters may be supplemented with judgmental overlays to address model or data limitations and to help ensure conservatism where appropriate.

The risk mitigating benefit of guarantees and credit derivatives are reflected in the RWA calculations by adjusting the PD or LGD. At March 31, 2025, $93.6 billion of wholesale exposures reflected the benefit of eligible guarantees and eligible credit derivatives.

Table 5 provides the distribution of wholesale exposures and key parameter estimates by PD bands. The commercial loan portfolio comprises approximately 53% of the wholesale EAD and approximately 80% of the wholesale RWAs. The non-loan categories (identified in the bullet points at the start of the Wholesale Credit Risk section) add significant balances to the low-risk part of the portfolio.

Table 5: The Company's Credit Risk Assessment of Wholesale Exposures by Probability of Default Grades March 31, 2025

(in millions, except ratios)					Exposure-weighted average		
PD Range (percentage)	**Balance Sheet Amount**	**Undrawn Commitments**	**Exposure at Default**	**Advanced Approach RWAs (1)**	**PD**	**LGD**	**Risk Weight**
0.00 to < 0.15	$ 633,586	203,941	714,682	65,427	0.04 %	15.82	9.15
0.15 to < 0.50	142,886	149,674	203,784	88,063	0.29	34.68	43.21
0.50 to < 1.35	121,050	72,254	155,063	103,391	0.82	33.50	66.68
1.35 to < 5.50	43,170	23,417	53,495	45,860	2.23	31.45	85.73
5.50 to < 10.00	15,455	6,958	20,011	21,009	6.35	28.24	104.99
10.00 to < 100.00	21,006	2,653	22,179	72,850	14.21	60.38	328.46
100 (default)	5,346	272	5,862	6,184	100.00	38.40	105.49
Total Wholesale (2)	**$ 982,499**	**459,169**	**1,175,076**	**402,784**	**1.16 %**	**23.30**	**34.28**

(1) RWAs under Basel III Advanced Approach includes the 6.00% credit risk multiplier where applicable.
(2) Includes commercial loans, debt securities, deposits with (and other funds due from) banks/other institutions, plus other non-loan exposures.

Retail Credit Risk

Overview/Management Approach

The credit quality of retail exposures is indicated through loan scoring or other statistical approaches appropriate for homogenous types of credits. Modelers supporting lines of business with retail portfolios are responsible for developing valid, statistically based models for credit decisions, collateral valuation, and risk management. All credit scoring, loss forecasting, valuation, and other risk management models are subject to the Wells Fargo Model Risk Management Policy. See the "Asset/Liability Management" section in Management's Discussion and Analysis to our first quarter 2025 Form 10-Q and the "Model Risk Management" and "Asset/Liability Management" sections in Management's Discussion and Analysis to our 2024 Form 10-K for discussion on our model risk management.

RWAs Measurement: Advanced Internal Ratings Based

In accordance with Basel III, the retail population for regulatory capital includes all loans in the consumer loan portfolio segment under U.S. GAAP plus certain small business loans and some accounts receivable related to other retail exposures. Retail exposures are assigned PDs and LGDs by retail segment. Retail segmentation is determined by portfolios which align with respective Basel categories: Residential Mortgage - First Lien, Residential Mortgage - Junior Lien, Residential Mortgage - Revolving, Qualifying Revolving Exposures, and Other Retail. The retail segmentation process uses various factors relevant to the credit risk of retail borrowers and groups those borrowers into pools for risk quantification purposes, after which the risk parameters are quantified at the pool level. The model development methodology selection incorporates expert judgment, business knowledge, account management, collection strategy, and risk management experience. PD and LGD are estimated separately for each retail segment, and EAD is estimated for each retail exposure. The risk parameters for each retail segment are used as inputs to an A-IRB risk-based capital formula specified in the Final Rule. As with the wholesale parameters, the retail risk parameters are estimated using proprietary internal models and independently validated by the Model Risk Management team and monitored on an ongoing basis by others from Model Risk Management.

Table 6 provides the distribution of the portfolio segments in alignment with Basel segmentation and key parameter estimates by PD bands.

Table 6: The Company's Credit Risk Assessment of Retail Exposures by Probability of Default Grades (1) March 31, 2025

(in millions, except ratios)					Exposure-weighted average		
PD range (percentage)	**Balance Sheet Amount**	**Undrawn Commitments**	**Exposure at Default**	**Advanced Approach RWAs (2)**	**PD (3)**	**LGD**	**Risk Weight**
Residential mortgage - first lien:							
0.00 to < 0.10	$ 199,561	—	199,561	8,231	0.04 %	33.82	4.12
0.10 to < 0.25	22,466	2,365	24,254	4,030	0.22	36.26	16.62
0.25 to < 0.75	3,724	—	3,724	988	0.47	33.69	26.53
0.75 to < 5.50	3,558	—	3,558	2,228	1.75	34.41	62.62
5.50 to < 10.00	748	—	748	886	6.27	30.30	118.45
10.00 to < 100.00	2,534	112	2,646	4,070	28.12	28.84	153.82
100 (default)	5,453	—	5,453	2,907	100.00	24.15	53.31
Total residential mortgage - first lien	**238,044**	**2,477**	**239,944**	**23,340**	**2.69**	**33.79**	**9.73**
Residential mortgage - junior lien:							
0.00 to < 0.10	124	—	124	21	0.09	69.99	16.94
0.10 to < 0.25	—	—	—	—	—	—	—
0.25 to < 0.75	131	—	131	48	0.29	64.56	36.64
0.75 to < 5.50	150	—	150	143	1.28	63.26	95.33
5.50 to < 10.00	14	—	14	35	5.78	65.99	250.00
10.00 to < 100.00	18	—	18	60	24.07	65.19	333.33
100 (default)	25	—	29	30	100.00	62.61	103.45
Total residential mortgage - junior lien	**462**	**—**	**466**	**337**	**7.84**	**65.53**	**72.32**
Residential mortgage - revolving:							
0.00 to < 0.10	7,086	20,727	17,008	1,462	0.04	71.12	8.60
0.10 to < 0.25	—	—	—	—	—	—	—
0.25 to < 0.75	1,822	139	1,847	740	0.29	70.85	40.06
0.75 to < 5.50	2,082	67	2,094	2,160	1.23	70.68	103.15
5.50 to < 10.00	180	3	181	469	5.57	70.40	259.12
10.00 to < 100.00	253	7	255	949	27.49	70.20	372.16
100 (default)	506	16	513	544	100.00	69.09	106.04
Total residential mortgage - revolving	**11,929**	**20,959**	**21,898**	**6,324**	**2.88**	**70.99**	**28.88**
Qualifying revolving: (4)							
0.00 to < 0.50	13,746	139,454	71,597	5,255	0.12	98.45	7.34
0.50 to < 2.0	19,242	26,382	33,838	13,392	0.95	99.26	39.58
2.0 to < 5.0	12,817	3,107	15,314	14,721	3.10	99.11	96.13
5.0 to < 7.0	3,140	320	3,660	5,315	5.64	99.57	145.22
7.0 to < 10.0	3,061	422	3,552	7,090	9.56	99.24	199.61
10.0 to < 100.00	3,763	276	4,181	11,065	45.66	99.00	264.65
100 (default)	1	—	1	1	100.00	98.21	106.00
Total qualifying revolving	**55,770**	**169,961**	**132,143**	**56,839**	**2.53**	**98.80**	**43.01**
Other retail:							
0.00 to < 0.50	33,527	16,746	43,027	8,724	0.14	66.59	20.28
0.50 to < 2.0	23,102	2,128	24,513	16,709	0.94	66.39	68.16
2.0 to < 5.0	7,828	635	8,375	9,536	3.18	75.42	113.86
5.0 to < 7.0	1,207	69	1,269	1,806	6.27	86.42	142.32
7.0 to < 10.0	1,729	46	1,765	2,067	8.14	69.78	117.11
10.0 to < 100.00	3,261	55	3,341	5,441	27.77	75.00	162.86
100 (default)	309	—	392	379	100.00	53.85	96.68
Total other retail	**70,963**	**19,679**	**82,682**	**44,662**	**2.54**	**68.08**	**54.02**
Total Retail Exposures	**$ 377,168**	**213,076**	**477,133**	**131,502**	**2.63 %**	**59.47**	**27.56**

(1) As of March 31, 2025, Total RWA of Retail non-material portfolios is $3.9 billion
(2) RWAs under Basel III Advanced Approach includes the 6.00% credit risk multiplier where applicable.
(3) Exposure-weighted average PD may fall outside of the PD range due to precision.
(4) Qualifying revolving exposures are unsecured revolving exposures where the undrawn portion of the exposure is unconditionally cancellable by the Bank.

Historical Credit Results

Actual credit losses for loans and leases, presented below in Table 7 (Net Loan Charge-Offs), are based on the loan categories as disclosed in our first quarter 2025 Form 10-Q. These categories are aligned with the Basel Wholesale and Retail subcategories, although not completely equivalent. Losses may be compared to expected credit loss (ECL) as defined by the Basel III capital rule, which are shown in Table 8 (Expected Credit Loss).

The Basel Wholesale category includes commercial and industrial loans and leases, commercial real estate mortgages, real estate construction loans, and leases. Table 7 (Net Loan Charge-Offs) includes loans treated as securitization exposures, which are excluded from the Basel Wholesale category and which by rule have no ECL. The Basel Wholesale category includes non-loan credit exposures such as bonds, cash due from other banks, and certain accounts receivable, none of which are included in Table 7 (Net Loan Charge-Offs). Losses from non-loan credit exposures and securitization exposures are typically very small relative to losses on loans and leases. Some small business exposures included in the commercial loan categories in Table 7 (Net Loan Charge-Offs) and Table 8 (Expected Credit Loss) are classified under the Other Retail category in Table 4 (Risk-Weighted Assets by Risk Type - Advanced Approach) and Table 6 (The Company's Credit Risk Assessment of Retail Exposures by Probability of Default Grades).

The Basel Retail category includes 1-4 family first lien mortgages, 1-4 family junior lien mortgages, credit cards, automobile loans, and other revolving consumer lines and loans in alignment with Table 7 (Net Loan Charge-Offs) below. The Basel subcategory for residential mortgages can be compared with the "residential mortgage - first lien" and "residential mortgage - junior lien" lines. The Basel subcategory for revolving loans secured by residential mortgages includes both first- and second-lien loans, with the latter category comprising approximately 58% of the subcategory total. The Basel Retail qualifying revolving exposures (QRE) category aligns primarily with the credit card lines included in Table 7 (Net Loan Charge-Offs) and Table 8 (Expected Credit Loss); certain other revolving credit and installment lines comprise approximately 3% of the QRE category balances. The Basel Other Retail subcategory consists of automobile loans, the remaining other revolving credit and installment loans, and Retail small business loans as described above.

Actual net loan charge-offs were $1.0 billion, or 0.45% (annualized) of average loans for the quarter ended March 31, 2025, compared with $1.1 billion, or 0.50% (annualized) of average loans for the quarter ended March 31, 2024. For more details on net charge-offs, refer to Table 19 (Net Loan Charge-Offs) in Management's Discussion and Analysis to our first quarter 2025 Form 10-Q.

Table 7: Net Loan Charge-Offs (1)

(in millions)					Quarter ended
	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024
Commercial loans:					
Commercial and industrial	$ 108	132	129	188	148
Commercial real estate	95	261	184	271	187
Lease financing	8	10	10	9	6
Total commercial	**211**	**403**	**323**	**468**	**341**
Consumer loans:					
Residential mortgage	(15)	(14)	(23)	(19)	(13)
Credit card	650	628	601	649	577
Auto	64	82	83	79	112
Other consumer	99	112	127	124	132
Total consumer	**798**	**808**	**788**	**833**	**808**
Total	**$ 1,009**	**1,211**	**1,111**	**1,301**	**1,149**

(1) Losses for non-loan credit exposures are not reflected in this table. In nearly all cases, such losses are immaterial (including during all periods shown).

Charge-offs shown in Table 7 (Net Loan Charge-Offs) may be compared to ECL as defined by the Basel III capital rule and as shown in Table 8 (Expected Credit Loss) below. There are, however, some definitional differences between the two measures.

For loans not defaulted, ECL is the product of PD, LGD, and EAD as described in the *Credit Risk Overview* section of this document. No ECL is computed for credit exposures that are marked to market. PD is measured as the through-the-cycle long-run average of exposures with given risk characteristics (e.g., risk ratings for wholesale exposures; credit scores and loan-to-value ratios for retail exposures). Since the PD assigned for each such group of exposures (e.g., those with a certain borrower grade) is the average across time, portfolio-level PD will rise and fall less over a credit cycle than actual defaults over that same cycle. Actual defaults will be above PD for a particular exposure group during stressed periods and lower than PD during non-stressed periods of a credit cycle. Because ECL is determined in part based on PD, ECL will tend to be higher than charge-offs during non-stressed periods and lower than charge-offs during stressed periods. Migration of particular exposures to better or worse grades explains much but not all of the variation in observed defaults.

LGD is the loss rate expected for loans that default during severely stressed periods. LGD includes costs (workout expenses and discounting of delayed cash flows) that are not included in charge-offs, and actual losses for defaulted loans tend to be higher during stressed periods than in other times; therefore, LGD (and, as a result, ECL) is typically higher than charge-offs, particularly during non-stressed periods. ECL is an annual measure, which must be taken into account when comparing to actual losses during a period.

Furthermore, ECL includes losses expected for defaulted loans that remain on the balance sheet. We expect that there will be future charge-offs from these loans as well as from exposures that are not yet defaulted. However, to avoid double counting, the ECL for such loans should not be included when summing ECL across time to compare with actual losses.

Table 8: Expected Credit Loss

(in millions)					Quarter ended
	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024
Commercial loans:					
Commercial and industrial	$ 1,734	1,678	1,689	1,651	1,609
Commercial real estate	1,548	1,594	1,780	1,736	1,687
Lease financing	136	132	134	124	107
Total Commercial ECL	**3,418**	**3,404**	**3,603**	**3,511**	**3,403**
Consumer loans:					
Residential mortgage	342	345	454	459	467
Credit card	3,429	3,392	3,402	3,272	3,188
Auto	439	467	539	645	640
Other consumer	319	284	287	312	313
Total Consumer ECL	**4,529**	**4,488**	**4,682**	**4,688**	**4,608**
Total Loan ECL	**7,947**	**7,892**	**8,285**	**8,199**	**8,011**
Non-loan ECL	194	195	182	184	173
Total ECL	**$ 8,141**	**8,087**	**8,467**	**8,383**	**8,184**

Counterparty Credit Risk

Overview/Management Approach

Counterparty Credit Risk (CCR) is the possibility that a customer or trading counterparty will fail to fulfill contractual obligations, and such failure may result in the termination or replacement of the transaction at a loss to Wells Fargo. Such exposures arise primarily in relation to over-the-counter (OTC) derivatives, repo-style transactions, margin loans, transactions cleared through a central counterparty or exchange, and unsettled trades. The majority of CCR exposure is incurred in transactions designed to help our clients manage their interest rate, currency, and other risks, and in the associated hedging of those transactions.

Wells Fargo uses a range of models and methodologies to estimate the potential size of counterparty exposures and establishes limits and controls around activities incurring these risks. Counterparty exposure is typically mitigated using collateral. Collateral arrangements supporting Wells Fargo's counterparty credit risk exposures can be grouped into two broad categories:

- Many of Wells Fargo's counterparty risks arise out of its derivatives activities undertaken with corporate clients. In many cases, the counterparty credit risk is managed by relationship/credit officers close to the client and is cross-collateralized with securities supporting loan and other exposures to the same counterparty (e.g., receivables and inventory). Any benefit deemed to accrue from this type of cross-collateralization is reflected in the credit grades applied to the exposure, which in turn impacts the regulatory capital required.
- Exposures for many counterparty relationships are covered by stand-alone collateral arrangements which require the posting of liquid financial collateral. Collateral arrangements are managed by a dedicated collateral management function, which handles the posting and receipt of collateral per the Collateral Support Annex (CSA). The CSA is supporting documentation for a collateral arrangement between counterparties. The majority of the absolute value of collateral received and posted typically comprises cash with the remainder primarily in the form of instruments issued or backed by the U.S. Government or Government Sponsored

Entities (GSEs) (e.g., treasuries, agencies, or agency mortgage-backed securities). For disclosure of the impact on the amount of collateral we would be required to post in the event of a significant deterioration in our credit, see Note 11 (Derivatives) to Financial Statements in our first quarter 2025 Form 10-Q.

The Final Rule provides a specific definition of derivative exposures, which differs from the U.S. GAAP definition. Some of the key differences include:

- Certain forward-settling transactions are considered derivatives under the Final Rule, but not under U.S. GAAP due to the timing of settlement;
- Derivative transactions where we act as an agent between a qualifying clearing agent and a client are considered derivatives under the Final Rule, but not recognized as assets or liabilities under U.S. GAAP; and
- Certain embedded derivatives subject to bifurcation are considered derivatives under U.S. GAAP, but not under the Final Rule.

Wells Fargo establishes counterparty credit risk exposure limits in a decentralized manner that relies on the expertise of those closest to the customer, and is guided by policies and procedures established at the enterprise-level as well as within the individual lines of business. Aggregate counterparty risk is managed on a centralized basis to ensure consistent application of standards and risk appetite. Internal ratings are the starting point in establishing credit assessments and are based on multiple factors including the counterparty's financial condition, liquidity, quality of management, and the counterparty's financial performance. Risk limits are set based on the credit assessment, customer need, and risk mitigation embedded in a qualifying master netting agreement, which can cover items such as daily margining, termination events, credit support, and cross collateralization. At the enterprise-level, risk limit exceptions are identified and delivered to each risk officer responsible for the specific counterparty limit. Risk officers are responsible for addressing each one of these exceptions. The Enterprise Counterparty Risk Management team maintains a record of all responses, and unapproved exceptions are reported and discussed with senior management on a monthly basis.

RWAs Measurement

Wells Fargo uses the Collateral Haircut Approach to calculate exposure for repo-style transactions and eligible margin loans. For repo style transactions and eligible margin loans collateralized by liquid and readily marketable securities, eligible financial collateral is used to reduce the EAD by applying the prescribed supervisory haircuts under the capital regulations.

Effective January 1, 2022, we are required by federal banking regulators to use the Standardized Approach for Counterparty Credit Risk (SA-CCR) for calculating exposure amounts for credit RWAs on derivative contracts.

The calculation of EAD under the SA-CCR regime is equal to the alpha factor (where applicable) multiplied by the sum of potential future exposure (PFE) and replacement cost (RC). The risk mitigation benefits of collateral arrangements (e.g., the Credit Support Annex) and qualifying netting agreements (e.g., the International Swaps and Derivatives Association's Master Agreement) are reflected in EAD where appropriate. For descriptions of counterparty credit risk, see Note 11 (Derivatives) to Financial Statements in our first quarter 2025 Form 10-Q.

Table 9a shows exposure metrics for derivatives and securities financing transactions, which include repo-style transactions and eligible margin loans. The table distinguishes between OTC and centrally cleared or exchange traded transactions.

Table 9a: Counterparty Credit Risk Exposures March 31, 2025

(in millions)		Over the Counter	Centrally Cleared & Exchange Traded
Derivatives:			
Gross positive fair value	$	69,728	7,924
Counterparty netting benefit		(44,945)	(5,985)
Net current credit exposure		**24,783**	**1,939**
Collateral benefit		(8,857)	—
Net unsecured credit exposure		**15,926**	**1,939**
Securities financing transactions:			
Gross notional exposure		396,046	131,469
Netting and collateral benefit		(388,620)	(131,070)
Net unsecured credit exposure	**$**	**7,426**	**399**

Table 9b shows the notional amounts of purchased credit derivatives used to hedge the Company's credit valuation adjustment (CVA) risk.

Table 9b: Counterparty Credit Risk Derivative Hedges March 31, 2025

(in millions)		Single Name	Index
Net Purchased CVA Credit Hedges	$	2,131	2,852

Table 9c shows the notional amounts of purchased and sold credit derivatives delineated by those transacted for the Company's own portfolio and those transacted as part of client intermediation activities.

Table 9c: Counterparty Credit Risk Credit Derivatives March 31, 2025

(in millions)		Intermediation Activities		Own Portfolio	
		Purchased	Sold	Purchased	Sold
Credit default swaps	$	128,712	98,666	19,204	14,124
Total return swaps		—	—	—	847
Credit options		—	—	50	—
Grand Total	**$**	**128,712**	**98,666**	**19,254**	**14,971**

Table 10 displays a breakout of collateral by type which has been received by the Company in connection with derivatives, repo-style transactions, and eligible margin loans.

Table 10: Counterparty Collateral Types March 31, 2025

(in millions)		Derivatives Collateral	Repo & Margin Loan Collateral
Cash	$	15,415	245,747
Treasuries		14,355	144,727
Agencies		778	37,612
Corporate Bonds		4,362	5,686
Main Index Equities		5,573	69,607
Other Public Equities		2,087	59,848
Mutual Funds		580	14,723
Other		2,934	24,165
Total Collateral	**$**	**46,084**	**602,115**

Table 11 presents a distribution of EAD, RWAs, and weighted average measures by PD band for counterparty credit risk exposures.

Table 11: Counterparty Credit Risk Exposures by Risk Weight and Category March 31, 2025

(in millions, except ratios)				Exposure-weighted average		
PD Range (percentage)		**Exposure at Default**	**Advanced Approach RWAs (1)**	**PD**	**LGD**	**Risk Weight**
OTC Derivatives, Eligible Margin Loans, and Repo-Style Transactions						
0.00 to < 0.10	$	53,069	11,064	0.06 %	44.55	20.85
0.10 to < 0.25		25,085	10,119	0.17	44.17	40.34
0.25 to < 1.35		16,627	11,514	0.65	41.13	69.25
1.35 to < 5.50		1,631	1,325	2.79	26.75	81.24
5.50 to < 10.00		—	—	—	—	—
10.00 to < 100.00		101	187	12.34	38.95	185.15
100 (default)		—	—	—	—	—
Default Fund Contribution		8,633	1,216	—	—	14.09
Margin Loans with 300% RW		66	210	—	—	318.18
Cleared Transactions (2)		17,557	377	—	—	2.15
Unsettled Trades		21	48	—	—	228.57
Total Counterparty Credit Risk Exposures	**$**	**122,790**	**36,060**	**0.25 %**	**43.55**	**29.37**

(1) RWAs under Basel III Advanced Approach includes the 6.00% credit risk multiplier where applicable.
(2) Includes cleared derivative and cleared repo transactions.

CVA Capital Charge

A CVA is a required fair value adjustment under U.S. GAAP, which is included in earnings and capital, to reflect counterparty credit risk in the valuation of an OTC derivative contract. In order to strengthen a bank's ability to withstand losses due to CVA volatility, an incremental CVA capital charge was introduced in the Final Rule. The CVA capital charge is a bank holding company level, bilateral derivative portfolio measure and is based on counterparty credit quality, remaining trade duration, and EAD. The RWAs arising due to the CVA capital charge were $17.8 billion at March 31, 2025, which reflects the benefit of credit derivative hedges of $2.6 billion.

Securitization Credit Risk

Overview/Management Approach

Securitization exposures are those which arise from traditional securitization, synthetic securitization, or resecuritization transactions where credit risk from underlying assets has been transferred to third parties and separated into at least two tranches reflecting different levels of seniority, whereby the performance of the issued exposures is dependent on the performance of the underlying assets, and substantially all of the underlying assets are considered financial assets. A resecuritization is a securitization which has more than one underlying exposure and in which one or more of the underlying exposures is a securitization exposure. In addition, the Final Rule distinguishes between traditional and synthetic securitizations. In a traditional securitization, assets, which are typically loans or debt securities, are transferred from an originator or sponsor to a special purpose entity (SPE), which receives funds to purchase the assets by issuing debt and equity securities to investors. Synthetic securitization achieves the transfer of credit risk to the investor through the use of credit derivatives or guarantees.

Conforming residential mortgage loan securitizations are those guaranteed by the GSEs, including the Government National Mortgage Association. Due to the additional credit protection provided by the government guarantee, these positions usually do not include credit tranching. Since the presence of tranches is the key determinant of whether a given exposure would be subject to the securitization capital rules, such exposures do not meet the definition of a securitization per the Final Rule. As a result, our investments in conforming residential mortgage securitizations have been excluded from our disclosure of securitization exposure and activity in this report.

On-balance sheet securitization exposures include a portion of the assets classified on our balance sheet as loans for U.S. GAAP purposes, securities, and non-GSE securitization servicer cash advances. Off-balance sheet securitization exposures include commitments, guarantees, derivatives to SPEs, and synthetic securitization exposures derived from loan assets on our balance sheet with no change in accounting treatment that are subject to the securitization capital treatment.

Wells Fargo's objectives in relation to securitization activity are as follows:

- Provide proactive and prudent management of our balance sheet and multiple, diverse sources of funding;
- Earn interest and fee income by providing credit facilities to clients via securitization related activities;
- Earn fee income from structuring securitizations for internally and third-party originated assets; and
- Earn fee income as servicer and/or trustee for asset securitizations.

In connection with our securitization activities, the Company also has various forms of ongoing involvement with SPEs which may include:

- Making markets in ABS;
- Providing loans and OTC derivatives to Securitization SPEs that require securitization treatment; and
- Providing credit enhancement on securities issued by SPEs or market value guarantees of assets held by SPEs through the use of letters of credit, financial guarantees (on a limited basis), credit default swaps, and total return swaps, or by entering into other derivative contracts with SPEs.

Wells Fargo's roles in the securitization process are multi-faceted and generally include certain or all of the following:

- Originator: where the Bank, through the extension or credit or otherwise, creates a financial asset that collateralizes an asset-backed security, and sells that asset directly or indirectly to a sponsor. This includes buying credit protection on a pool of underlying exposures in a synthetic securitization. The originator may be a sole originator or affiliated with the sponsor (including for legacy positions);
- Sponsor: where the Bank organizes and initiates an asset-backed securities transaction by selling or transferring assets, either directly or through an affiliate, to the issuing entity. This includes approving positions, and where applicable, managing a securitization program that retains residual tranches (providing excess spread or over collateralization), with sponsors having first loss exposure;
- Investor: where the Bank assumes the credit risk of a securitization exposure (other than through acting as originator or sponsor);
- Trustee: where the Bank considers the interests of investors who own the securities issued via the securitization and retains primary responsibility for administering the SPE or trust that maintains the securitized assets; and
- Servicer: where the Bank engages in direct interaction with borrowers by collecting payments, providing customer service, administrating escrow accounts, and managing the delinquency process (including loan modifications, short sales, and foreclosures).

Our due diligence process provides us with an understanding of the features that would materially affect the performance of a securitization or resecuritization. Based on the requirements of the Final Rule for all securitization and resecuritization positions, Wells Fargo conducts initial due diligence prior to acquiring the position and documents the due diligence within three business days after the acquisition. We also evaluate, review, and update our ongoing understanding of each securitization position at least quarterly, as appropriate. The level of detail is commensurate with the complexity of the position and materiality of the position in relation to capital. The Company's accounting policies, with respect to securitization and securitization vehicles, are established in accordance with U.S. GAAP. For additional information, refer to Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our first quarter 2025 Form 10-Q and our 2024 Form 10-K and Note 13 (Securitizations and Variable Interest Entities) to Financial Statements in our first quarter 2025 Form 10-Q.

As part of the initial and ongoing due diligence process, we review the following items in accordance with the Final Rule:

- Structural features of the securitization that would materially impact the performance of the position;
- Relevant information regarding the performance of the underlying credit exposure(s);
- Relevant market data on the securitization; and
- For any resecuritization position, performance information on the underlying securitization exposures.

When applicable, individual business lines review the accuracy of any assigned internal risk ratings within their portfolios on a quarterly basis. Minimum credit exposure thresholds for this certification may be established by the businesses with approval from the Corporate Credit and Market Risk functions. Initial reviews may include checks of collateral quality, credit subordination levels, and structural characteristics of the securitization transaction. Ongoing regular performance reviews may include checks of periodic servicer reports against any performance triggers/ covenants in the loan documentation, as well as overall performance trends in the context of economic, sector, and servicer developments.

The Company manages the risks associated with securitization and resecuritization positions through the use of offsetting positions and portfolio diversification. The monitoring of resecuritization positions takes into consideration the performance of the securitized tranches' underlying assets, to the extent available, as it relates to the resecuritized position.

RWAs Measurement

Based on regulatory guidance, Wells Fargo uses a combination of the Supervisory Formula Approach (SFA) and the Simplified Supervisory Formula Approach (SSFA) in assessing its regulatory capital requirements for securitization exposures. SFA is used for approximately 59% of the portfolio, wherever necessary data is available, and SSFA is used for the remaining portfolio. SSFA requires the use of inputs and assumptions which consider the credit quality of the underlying assets, the point in the SPE's capitalization at which our exposure begins to absorb losses, and likewise, the point in the SPE's capitalization that would result in a total loss of principal. The SFA requires a calculation of the capital requirement of the underlying exposures as if they were held by us directly as well as the degree of credit enhancement provided by the structure. Use of the SFA approach requires approval by our regulators.

Table 12 presents the aggregate EAD amount of the Company's outstanding on-balance sheet and off-balance sheet securitizations positions and their RWAs by exposure type:

Table 12: Aggregate Amount of On- and Off- Balance Sheet Securitization Exposures March 31, 2025

(in millions)		Traditional Securitization				Synthetic Securitization		
		On-Balance Sheet EAD	Off-Balance Sheet EAD	Total Exposure at Default	Advanced Approach RWAs (1)	On-Balance Sheet EAD	Total Exposure at Default	Advanced Approach RWAs (1)
Commercial mortgages	$	18,397	1,315	19,712	4,476	—	—	—
Residential mortgages		8,281	1,207	9,488	2,828	—	—	—
Corporate		48,340	16,312	64,652	13,653	—	—	—
Auto loans / leases		15,235	8,888	24,123	5,861	—	—	—
Other (2)		16,152	9,574	25,726	5,682	8,000	8,000	1,484
Total Securitization Exposures	**$**	**106,405**	**37,296**	**143,701**	**32,500**	**8,000**	**8,000**	**1,484**

(1) RWAs under Basel III Advanced Approach includes the 6.00% credit risk multiplier where applicable.
(2) At March 31, 2025, securitizations include a conservative buffer of approximately $153 million of RWA as the Bank awaits confirmation from the agencies on the capital treatment of certain transactions.

Table 13 presents the aggregate EAD amount of securitization exposures retained or purchased and their associated risk approaches and RWAs, categorized between securitization and resecuritization exposures for both traditional securitization positions and synthetic securitization positions:

Table 13: Aggregate Amount of Securitized and Resecuritized Exposures by Risk Weights and Approach March 31, 2025

(in millions)	SFA		SSFA (3)		1250% Risk Weight		Total	
	Exposure at Default	Advanced Approach RWAs (1)	Exposure at Default	Advanced Approach RWAs (1)	Exposure at Default	Advanced Approach RWAs (1)	Exposure at Default	Advanced Approach RWAs (1)
Securitizations:								
Risk Weight (2)								
0% to <=20%	$ 87,074	18,399	54,427	11,326	—	(1)	141,501	29,724
>20% to <=50%	1,848	540	6,415	2,432	—	—	8,263	2,972
>50% to <=100%	424	373	1,119	717	—	—	1,543	1,090
>100% to <1250%	4	14	26	39	—	—	30	53
Equal to 1250%	—	—	—	—	5	62	5	62
Total Securitizations	**89,350**	**19,326**	**61,987**	**14,514**	**5**	**61**	**151,342**	**33,901**
Resecuritizations (4):								
Risk Weight (2)								
0% to <=20%	—	—	351	75	—	—	351	75
>20% to <=50%	—	—	—	—	—	—	—	—
>50% to <=100%	—	—	8	8	—	—	8	8
>100% to <1250%	—	—	—	—	—	—	—	—
Equal to 1250%	—	—	—	—	—	—	—	—
Total Resecuritizations	**—**	**—**	**359**	**83**	**—**	**—**	**359**	**83**
Total Securitizations and Resecuritizations	**$ 89,350**	**19,326**	**62,346**	**14,597**	**5**	**61**	**151,701**	**33,984**

(1) RWAs under Basel III Advanced Approach includes the 6.00% credit risk multiplier where applicable.

(2) Risk Weight is determined prior to applying the 6.00% credit risk multiplier.

(3) At March 31, 2025, SSFA securitizations include a conservative buffer of approximately $153 million of RWA as the Bank awaits confirmation from the agencies on the capital treatment of certain transactions.

(4) The Bank is not applying credit risk mitigation to any resecuritization exposures.

Securitization Activity

For information on our 2025 activity and realized gains or loss on sales of financial assets in securitizations, see Note 13 (Securitizations and Variable Interest Entities) to Financial Statements in our first quarter 2025 Form 10-Q. Gains on sale from securitization of $24 million were deducted from Tier 1 capital as of March 31, 2025. This deduction is required for a portion of the gain generated through the sale of assets resulting from securitization transactions.

In addition to the assets already securitized, we currently have $682 million of commercial mortgage loans we plan to securitize that are currently risk-weighted as wholesale. Exposures we intend to securitize include those loans currently classified on our balance sheet as loans held for sale and are saleable in an active securitization market.

We periodically securitize consumer and CRE loans. For a discussion on this topic, refer to loan sales and securitization activity in Note 13 (Securitizations and Variable Interest Entities) to Financial Statements in our first quarter 2025 Form 10-Q.

Table 14 provides information on the principal amount of past due or impaired assets and gains (losses) recognized on our balance sheet related to interests held in securitization transactions to which we transferred assets and/or sponsored.

Table 14: Impaired / Past-Due Assets and Current Quarter Recognized Losses on Securitized Assets by Exposure Types March 31, 2025

(in millions)	Total Impaired or Past Due Amount on Securitized Assets (1)	Total Current Period Losses (2)
Commercial mortgages	$ —	—
Residential mortgages	—	—
Commercial loans and debt obligations	—	—
Other loans	—	—
Total Securitized Assets	**$ —**	**—**

(1) The total impaired amount on securitized assets represents the carrying value of investment securities held by us that were issued from securitization transactions we sponsored and for which we have recognized allowances for credit losses (ACL) for accounting purposes. This column also includes the total past due amount on securitized assets, which represents loans recorded on our balance sheet that are 90 days or more past due or in nonaccrual status that are held in securitization transactions we sponsored.

(2) Total Current Period Losses represents ACL recognized on investment securities and charge-offs, recoveries, and allowances recognized on loans held on our balance sheet related to securitization transactions we sponsored.

Equity Credit Risk

Overview/Management Approach

Exposures that are subject to the equity credit risk capital rules include banking book equity exposures, trading book equity exposures not covered under the market risk capital rules, and separate account bank-owned life insurance (BOLI) portfolios. All of these exposures are classified as equity securities in our financial statements with the exception of separate account BOLI portfolios classified as other assets. Marketable equity securities are publicly traded and are measured at fair value through earnings. Nonmarketable equity securities are non-publicly traded and are measured at either fair value through earnings, under the cost method (cost, less impairment), or accounted for under the measurement alternative method, proportional amortization method, or equity method of accounting. The measurement alternative is similar to the cost method, except that the carrying value is adjusted to fair value through earnings upon the occurrence of observable transactions in the same or similar investment.

Investments subject to the equity method of accounting are adjusted for our proportionate share of the investees' earnings and other changes in shareholders' equity, less impairment. All equity securities, other than those measured at fair value through earnings, are assessed at least quarterly for possible impairment. For information on accounting policies related to equity securities, refer to Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our first quarter 2025 Form 10-Q and our 2024 Form 10-K. For information on net gains arising from equity securities, refer to the "Market Risk - Equity Securities" section in Management's Discussion and Analysis and Note 4 (Equity Securities) to Financial Statements in our first quarter 2025 Form 10-Q.

Investments in equity securities made with a strategic objective or to maintain strategic relationships include investments in support of the Community Development Reinvestment Act, statutory and/or financing investments required for membership in the Federal Reserve or a Federal Home Loan Bank, and separate account BOLI invested in various asset strategies. Equity exposures subject to the equity credit risk capital rules are also held to generate capital gains and include discretionary private equity and venture capital transactions. Under the Final Rule, equity exposures also include investment funds (including separate accounts) and investments made in connection with certain employee deferred compensation plans.

Our investments in equity securities are conducted in accordance with corporate policy and regulatory requirements. Discretionary investments in equity securities are reviewed at both the individual investment and portfolio level. Individual lines of business are responsible for conducting a periodic review of all individual investments which may include recent financial performance, exit strategy, current outlook, and expected returns. We monitor nonmarketable equity securities through portfolio reviews, which include monitoring portfolio objectives, current assessments of portfolio performance and internal ratings, historical returns, risk profiles, current strategies, and unfunded commitments. Corporate Risk provides independent oversight over our investments in equity securities.

Investments in separate account BOLI portfolios are treated as equity exposures to investment funds for regulatory capital purposes. The investments in separate accounts are exclusive of balances attributable to stable value protection, which are considered wholesale credit exposures to the underlying insurance company. Separate account exposures are assigned risk weights using a look-through approach, whereas general account exposures are considered general obligations of the issuing insurance company and are risk-weighted as wholesale exposures to the issuing insurance company. General and separate account BOLI exposures are reported as an aggregate amount included in other assets in our first quarter 2025 Form 10-Q and our 2024 Form 10-K.

RWAs Measurement

For equity exposures, the Company applies the Full Look-Through Approach (FLTA), the Simple Risk-Weight Approach (SRWA), or the Alternative Modified Look-Through Approach (AMLTA) to determine RWAs. Under the FLTA, risk weights are applied on a proportional ownership share basis to each equity exposure held by an investment fund, as if Wells Fargo held the exposure directly. Under the SRWA, the RWAs for each equity exposure are calculated by multiplying the adjusted carrying value of the equity exposure by the applicable regulatory prescribed risk weight. Under the AMLTA, the adjusted carrying value of the equity exposure in an investment fund is assigned on a pro-rata basis to different risk weight categories based on investment limits in the fund’s prospectus or other legal document.

Table 15 details the carrying value and estimated fair value of the Company's equity exposures in the banking book as well as those in the trading book not covered under the market risk capital rules as of March 31, 2025.

Table 15: Equity Capital Instruments March 31, 2025

(in millions)		Carrying Value	Fair Value	Unrealized Gains (Losses) (1)
Publicly Traded	$	2,723	2,723	—
Non-Publicly Traded		47,019	48,953	1,934
Total Equity Capital Instruments		**49,742**	**51,676**	**1,934**

(1) Represents unrealized gain/(loss) not recognized on our balance sheet or through earnings.

Table 16 includes the RWAs for equity exposures as of March 31, 2025.

Table 16: Capital Requirements by Risk Weight for Equity Exposures March 31, 2025

(in millions)		Carrying Value	Exposure at Default	Advanced Approach RWAs (1)
Simple Risk Weight Approach (SRWA)				
0% - Federal Reserve stock and Sovereign exposures	$	3,576	7,099	—
20% - Federal Home Loan Bank exposures		43	43	10
100% - Community development equity exposures		12,351	12,937	13,713
100% - Effective portion of hedge pairs		5,849	5,667	6,007
100% - Non-significant equity exposures (2)		11,100	17,536	18,588
250% - Significant investments in unconsolidated financial institutions		2,067	2,598	6,885
400% - Non-publicly traded equity exposures		593	699	2,964
600% risk-weight equity exposures		—	—	—
Equity Exposures to Investment Funds				
Full look-through approach		12,294	12,859	2,142
Alternative modified look-through approach		1,869	1,870	523
Total Equity Exposures	**$**	**49,742**	**61,308**	**50,832**

(1) RWAs under Basel III Advanced Approach includes the 6.00% credit risk multiplier where applicable.
(2) Non-significant equity exposures are limited to 10% of the Company's total capital and consist of equity exposures to small business investment companies, as described in Section 302 of the Small Business Investment Act, and publicly and non-publicly traded equity exposures, including holdings through investment funds.

Operational Risk

Operational risk, which includes compliance risk and model risk, is the risk resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risk may result in a loss from events such as fraud, breaches of customer privacy, business disruptions, vendors that do not adequately or appropriately perform their responsibilities, and regulatory fines and penalties. At March 31, 2025, our operational risk RWA was $264 billion.

Operational Risk Capital Measurement

As one of the largest bank holding companies in the United States, we are required to develop a quantification system using the Advanced Measurement Approach (AMA) to estimate the regulatory capital charge for the Company's operational risk exposures. To satisfy this requirement, the AMA model estimates aggregate operational risk exposure at a 99.9% confidence level over a one-year time horizon.

Per the regulatory guidance, we incorporate the following data elements into our AMA model:

- Internal Loss Data (ILD) - a factual, quantitative historical view of our loss experience that provides the foundation for capital modeling efforts. We record and maintain operational loss event data, an essential element in our ability to measure and manage operational risk and to comply with the requirements of the AMA. Operational loss events $10,000 or greater are recorded in an internal database, appropriately enriched and reviewed, and are captured across all business lines, product types, and geographic locations. Non-insurance recoveries are netted out of operational loss events (where applicable) for capital modeling purposes;
- External Loss Data (ELD) - a factual, quantitative historical view of the loss experiences of other financial institutions that supports capital modeling efforts by supplementing ILD. Event-level ELD is obtained through our membership in the Operational Riskdata eXchange Association (ORX), an industry consortium containing information on operational risk loss events of €20,000 or more;
- Scenario Analysis Estimates - a hypothetical, qualitative view of potential loss experience should certain risks manifest. We conduct an annual scenario analysis process designed to identify risk drivers and control failures which form the basis of loss severity estimates under varying levels of stress for plausible, yet hypothetical operational loss events over a forward-looking horizon. The scenario analysis process and the resulting estimates are informed by internal and external loss data to provide useful insight for the subject matter experts when assessing potential future losses, especially those that have not yet been observed; and
- Business Environment and Internal Control Factors (BEICF) - a qualitative view based on management's forward-looking assessment of the state of internal controls and the current operational risk business environment. BEICF data is obtained from a variety of sources including, but not limited to, risk appetite measures, key risk indicator metrics, and operational risk profile reports to monitor trends and the direction of the Company's underlying operational risks or performance of controls. The BEICF assessment considers the products and activities, the existing and emerging risks, the design and effectiveness of controls, and any changes in the business environment.

The AMA model is based on a Loss Distribution Approach (LDA) that estimates the frequency and severity of operational losses that could occur to determine, quarterly, the level of operational risk capital required to meet management and regulatory expectations.

Under the LDA:

- Our internal losses (and relevant external losses) are segmented into units of measure, or partitions, defined by business line and seven event types prescribed by international regulatory guidance;
- For each partition, the LDA combines two distributions: one for the loss frequency (based on our historical loss experience) and the other for the severity of events (based on our historical loss experience, as well as relevant external loss data);
- The frequency and severity distributions are combined into the aggregate loss distribution for each partition;
- The enterprise-level operational risk exposure is estimated by aggregating the partition-level loss distributions, taking into account correlation across business lines and event types; and
- The LDA model incorporates internal loss data one quarter following the period in which the losses were realized and external loss data two quarters following the period in which the losses were booked into the ORX database due to varying processing times. These losses remain in the LDA model even after the factors contributing to the losses may have been reduced or remediated.

The scenario analysis estimates and BEICF information are then evaluated and considered in conjunction with the statistical model results, and adjustments are made as appropriate to reflect the Company's operational risk profile.

Use of Insurance

While Wells Fargo purchases insurance to provide financial protection against specific losses, these policies are not currently incorporated into the AMA capital model to provide any offset to the capital levels calculated.

For additional information on operational risk, refer to the "Operational Risk Management" section in Management's Discussion and Analysis to our 2024 Form 10-K.

Market Risk

Regulatory market risk capital reflects U.S. regulatory agency risk-based capital regulations that are based on the international agreed set of measures developed by the BCBS. The Company must calculate regulatory capital under the Basel III market risk capital rule, which requires banking organizations with significant trading activities to ensure their capital requirements reflect the market risks of those activities based on comprehensive and risk sensitive methods and models. The market risk capital rule is intended to cover the risk of loss in value of covered positions due to changes in market conditions. For information on the Company’s market risk oversight, monitoring and controls, please refer to the “Market Risk - Trading Activities” section in Management’s Discussion and Analysis to our first quarter 2025 Form 10-Q and our 2024 Form 10-K. For a discussion of risk oversight, refer to the “Risk Management,” “Risk Governance,” “Risk Operating Model - Roles and Responsibilities,” and “Market Risk” sections in Management’s Discussion and Analysis to our 2024 Form 10-K.

Composition of Material Portfolio of Covered Positions

Covered positions, as defined by the Basel III rule, include trading assets and liabilities, specifically those held by the Company for the purpose of short-term resale or with the intent of benefiting from actual or expected short-term price movements, or to lock in arbitrage profits. In addition, foreign exchange and commodity positions are considered covered positions, except for structural foreign currency positions. Positions excluded from market risk regulatory capital treatment are considered non-covered trading positions and are subject to the credit risk capital rules. Wells Fargo has internal governance for determining which positions meet the definition of covered positions under the Basel III capital rules.

The material portfolio of the Company’s covered positions is concentrated in trading assets and liabilities within Corporate and Investment Banking, where the substantial portion of market risk capital resides. Corporate and Investment Banking engages in the fixed income, traded credit, foreign exchange, equities, and commodities markets businesses. Other business segments hold smaller trading positions covered under the market risk capital rule.

Table 17 shows the Company's market risk capital and RWA by capital component. The Market Risk RWA for the Company was $68.2 billion for the quarter ended March 31, 2025.

Table 17: Market Risk Capital and Risk-Weighted Assets Quarter ended March 31, 2025

(in millions)		Risk-Based Capital	RWAs
Total VaR	$	287	3,590
Total Stressed VaR		2,072	25,897
Incremental Risk Charge (IRC)		124	1,552
Internal Models Total		**2,483**	**31,039**
Securitization Product Charge		679	8,493
Standard Specific Risk Charge		1,269	15,861
De Minimis Charges		1,029	12,853
Company Capital and RWA	**$**	**5,460**	**68,246**

Regulatory Market Risk Capital Components

The capital required for market risk on the Company's covered positions is determined by internally developed models or standardized specific risk charges. The market risk regulatory capital models are subject to internal model risk management and validation. The models are continuously monitored and enhanced in response to changes in market conditions and the composition of positions. The Company is required to obtain and has received prior written approval from its regulators before using its internally developed models to calculate the market risk capital charge.

Value-at-risk (VaR) is a statistical risk measure used to estimate the potential loss from adverse moves in the financial markets. The VaR measures assume that historical changes in market values (historical simulation analysis) are representative of the potential future outcomes and measure the expected loss over a given time interval at a given confidence level. The Company calculates VaR as prescribed by the Basel III capital rule, using a 10-day holding period at a 99% confidence level. We treat data from all historical periods as equally relevant and use a 12-month look-back period. A portfolio of positions is usually less risky than the sum of the risks from the individual components. Each risk category can offset the exposure to the other risk category creating a diversification benefit.

The VaR models measure exposure to the following risk categories:

- Credit risk - exposures from corporate, asset-backed security, and municipal credit spreads.
- Interest rate risk - exposures from changes in the level, slope, and curvature of interest rate curves and volatilities.
- Equity risk - exposures to changes in equity prices and volatilities.
- Commodity risk - exposures to changes in commodity prices and volatilities.
- Foreign exchange risk - exposures to changes in foreign exchange rates and volatilities.

Basel III prescribes various VaR measures in the determination of regulatory capital and RWAs. For regulatory purposes, we use the following metrics to determine the Company's market risk capital requirements:

- General VaR measures the risk of broad market movements such as changes in the level of credit spreads, interest rates, equity prices, commodity prices, and foreign exchange rates. General VaR uses historical simulation analysis based on 99% confidence level with a 10-day holding period and a 12-month look-back period.

Table 18 shows the General VaR measure categorized by major risk categories. Average 10-day Company Regulatory General VaR was $21 million for the quarter ended March 31, 2025.

Table 18: General VaR by Risk Category

(in millions)		March 31, 2025	Three months ended March 31, 2025		
		Period End	High	Low	Average
Wells Fargo Regulatory General VaR by Risk Category					
Credit	$	90	108	66	87
Interest rate		54	166	39	75
Equity		17	49	12	19
Commodity (1)		NM	18	NM	1
Foreign exchange		19	21	7	15
Diversification benefit (1)		(157)	NM	NM	(176)
Company Regulatory General VaR	**$**	**23**	**67**	**13**	**21**

(1) The period-end and average Company VaRs were less than the sum of the VaR components described above, which is due to portfolio diversification. The diversification benefit is not meaningful (NM) for low and high metrics since they may occur on different days. Additionally, VaR models can produce a VaR result that is not a loss which would be considered not meaningful.

- Specific Risk measures the risk of loss that could result from factors other than broad market movements, and includes event risk, default risk, and idiosyncratic risk. Specific Risk is calculated for both debt and equity position and uses Monte Carlo simulation analysis based on a 99% confidence level and a 10-day holding period.

- Total VaR is the combination of General VaR and Specific Risk. Total VaR-Based Capital is calculated using the higher of period end Total VaR or the quarterly average Total VaR multiplied by a back-testing factor as prescribed by the Basel III capital rules based on regulatory back-testing outcomes discussed later in this document. For first quarter 2025, our Total VaR-Based Capital was based on the quarterly average Total VaR multiplied by a back-testing factor.

Table 19: Total VaR Risk-Weighted Assets

(in millions)		March 31, 2025	Three months ended March 31, 2025				
		Period End	High	Low	Average	Risk-Based Capital	RWAs
Total VaR	$	93	122	79	96	287	3,590

- Total Stressed VaR uses a historical period of significant financial stress over a continuous 12-month period using historically available market data and is calibrated monthly against current exposures. Total Stressed VaR is the combination of Stressed General VaR and Stressed Specific Risk, and uses the same methodology and models as Total VaR. The Company's selection of the 12-month period of significant financial stress is evaluated on an ongoing basis.

Table 20: Total Stressed VaR Risk-Weighted Assets

(in millions)		March 31, 2025	Three months ended March 31, 2025				
		Period End	High	Low	Average	Risk-Based Capital	RWAs
Total Stressed VaR	$	552	879	518	691	2,072	25,897

- Incremental Risk Charge (IRC) captures losses due to both issuer default and credit migration risk at the 99.9% confidence level over a 12-month capital horizon under a constant position assumption.

The Company calculates IRC by generating a portfolio loss distribution using Monte Carlo simulation, which assumes numerous scenarios, where an assumption is made that the portfolio's composition remains constant for a 12-month time horizon. Individual issuer credit grade migration and issuer default risk is modeled through generation of the issuer's credit rating transition based upon statistical modeling. Correlation between credit grade migration and default is captured by a multifactor proprietary model which takes into account industry classifications as well as regional effects. Additionally, the impact of market and issuer specific concentrations is reflected in the modeling framework by assignment of a higher charge for portfolios that have increasing concentrations in particular issuers or sectors. Lastly, the model captures product basis risk; that is, it reflects the material disparity between a position and its hedge.

IRC uses the higher of the quarterly average or the period end result as defined by the Basel III rule. For first quarter 2025, the required capital for market risk equaled the period end result.

Table 21: Incremental Risk Charge (IRC) Risk-Weighted Assets

(in millions)		March 31, 2025	Three months ended March 31, 2025				
		Period End	High	Low	Average	Risk-Based Capital	RWAs
IRC	$	124	126	75	99	124	1,552

- Securitization Positions Charge - Basel III requires a separate market risk capital charge for positions classified as a securitization or resecuritization. The primary criteria for classification as a securitization are whether there is a transfer of risk and whether the credit risk associated with the underlying exposures has been separated into at least two tranches reflecting different levels of seniority. Covered trading securitization positions include consumer and commercial asset-backed securities (ABS), commercial mortgage-backed securities, residential mortgage-backed securities, and collateralized loan and other debt obligations (CLO/CDO) positions. The securitization capital requirements are the greater of the capital requirements of the net long or short exposure, and are capped at the maximum loss that could be incurred on any given transaction.

Table 22 shows the aggregate net fair market value of securities and derivative securitization positions by exposure type that meet the regulatory definition of a covered trading securitization position at March 31, 2025.

Table 22: Covered Securitization Positions by Exposure Type (Net Market Value) March 31, 2025

(in millions) **Securitization exposure:**		ABS	CMBS	RMBS	CLO/CDO
Securities	$	1,438	1,092	673	866
Derivatives		0	2	(0)	0
Total	**$**	**1,438**	**1,094**	**673**	**866**

- Securitization Due Diligence and Risk Monitoring - The market risk capital rule requires that the Company conduct due diligence on the risk of each securitization position within three days of its purchase. The Company's due diligence seeks to provide an understanding of the features that would materially affect the performance of a securitization or resecuritization. The due diligence analysis is re-performed on a quarterly basis for each securitization and resecuritization position. The Company aims to manage the risks associated with securitization and resecuritization positions through the use of offsetting positions and portfolio diversification.

- Standardized Specific Risk Charge - For debt and equity positions that are not processed by approved internal specific risk models, a regulatory prescribed standard specific risk charge is applied. The standard specific risk add-on for sovereign entities, public sector entities, and depository institutions is based on the Organization for Economic Co-operation and Development country risk classifications and the remaining contractual maturity of the position. These specific risk add-ons for debt positions range from 0.25% to 12%. The add-on for corporate debt is based on creditworthiness and the remaining contractual maturity of the position. All other types of debt positions are subject to an 8% add-on. The standard specific risk add-on for equity positions is generally 8%.

- Comprehensive Risk Charge/Correlation Trading - The market risk capital rule requires capital for correlation trading positions. The Company's correlation trading exposure covered under the market risk capital rule matured in fourth quarter 2014.
- De Minimis Charge includes impacts from risks that are not captured in the Capital models. The De Minimis Charge as of March 31, 2025 includes $786 million of additional required capital due to data limitations.

VaR Back-Testing

The market risk capital rule requires back-testing as one form of validation of the VaR model. Back-testing is a comparison of the daily VaR estimate with clean profit and loss (clean P&L) as defined by the market risk capital rule. Clean P&L is the change in the value of the Company's covered trading positions that would have occurred had previous end-of-day covered trading positions remained unchanged (therefore, excluding fees, commissions, net interest income, and intraday trading gains and losses). Any clean P&L loss that exceeds Total VaR is considered a market risk regulatory capital back-testing exception. The Company observed no back-testing exceptions during the preceding 12 months.

Table 23 shows daily Total VaR (1-day holding period, 99% confidence level) used for regulatory market risk capital back-testing for the 12 months ended March 31, 2025. The Company's average Total VaR for first quarter 2025 was $40 million with a high of $45 million and a low of $34 million.

Table 23: Daily VaR Measure (Rolling 12 Months)

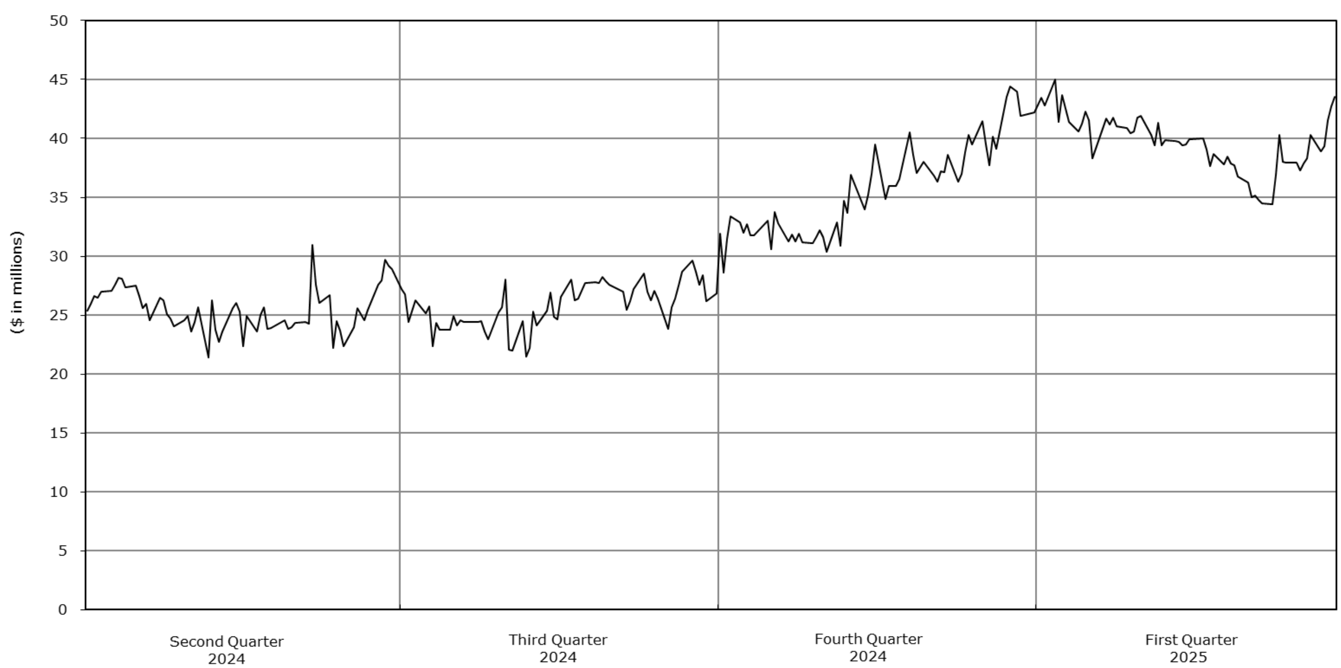
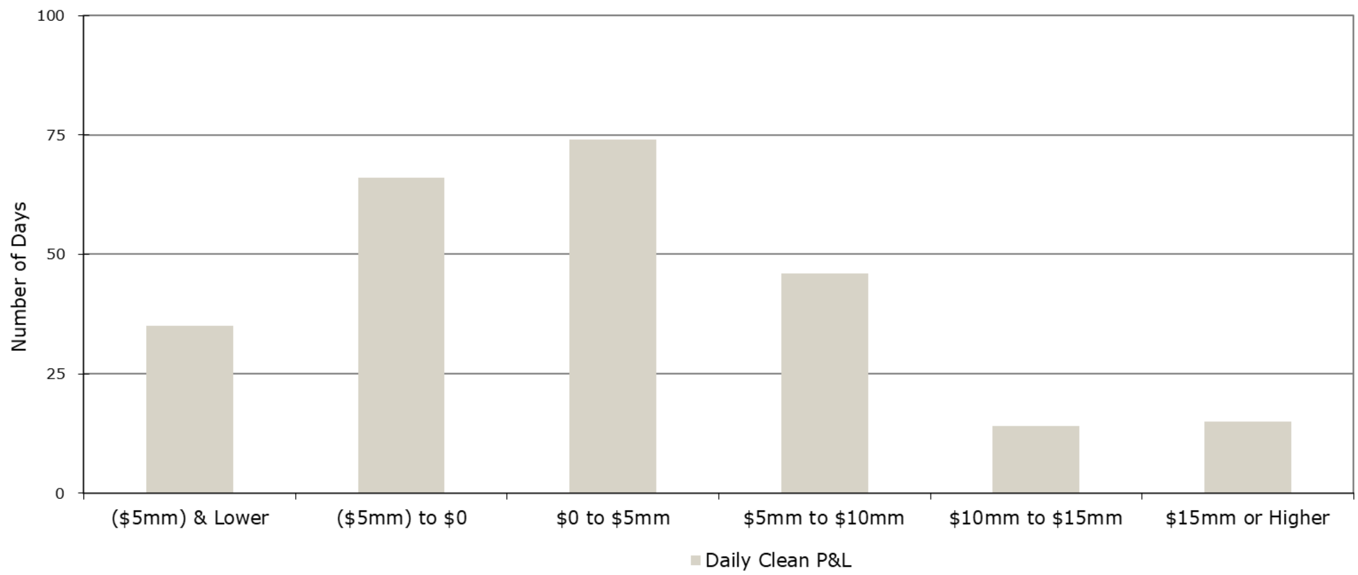


Table 24 provides information on the distribution of daily trading-related revenues for the Company's covered positions. This trading-related revenue is the clean P&L of the Company's covered trading positions that would have occurred had previous end-of-day covered trading positions remained unchanged, as defined above.

Table 24: Distribution of Daily Clean P&L - 12 Months Ended March 31, 2025



Supplementary Leverage Ratio

In April 2014, federal banking regulators finalized a rule that enhances the SLR requirements for BHCs, like Wells Fargo, and their IDIs. The calculation of the SLR is Tier 1 capital divided by the Company's 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.

As a BHC, we are required to maintain a SLR of at least 5.00% (composed of a 3.00% minimum requirement plus a leverage buffer of 2.00%) to avoid restrictions on capital distributions and discretionary bonus payments. Our IDIs are required to maintain a SLR of at least 6.00% to be considered well-capitalized under applicable regulatory capital adequacy rules. For additional details on the SLR, refer to the "Capital Management" section in Management's Discussion and Analysis to our first quarter 2025 Form 10-Q and our 2024 Form 10-K.

The following table sets forth our Supplementary Leverage Ratio and related components at March 31, 2025.

Table 25a: Supplementary Leverage Ratio

(in millions, except ratio)		March 31, 2025
Tier 1 capital	(A)	**$ 153,855**
Total consolidated assets		1,950,311
Adjustment for derivative exposures (1)		62,938
Adjustment for repo-style transactions (2)		7,314
Adjustment for other off-balance sheet exposures (3)		304,640
Less: Other adjustments (4)		58,046
Total leverage exposure	(B)	**$ 2,267,157**
Supplementary leverage ratio	**(A)/(B)**	**6.79 %**

(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) Adjustment represents other permitted Tier 1 capital deductions and certain other adjustments as determined under capital rule requirements.

The table below presents the components of our total leverage exposure for derivatives, repo-style transactions, and other off-balance sheet exposures at March 31, 2025. The other off-balance sheet exposures consist of wholesale and retail commitments after the application of credit conversion factors.

Table 25b: Components of Total Leverage Exposure	March 31, 2025
(in millions)	
On-balance sheet exposures	
On-balance sheet assets (excluding on-balance sheet assets for derivative transactions and repo-style transactions, but including collateral)	$ 1,799,514
Less: amounts deducted from Tier 1 capital	27,750
Total adjusted on-balance sheet exposures	1,771,764
Derivative exposures	
Replacement cost for derivative exposures (that is, net of cash variation margin)	27,429
Add-on amounts for potential future exposure (PFE) for derivative exposures	48,355
Gross-up for cash collateral posted if deducted from the on-balance sheet assets, except for cash variation margin	27,229
Less: Deductions of receivable assets for cash variation margin posted in derivative transactions, if included in on-balance sheet assets	27,229
Less: Exempted CCP leg of client-cleared transactions	—
Effective notional principal amount of sold credit protection	12,885
Less: Effective notional principal amount offsets and PFE adjustments for sold credit protection	5,938
Total derivative exposures	82,731
Repo-style transactions	
On-balance sheet assets for repo-style transactions, except including the gross value of receivables for reverse repurchase transactions	148,870
Less: Reduction of the gross value of receivables in reverse repurchase transactions by cash payables in repurchase transactions under netting agreements	48,162
Counterparty credit risk for all repo-style transactions	6,949
Exposure amount for repo-style transactions where a banking organization acts as an agent	365
Total repo-style transactions	108,022
Other off-balance sheet exposures	
Off-balance sheet exposures at gross notional amounts	717,684
Less: Adjustments for conversion to credit equivalent amounts	413,044
Total Other off-balance sheet exposures	304,640
Total leverage exposure	**$ 2,267,157**

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 TLAC. U.S. G-SIBs are required to have a minimum amount of TLAC (consisting of CET1 capital and additional Tier 1 capital issued directly by the top-tier or covered BHC plus eligible external long-term debt) to avoid restrictions on capital distributions and discretionary bonus payments, as well as a minimum amount of eligible unsecured long-term debt. The components used to calculate our minimum TLAC and eligible unsecured long-term debt requirements as of March 31, 2025, are presented in Table 26a.

Table 26a: 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 26b provides our TLAC and eligible unsecured long-term debt and related ratios as of March 31, 2025.

Table 26b: TLAC and Eligible Unsecured Long-Term Debt

March 31, 2025

(in millions)	TLAC (1)	Regulatory Minimum (2)	Eligible Unsecured Long-term Debt	Regulatory Minimum
Total eligible amount	$ 306,818		139,074	
Percentage of RWAs (3)	25.11 %	21.50	11.38	7.50
Percentage of total leverage exposure	13.53	9.50	6.13	4.50

(1) Effective January 1, 2025, the CECL impact has been recognized. Accordingly, this table is on a CECL fully phased-in basis.
(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.

Glossary of Acronyms

Acronym	Description
ABS	Asset-Backed Securities
ACL	Allowance for Credit Losses
A-IRB	Advanced Internal Ratings Based
ALCO	Asset/Liability Management Committee
AMA	Advanced Measurement Approach
AMLTA	Alternative Modified Look-Through Approach
AOCI	Accumulated Other Comprehensive Income
BCBS	Basel Committee on Banking Supervision
BEICF	Business Environment and Internal Control Factors
BHCs	Bank Holding Companies
Board	Wells Fargo Board of Directors
BOLI	Bank-Owned Life Insurance
CCAR	Comprehensive Capital Analysis and Review
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CECL	Current Expected Credit Losses
CET1	Common Equity Tier 1
CLO/CDO	Collateralized Loan and Other Debt Obligations
CMC	Capital Management Committee
CRC	Capital Reporting Committee
CRE	Commercial Real Estate
CSA	Collateral Support Annex
CVA	Credit Valuation Adjustment
EAD	Exposure at Default
ECL	Expected Credit Loss
ELD	External Loss Data
FDIC	Federal Deposit Insurance Corporation
Final Rule	Basel III Final Rule for U.S. Bank Holding Companies and Banks
FLTA	Full Look-Through Approach
FRB	Board of Governors of the Federal Reserve System
GAAP	Generally Accepted Accounting Principles
GSEs	Government Sponsored Entity
G-SIB	Global Systemically Important Bank
HVCRE	High Volatility Commercial Real Estate
ICAAP	Internal Capital Adequacy Assessment Process
IDIs	Insured Depository Institutions
ILD	Internal Loss Data
IPRE	Loss Given Default
IRC	Incremental Risk Charge
LDA	Loss Distribution Approach
LGD	Loss Given Default
M	Maturity
MRM	Model Risk Management
OCC	Office of the Comptroller of the Currency
ORX	Operational Riskdata eXchange Association
OTC	Over-the-Counter
P&L	Profit and Loss
PD	Probability of Default
PFE	Potential Future Exposure
PPP	Paycheck Protection Program
QRE	Qualifying Revolving Exposures
RC	Replacement Cost
RROC	Regulatory Reporting Oversight Committee
RWAs	Risk-Weighted Assets
SA-CCR	Standardized Approach for Counterparty Credit Risk
SBA	Small Business Administration
SFA	Supervisory Formula Approach
SLR	Supplementary Leverage Ratio
SPE	Special Purpose Entity
SRWA	Simple Risk-Weight Approach
SSFA	Simplified Supervisory Formula Approach
TLAC	Total Loss Absorbing Capacity
U.S.	United States
VaR	Value-at-Risk

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 or any of its businesses, 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) the expected outcome and impact of legal, regulatory and legislative developments, as well as our expectations regarding compliance therewith; (viii) future common stock dividends, common share repurchases and other uses of capital; (ix) our targeted range for return on assets, return on equity and return on tangible common equity; (x) expectations regarding our effective income tax rate; (xi) the outcome of contingencies, such as legal actions; (xii) environmental, social and governance related goals or commitments; and (xiii) 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. Investors are urged to not unduly rely on forward-looking statements as actual results may differ materially from expectations. Forward-looking statements speak only as of the date made, and we do not undertake to update them to reflect changes or events that occur after that date.

For additional information about factors that could cause actual results to differ materially from our expectations, refer to the “Forward-Looking Statements” section in Management’s Discussion and Analysis to our first quarter 2025 Form 10-Q, as well as to our other reports filed with the Securities and Exchange Commission and available on its website at www.sec.gov[1], including the discussion under “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2024.

[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.