This Quarterly Report, including the Financial Review and the Financial Statements and related Notes, contains forward-looking statements, which may include forecasts of our financial results and condition, expectations for our operations and business, and our assumptions for those forecasts and expectations. Do not unduly rely on forward-looking statements. Actual results may differ materially from our forward-looking statements due to several factors. Factors that could cause our actual results to differ materially from our forward-looking statements are described in this Report, including in the "Forward-Looking Statements" section, and in the "Risk Factors" and "Regulation and Supervision" sections of our Annual Report on Form 10-K for the year ended December 31, 2019 (2019 Form 10-K).

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

Financial Review

Overview

Wells Fargo & Company is a diversified, community-based financial services company with $1.98 trillion in assets. Founded in 1852 and headquartered in San Francisco, we provide banking, investment and mortgage products and services, as well as consumer and commercial finance, through 7,400 locations, more than 13,000 ATMs, digital (online, mobile and social), and contact centers (phone, email and correspondence), and we have offices in 31 countries and territories to support customers who conduct business in the global economy. With approximately 263,000 active, full-time equivalent team members, we serve one in three households in the United States and ranked No. 29 on *Fortune's* 2019 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, 2020.

Wells Fargo's top priority remains meeting its regulatory requirements in order to build the right foundation for all that lies ahead. To do that, the Company is committing the resources necessary to ensure that we operate with the strongest business practices and controls, maintain the highest level of integrity, and have an appropriate culture in place.

In response to the COVID-19 pandemic, we have been working diligently to protect employee safety while continuing to carry out Wells Fargo's role as a provider of critical and essential services to the public. We have taken comprehensive steps to help customers, employees and communities.

For our customers, we have suspended residential property foreclosure activities, offered fee waivers, and provided payment deferrals, among other actions. We are also rapidly expanding digital access and deploying new tools, including changes to our ATMs and mobile technology for the convenience of our customers. We continue to work with regulatory agencies, government officials, and not-for-profit groups to identify other ways to assist customers facing financial challenges in the current environment.

For our employees, we have enabled approximately 180,000 to work remotely. For jobs that cannot be done from home, we have taken significant actions to help ensure employee safety, including adopting social distancing measures, staggering staff and shifts, and implementing an enhanced cleaning program. We are also making additional cash payments to employees whose roles require them to come into the office.

To support our communities, we are directing $175 million in charitable donations from the Wells Fargo Foundation to help address food, shelter, small business and housing stability, as well as providing help to public health organizations fighting to contain the spread of COVID-19.

We have strong levels of capital and liquidity, and we remain focused on delivering for our customers and communities to get through these unprecedented times.

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

On February 2, 2018, the Company entered into a consent order with the Board of Governors of the Federal Reserve System (FRB). As required by the consent order, the Company's Board of Directors (Board) submitted to the FRB a plan to further enhance the Board's governance and oversight of the Company, and the Company submitted to the FRB a plan to further improve the Company's compliance and operational risk management program. The Company continues to engage with the FRB as the Company works to address the consent order provisions. The consent order also requires the Company, following the FRB's acceptance and approval of the plans and the Company's adoption and implementation of the plans, to complete an initial third-party review of the enhancements and improvements provided for in the plans. Until this third-party review is complete and the plans are approved and implemented to the satisfaction of the FRB, the Company's total consolidated assets as defined under the consent order will be limited to the level as of December 31, 2017. Compliance with this asset cap is measured on a two-quarter daily average basis to allow for management of temporary fluctuations. While our total consolidated assets of $1.98 trillion as of the end of first quarter 2020 were in excess of our total consolidated assets of $1.95 trillion as of December 31, 2017, we continued to operate in compliance with the asset cap because the two-quarter daily average for our assets of $1.943 trillion remained below the asset cap level. We are actively working to create balance sheet capacity to lend to and help our customers during these unprecedented and challenging times created by the COVID-19 pandemic. Due to the COVID-19 pandemic, on April 8, 2020, the FRB amended the consent order to allow the Company to exclude from the asset cap any on-balance sheet exposure resulting from loans made by the Company in connection with the Small Business Administration's Paycheck Protection Program and the FRB's Main Street Lending Program. As required under the amendment to the consent order, certain fees and other economic benefits received by the Company from loans made in connection with these programs shall be transferred to the U.S. Treasury or to non-profit organizations approved by the FRB that support small businesses. After removal of the asset cap, a second third-party review must also be conducted to assess the efficacy and sustainability of the enhancements and improvements.

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

On April 20, 2018, the Company entered into consent orders with the Consumer Financial Protection Bureau (CFPB) and the Office of the Comptroller of the Currency (OCC) to pay an aggregate of $1 billion in civil money penalties to resolve matters regarding the Company's compliance risk management program and past practices involving certain automobile collateral protection insurance (CPI) policies and certain mortgage interest rate lock extensions. As required by the consent orders, the Company submitted to the CFPB and OCC an enterprise-wide compliance risk management plan and a plan to enhance the Company's internal audit program with respect to federal consumer financial law and the terms of the consent orders. In addition, as required by the consent orders, the Company submitted for non-objection plans to remediate customers affected by the automobile collateral protection insurance and mortgage interest rate lock matters, as well as a plan for the management of remediation activities conducted by the Company.

Retail Sales Practices Matters

In September 2016, we announced settlements with the CFPB, the OCC, and the Office of the Los Angeles City Attorney, and entered into related consent orders with the CFPB and the OCC, in connection with allegations that some of our retail customers received products and services they did not request. As a result, it remains a top priority to rebuild trust through a comprehensive action plan that includes making things right for our customers, team members, and other stakeholders, and building a better Company for the future. Our priority of rebuilding trust has included numerous actions focused on identifying potential financial harm to customers resulting from these matters and providing remediation.

For additional information regarding retail sales practices matters, including related legal matters, see the "Risk Factors" section in our 2019 Form 10-K and Note 14 (Legal Actions) to Financial Statements in this Report.

Other Customer Remediation Activities

Our priority of rebuilding trust has also included an effort to identify other areas or instances where customers may have experienced financial harm, provide remediation as appropriate, and implement additional operational and control procedures. We are working with our regulatory agencies in this effort. We have previously disclosed key areas of focus as part of our rebuilding trust efforts and are in the process of providing remediation for those matters. We have accrued for the reasonably estimable remediation costs related to our rebuilding trust efforts, which amounts may change based on additional facts and information, as well as ongoing reviews and communications with our regulators.

As our ongoing reviews continue, it is possible that in the future we may identify additional items or areas of potential concern. To the extent issues are identified, we will continue to assess any customer harm and provide remediation as appropriate. For more information, including related legal and regulatory risk, see the "Risk Factors" section in our 2019 Form 10-K and Note 14 (Legal Actions) to Financial Statements in this Report.

Financial Performance

Wells Fargo net income was $653 million in first quarter 2020 with diluted earnings per common share (EPS) of $0.01, compared with $5.9 billion and $1.20, respectively, a year ago. Our results in first quarter 2020 were impacted by a $4.0 billion provision for credit losses and an impairment of debt and equity securities of $950 million driven by economic and market conditions. Financial performance items for first quarter 2020 compared with the same period a year ago included:

- revenue of $17.7 billion, down $3.9 billion, with net interest income of $11.3 billion, down $999 million, or 8%, and noninterest income of $6.4 billion, down $2.9 billion, or 31%;
- a net interest margin of 2.58%, down 33 basis points;
- noninterest expense of $13.0 billion, down $868 million, or 6%;
- an efficiency ratio of 73.6%, compared with 64.4%;
- average loans of $965.0 billion, up $15.0 billion;
- average deposits of $1.34 trillion, up $75.9 billion;
- net loan charge-off rate of 0.38% (annualized) of average loans, compared with 0.30% (annualized);
- nonaccrual loans of $6.2 billion, down $749 million, or 11%; and
- return on assets (ROA) of 0.13% and return on equity (ROE) of 0.10%, down from 1.26% and 12.71%, respectively.

Balance Sheet and Liquidity

Our balance sheet remained strong during first quarter 2020 with solid levels of liquidity and capital. Our total assets were $1.98 trillion at March 31, 2020. Cash and other short-term investments decreased $6.1 billion from December 31, 2019, reflecting lower federal funds sold and securities purchased under resale agreements, partially offset by an increase in cash balances. Debt securities increased $4.4 billion from December 31, 2019, predominantly due to an increase in held-to-maturity debt securities, partially offset by a decline in available-for-sale debt securities. Loans increased $47.6 billion from December 31, 2019, predominantly due to increases in commercial and industrial loans driven by draws of revolving lines and origination of new lending facilities due to the impact of the COVID-19 pandemic on economic and market conditions. The increase in loans was partially offset by a decrease in credit card loans primarily due to seasonality and fewer new account openings, and declines in consumer real estate mortgages and other revolving credit and installment loans, as originations and draws of existing lines were more than offset by paydowns.

Average deposits in first quarter 2020 were $1.34 trillion, up $75.9 billion from first quarter 2019, which reflected growth from retail banking deposit campaigns, as well as the inflow of deposits associated with corporate and commercial loan draws.

Credit Quality

Credit quality declined due to the COVID-19 pandemic's effect on market conditions, which impacted our customer base.

Net loan charge-offs were $909 million, or 0.38% (annualized) of average loans, in first quarter 2020, compared with $695 million a year ago (0.30%) (annualized). Our commercial portfolio net loan charge-offs were $324 million, or 25 basis points (annualized) of average commercial loans, in first quarter 2020, compared with net loan charge-offs of $145 million, or 11 basis points (annualized), a year ago, predominantly driven by increased losses in our commercial and industrial loan portfolio primarily related to higher oil and gas net charge-offs reflecting significant declines in oil prices. Our consumer portfolio net loan charge-offs were $585 million, or 53 basis points (annualized) of average consumer loans, in first quarter 2020, compared with net loan charge-offs of $550 million, or 51 basis points (annualized), a year ago, primarily driven by increased losses in our credit card portfolio.

The allowance for credit losses (ACL) for loans of $12.0 billion at March 31, 2020, increased $1.2 billion, compared with a year ago, and increased $1.6 billion from December 31, 2019. We had a $2.9 billion increase in the allowance for credit losses for loans in first quarter 2020, partially offset by a $1.3 billion decline as a result of our adoption on January 1, 2020, of Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments* (CECL), compared with a $150 million increase in the allowance in the same period a year ago. The increase in the allowance for credit losses for loans reflected forecasted credit deterioration due to the COVID-19 pandemic and credit weakness in the oil and gas portfolio due to the recent sharp declines in oil prices. The allowance coverage for total loans was 1.19% at March 31, 2020, compared with 1.14% a year ago and 1.09% at December 31, 2019. The allowance covered 3.3 times annualized net loan charge-offs in first quarter 2020, compared with 3.8 times in first quarter 2019. Our provision for loan losses was $3.8 billion in first quarter 2020, up from $845 million a year ago, which reflected an increase in the allowance for credit losses for loans due to forecasted credit deterioration due to the COVID-19 pandemic, and higher net loan charge-offs primarily due to the impact of the recent sharp decline in oil prices on our oil and gas portfolio.

Nonperforming assets (NPAs) at March 31, 2020, of $6.4 billion, increased $759 million, or 13%, from December 31, 2019, and represented 0.63% of total loans at March 31, 2020. Nonaccrual loans increased $810 million from December 31, 2019, driven by increases in commercial and industrial, and commercial real estate mortgage as the effect of the COVID-19 pandemic on market conditions began to impact our customer base. In addition, real estate 1-4 family mortgage nonaccrual loans increased primarily as a result of our adoption of CECL, which required the reclassification of purchased credit-impaired loans as nonaccruing based on performance. Foreclosed assets decreased $51 million from December 31, 2019. For information on how we are assisting our customers in response to the COVID-19 pandemic, see the "Risk Management – Credit Risk Management" section in this Report.

Capital

We maintained a solid capital position in first quarter 2020, with total equity of $183.3 billion at March 31, 2020, compared with $188.0 billion at December 31, 2019. We reduced our common shares outstanding by 38.0 million shares through the repurchase of 75.4 million common shares, net of issuances, in the quarter. On March 15, 2020, we, along with the other members of the Financial Services Forum (which consists of the eight largest and most diversified financial institutions headquartered in the U.S.), decided to temporarily suspend share repurchases for the remainder of the first quarter and for second quarter 2020. This decision is consistent with our objective to use our significant capital and liquidity to provide support to individuals, small businesses, and the broader economy through lending and other important services.

In first quarter 2020, we issued $2.0 billion of Non-Cumulative Perpetual Class A Preferred Stock, Series Z. Additionally, we redeemed the remaining $1.8 billion of our Fixed-to-Floating Rate Non-Cumulative Perpetual Class A Preferred Stock, Series K. We also redeemed $669 million of our Non-Cumulative Perpetual Class A Preferred Stock, Series T.

We believe an important measure of our capital strength is the Common Equity Tier 1 (CET1) ratio, which was 10.67% at March 31, 2020, down from 11.14% at December 31, 2019, but still above our internal target of 10% and the regulatory minimum of 9%. As of March 31, 2020, our eligible external total loss absorbing capacity (TLAC) as a percentage of total risk-weighted assets was 23.27%, compared with the required minimum of 22.0%. Likewise, our other regulatory capital ratios remained strong. See the "Capital Management" section in this Report for more information regarding our capital, including the calculation of our regulatory capital amounts.

Earnings Performance

Wells Fargo net income for first quarter 2020 was $653 million ($0.01 diluted earnings per common share), compared with $5.9 billion ($1.20 diluted per share) for first quarter 2019. Net income decreased in first quarter 2020, compared with the same period a year ago, due to a $999 million decrease in net interest income, a $3.2 billion increase in our provision for credit losses, and a $2.9 billion decrease in noninterest income, partially offset by a $868 million decrease in noninterest expense, and a $722 million decrease in income tax expense.

Revenue, the sum of net interest income and noninterest income, was $17.7 billion in first quarter 2020, compared with $21.6 billion in the same period a year ago. Net interest income represented 64% of revenue in first quarter 2020, compared with 57% in first quarter 2019. Noninterest income represented 36% of revenue in first quarter 2020, compared with 43% in first quarter 2019.

Net Interest Income

Net interest income is the interest earned on debt securities, loans (including yield-related loan fees) and other interest-earning assets minus the interest paid on deposits, short-term borrowings and long-term debt. The net interest margin is the average yield on earning assets minus the average interest rate paid for deposits and our other sources of funding. Net interest income and the net interest margin are presented on a taxable-equivalent basis in Table 1 to consistently reflect income from taxable and tax-exempt loans and debt and equity securities based on a 21% federal statutory tax rate for the periods ending March 31, 2020 and 2019.

Net interest income and the net interest margin in any one period can be significantly affected by a variety of factors including the mix of earning assets in our portfolio, the overall size of our earning assets portfolio, and the cost of funding those assets. In addition, variable sources of interest income, such as loan fees, periodic dividends, and collection of interest on nonaccrual loans, can fluctuate from period to period.

Net interest income on a taxable-equivalent basis was $11.5 billion in first quarter 2020, compared with $12.5 billion for the same period a year ago. Net interest margin on a taxable-equivalent basis was 2.58% in first quarter 2020, compared with 2.91% for the same period a year ago. The decrease in net interest income and net interest margin in first quarter 2020, compared with the same period a year ago, was driven by unfavorable impacts of repricing due to lower market rates and changes in mix of earning assets and funding sources, including sales of high yielding Pick-a-Pay loans in 2019, as well as higher costs on promotional retail banking deposits.

Average earning assets increased $49.8 billion in first quarter 2020 compared with the same period a year ago. The change was driven by increases in:
- average federal funds sold and securities purchased under resale agreements of $24.0 billion;
- average loans of $15.0 billion;
- average debt securities of $8.5 billion;
- average mortgage loans held for sale of $6.5 billion;
- average equity securities of $4.5 billion; and
- other earning assets of $3.0 billion;

partially offset by decreases in:
- average interest-earning deposits with banks of $11.3 billion; and
- average loans held for sale of $377 million.

Deposits are an important low-cost source of funding and affect both net interest income and the net interest margin. Deposits include noninterest-bearing deposits, interest-bearing checking, market rate and other savings, savings certificates, other time deposits, and deposits in foreign offices. Average deposits were $1.34 trillion in first quarter 2020, compared with $1.26 trillion in the same period a year ago, and represented 139% of average loans in first quarter 2020, compared with 133% in first quarter 2019. Average deposits were 75% of average earning assets in first quarter 2020, compared with 73% in the same period a year ago. The average deposit cost for first quarter 2020 was 52 basis points, down 13 basis points from a year ago, reflecting the lower interest rate environment, partially offset by retail banking promotional pricing for new deposits.

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

						Quarter ended March 31,
			2020			2019
(in millions)	**Average balance**	**Yields/ rates**	**Interest income/ expense**	Average balance	Yields/ rates	Interest income/ expense
Earning assets						
Interest-earning deposits with banks	**$ 129,522**	**1.18%**	**$ 381**	140,784	2.33%	$ 810
Federal funds sold and securities purchased under resale agreements	**107,555**	**1.42**	**380**	83,539	2.40	495
Debt securities (2):						
Trading debt securities	**101,062**	**3.05**	**770**	89,378	3.58	798
Available-for-sale debt securities:						
Securities of U.S. Treasury and federal agencies	**10,781**	**1.40**	**38**	14,070	2.14	74
Securities of U.S. states and political subdivisions	**38,950**	**3.43**	**334**	48,342	4.02	486
Mortgage-backed securities:						
Federal agencies	**158,639**	**2.68**	**1,062**	151,494	3.10	1,173
Residential and commercial	**4,648**	**2.82**	**33**	5,984	4.31	64
Total mortgage-backed securities	**163,287**	**2.68**	**1,095**	157,478	3.14	1,237
Other debt securities	**39,541**	**3.48**	**343**	46,788	4.46	517
Total available-for-sale debt securities	**252,559**	**2.87**	**1,810**	266,678	3.48	2,314
Held-to-maturity debt securities:						
Securities of U.S. Treasury and federal agencies	**45,937**	**2.19**	**251**	44,754	2.20	243
Securities of U.S. states and political subdivisions	**13,536**	**3.84**	**130**	6,158	4.03	62
Federal agency and other mortgage-backed securities	**98,394**	**2.55**	**628**	96,004	2.74	656
Other debt securities	**24**	**3.10**	**—**	61	3.96	1
Total held-to-maturity debt securities	**157,891**	**2.56**	**1,009**	146,977	2.63	962
Total debt securities	**511,512**	**2.81**	**3,589**	503,033	3.25	4,074
Mortgage loans held for sale (3)	**20,361**	**3.87**	**197**	13,898	4.37	152
Loans held for sale (3)	**1,485**	**3.17**	**12**	1,862	5.25	24
Loans:						
Commercial loans:						
Commercial and industrial – U.S.	**288,502**	**3.55**	**2,546**	286,577	4.48	3,169
Commercial and industrial – non U.S.	**70,659**	**3.16**	**556**	62,821	3.90	604
Real estate mortgage	**121,788**	**3.92**	**1,187**	121,417	4.58	1,373
Real estate construction	**20,277**	**4.54**	**229**	22,435	5.43	301
Lease financing	**19,288**	**4.40**	**212**	19,391	4.61	224
Total commercial loans	**520,514**	**3.65**	**4,730**	512,641	4.48	5,671
Consumer loans:						
Real estate 1-4 family first mortgage	**293,556**	**3.61**	**2,650**	285,214	3.96	2,821
Real estate 1-4 family junior lien mortgage	**28,905**	**5.14**	**370**	33,791	5.75	481
Credit card	**39,756**	**12.21**	**1,207**	38,182	12.88	1,212
Automobile	**48,258**	**4.96**	**596**	44,833	5.19	574
Other revolving credit and installment	**34,057**	**6.32**	**534**	35,349	7.14	623
Total consumer loans	**444,532**	**4.83**	**5,357**	437,369	5.26	5,711
Total loans (3)	**965,046**	**4.20**	**10,087**	950,010	4.84	11,382
Equity securities	**37,532**	**2.22**	**208**	33,080	2.56	211
Other	**7,431**	**0.77**	**14**	4,416	1.63	18
Total earning assets	**$ 1,780,444**	**3.35%**	**$ 14,868**	1,730,622	4.00%	$ 17,166
Funding sources						
Deposits:						
Interest-bearing checking	**$ 63,086**	**0.86%**	**$ 135**	56,253	1.42%	$ 197
Market rate and other savings	**762,138**	**0.52**	**978**	688,568	0.50	847
Savings certificates	**30,099**	**1.47**	**110**	25,231	1.26	78
Other time deposits	**81,978**	**1.74**	**356**	97,830	2.67	645
Deposits in non-U.S. offices	**53,335**	**1.23**	**163**	55,443	1.89	259
Total interest-bearing deposits	**990,636**	**0.71**	**1,742**	923,325	0.89	2,026
Short-term borrowings	**102,977**	**1.14**	**292**	108,651	2.23	597
Long-term debt	**229,002**	**2.17**	**1,240**	233,172	3.32	1,927
Other liabilities	**30,199**	**1.90**	**142**	25,292	2.28	143
Total interest-bearing liabilities	**1,352,814**	**1.01**	**3,416**	1,290,440	1.47	4,693
Portion of noninterest-bearing funding sources	**427,630**	**—**	**—**	440,182	—	—
Total funding sources	**$ 1,780,444**	**0.77**	**3,416**	1,730,622	1.09	4,693
Net interest margin and net interest income on a taxable-equivalent basis (4)		**2.58%**	**$ 11,452**		2.91%	$ 12,473
Noninterest-earning assets						
Cash and due from banks	**$ 20,571**			19,614		
Goodwill	**26,387**			26,420		
Other	**123,257**			106,435		
Total noninterest-earning assets	**$ 170,215**			152,469		
Noninterest-bearing funding sources						
Deposits	**$ 347,327**			338,737		
Other liabilities	**62,348**			55,565		
Total equity	**188,170**			198,349		
Noninterest-bearing funding sources used to fund earning assets	**(427,630)**			(440,182)		
Net noninterest-bearing funding sources	**$ 170,215**			152,469		
Total assets	**$ 1,950,659**			1,883,091		
Average prime rate		**4.41%**			5.50%	
Average three-month London Interbank Offered Rate (LIBOR)		**1.53**			2.69	

(1) Yields/rates and amounts include the effects of hedge and risk management activities associated with the respective asset and liability categories.
(2) Yields/rates are based on interest income/expense amounts for the period, annualized based on the accrual basis for the respective accounts. The average balance amounts represent amortized cost for the periods presented.
(3) Nonaccrual loans and related income are included in their respective loan categories.
(4) Includes taxable-equivalent adjustments of $140 million and $162 million for the quarters ended March 31, 2020 and 2019, respectively, predominantly related to tax-exempt income on certain loans and securities.

Noninterest Income

Table 2: Noninterest Income

(in millions)		Quarter ended Mar 31, 2020	2019	% Change
Service charges on deposit accounts	$	**1,209**	1,094	11%
Trust and investment fees:				
Brokerage advisory, commissions and other fees		**2,482**	2,193	13
Trust and investment management		**701**	786	(11)
Investment banking		**391**	394	(1)
Total trust and investment fees		**3,574**	3,373	6
Card fees		**892**	944	(6)
Other fees:				
Lending related charges and fees		**328**	347	(5)
Cash network fees		**106**	109	(3)
Commercial real estate brokerage commissions		**1**	81	(99)
Wire transfer and other remittance fees		**110**	113	(3)
All other fees		**87**	120	(28)
Total other fees		**632**	770	(18)
Mortgage banking:				
Servicing income, net		**271**	364	(26)
Net gains on mortgage loan origination/sales activities		**108**	344	(69)
Total mortgage banking		**379**	708	(46)
Insurance		**95**	96	(1)
Net gains from trading activities		**64**	357	(82)
Net gains on debt securities		**237**	125	90
Net gains (losses) from equity securities		**(1,401)**	814	NM
Lease income		**352**	443	(21)
Life insurance investment income		**161**	159	1
All other		**211**	415	(49)
Total	$	**6,405**	9,298	(31)

NM – Not meaningful

Noninterest income was $6.4 billion, or 36% of revenue, in first quarter 2020, compared with $9.3 billion, or 43% of revenue, for the same period a year ago. The decrease in noninterest income in first quarter 2020, compared with the same period a year ago, was predominantly due to lower other fees, mortgage banking income, net gains from trading activities, and net losses from equity securities, partially offset by higher service charges on deposit accounts, and trust and investment fees. For more information on our performance obligations and the nature of services performed for certain of our revenues discussed below, see Note 18 (Revenue from Contracts with Customers) to Financial Statements in this Report.

Service charges on deposit accounts increased to $1.2 billion in first quarter 2020, compared with $1.1 billion for the same period a year ago, driven by higher overdraft fees and higher treasury management fees due to the impact of a lower earnings credit rate applied to commercial accounts given the lower interest rate environment. Overdraft fees were higher due to one additional day in first quarter 2020, compared with the same period a year ago, as well as fee waivers and reversals for customers affected by our data center system outage and the government shutdown in first quarter 2019. As part of our actions to support customers during the COVID-19 pandemic, we have provided certain fee waivers and reversals to our customers, which may negatively impact income from service charges on deposit accounts in future periods.

Brokerage advisory, commissions and other fees increased to $2.5 billion in first quarter 2020, compared with $2.2 billion for the same period a year ago, due to higher asset-based fees and higher transactional revenue. Retail brokerage client assets totaled $1.4 trillion at March 31, 2020, compared with $1.6 trillion at March 31, 2019. Asset-based fees are generally calculated on the market value of the assets as of the beginning of each quarter. All retail brokerage services are provided by our Wealth and Investment Management (WIM) operating segment. For additional information on retail brokerage client assets, see the discussion and Tables 4d and 4e in the “Operating Segment Results – Wealth and Investment Management – Retail Brokerage Client Assets” section in this Report.

Trust and investment management fees decreased to $701 million in first quarter 2020, from $786 million for the same period a year ago, predominantly driven by lower trust fees due to the sale of our Institutional Retirement and Trust (IRT) business in 2019.

Our assets under management (AUM) totaled $693.1 billion at March 31, 2020, compared with $661.1 billion at March 31, 2019. Substantially all of our AUM is managed by our WIM operating segment. Our assets under administration (AUA) totaled $1.7 trillion at both March 31, 2020 and 2019. Management believes that AUM and AUA are useful metrics because they allow investors and others to assess how changes in asset amounts may impact the generation of certain asset-based fees.

Our AUM and AUA included IRT client assets of $19 billion and $797 billion, respectively, at March 31, 2020, which we continue to administer at the direction of the buyer pursuant to a transition services agreement that will terminate no later than July 2021.

Additional information regarding our WIM operating segment AUM is provided in Table 4f and the related discussion in the "Operating Segment Results – Wealth and Investment Management – Trust and Investment Client Assets Under Management" section in this Report.

Card fees decreased to $892 million in first quarter 2020, compared with $944 million for the same period a year ago, due to higher rewards costs and lower interchange fees driven by decreased purchase activity due to the impact of the COVID-19 pandemic on consumer spending, partially offset by strong purchase volume early in the quarter.

Other fees decreased to $632 million in first quarter 2020, compared with $770 million for the same period a year ago, largely driven by the sale of our commercial real estate brokerage business, Eastdil Secured (Eastdil), in fourth quarter 2019 and lower business payroll income due to the sale of our Business Payroll Services business in first quarter 2019.

Mortgage banking noninterest income, consisting of net servicing income and net gains on mortgage loan origination/sales activities, decreased to $379 million in first quarter 2020, compared with $708 million for the same period a year ago. For more information, see Note 11 (Mortgage Banking Activities) to Financial Statements in this Report.

Net servicing income decreased to $271 million in first quarter 2020, compared with $364 million for the same period a year ago driven by a decrease in contractually specified fees as a result of sales of mortgage servicing rights (MSRs) in 2019 and continued prepayments, as well as higher unreimbursed servicing costs due to the expected impact of the COVID-19 pandemic, such as extended foreclosure timelines and higher defaults. In addition to servicing fees, net servicing income includes amortization of commercial MSRs, changes in the fair value of residential MSRs, as well as changes in the fair value of derivatives (economic hedges) used to hedge the residential MSRs. The total fair value of our residential MSRs declined in first quarter 2020, compared with the same period a year ago, driven by lower mortgage interest rates and higher prepayments, which were substantially offset by hedge gains. In addition, the fair value decline in first quarter 2020 included assumption updates attributable to higher prepayment estimates. Table 2a presents the components of the market-related valuation changes to our residential MSRs, net of hedge results.

Table 2a: Market-Related Valuation Changes on Residential MSRs, Net of Hedge Results

	Quarter ended Mar 31,	
(in millions)	**2020**	2019
MSR valuation losses	**$ (3,257)**	(891)
Net derivative gains from economic hedges of residential MSRs	**3,400**	962
Net MSR valuation gain	**$ 143**	71

Our portfolio of loans serviced for others was $1.6 trillion at both March 31, 2020, and December 31, 2019. At March 31, 2020, the ratio of combined residential and commercial MSRs to related loans serviced for others was 0.60%, compared with 0.79% at December 31, 2019. See the "Risk Management – Asset/Liability Management – Mortgage Banking Interest Rate and Market Risk" section in this Report for additional information regarding our MSRs risks and hedging approach.

Net gains on mortgage loan origination/sales activities decreased to $108 million in first quarter 2020, compared with $344 million for the same period a year ago, as gains from higher residential real estate origination volumes and margins in first quarter 2020 were more than offset by losses driven by the impact of interest rate volatility on hedging activities associated with our residential mortgage loans held for sale portfolio and pipeline, as well as valuation losses on certain residential and commercial loans held for sale due to market conditions.

The production margin on residential held-for-sale mortgage loan originations, which represents net gains on residential mortgage loan origination/sales activities divided by total residential held-for-sale mortgage loan originations, provides a measure of the profitability of our residential mortgage origination activity. Table 2b presents the information used in determining the production margin.

Table 2b: Selected Mortgage Production Data

		Quarter ended March 31,	
		2020	2019
Net gains on mortgage loan origination/sales activities (in millions):			
Residential	(A)	**$ 360**	232
Commercial		**23**	47
Residential pipeline and unsold/repurchased loan management (1)		**(275)**	65
Total		**$ 108**	344
Residential real estate originations (in billions):			
Held-for-sale	(B)	**$ 33**	22
Held-for-investment		**15**	11
Total		**$ 48**	33
Production margin on residential held-for-sale mortgage loan originations	(A)/(B)	**1.08%**	1.05%

(1) Predominantly includes the results of Government National Mortgage Association (GNMA) loss mitigation activities, interest rate management activities and changes in estimate to the liability for mortgage loan repurchase losses.

The production margin was 1.08% for first quarter 2020, compared with 1.05% for the same period a year ago. The increase in production margin in first quarter 2020, compared with the same period a year ago, was due to higher margins in both our retail and correspondent production channel, as well as a shift to more retail origination volume, which has a higher margin. The higher production margin was reduced by valuation losses on residential mortgage loans held for sale, particularly non-agency loans.

Mortgage applications increased to $108 billion in first quarter 2020, compared with $64 billion for the same period a year ago. The 1-4 family first mortgage unclosed application pipeline was $62 billion at March 31, 2020, compared with $32 billion at March 31, 2019. For additional information about our mortgage banking activities and results, see the "Risk Management – Asset/Liability Management – Mortgage Banking Interest Rate and Market Risk" section and Note 11 (Mortgage Banking Activities) and Note 16 (Fair Values of Assets and Liabilities) to Financial Statements in this Report.

Net gains from trading activities, which reflect unrealized changes in fair value of our trading positions and realized gains and losses, decreased to $64 million in first quarter 2020, compared with $357 million in the same period a year ago. The decrease in first quarter 2020, compared with the same period a year ago, reflected trading volatility created by the COVID-19 pandemic. We had lower income in first quarter 2020 from wider credit spreads for asset-backed securities and credit trading, as well as lower trading volumes on asset-backed securities, partially offset by increased demand for interest rate products due to lower interest rates. Net gains from trading activities exclude interest and dividend income and expense on trading securities, which are reported within interest income from debt and equity securities and other interest income. For additional information about trading activities, see the "Risk Management – Asset/ Liability Management – Market Risk-Trading Activities" section and Note 4 (Trading Activities) to Financial Statements in this Report.

Net losses from equity securities were $1.4 billion in first quarter 2020 and included $621 million of deferred compensation plan investment losses (largely offset in employee benefits expense). Net losses from equity securities in first quarter 2020 also included nonmarketable equity securities impairments of $935 million, reflecting lower market valuations. The impairments on equity securities in the venture capital, private equity and certain wholesale businesses represented 17% of the carrying values of these businesses' portfolio investments subject to the impairment assessment. Table 3a presents results for our deferred compensation plan and related investments.

Lease income decreased to $352 million in first quarter 2020, compared with $443 million for the same period a year ago, driven by reductions in the size of the equipment leasing portfolio.

All other income decreased to $211 million in first quarter 2020, compared with $415 million for the same period a year ago. All other income includes income or losses from equity method investments, including low-income housing tax credit investments (excluding related tax credits recorded in income tax expense), foreign currency adjustments and related hedges of foreign currency risks, and certain economic hedges. The decrease in all other income was driven by higher income in first quarter 2019 from gains on the sales of purchased credit-impaired (PCI) loans and a pre-tax gain on the sale of our Business Payroll Services business, partially offset by transition services fees in first quarter 2020 associated with the sale of our IRT business and gains on the sales of loans reclassified to held for sale in 2019 and sold in first quarter 2020.

Noninterest Expense

Table 3: Noninterest Expense

(in millions)		Quarter ended Mar 31, 2020	2019	% Change
Salaries	$	**4,721**	4,425	7%
Commission and incentive compensation		**2,463**	2,845	(13)
Employee benefits		**1,130**	1,938	(42)
Technology and equipment		**661**	661	—
Net occupancy (1)		**715**	717	—
Core deposit and other intangibles		**23**	28	(18)
FDIC and other deposit assessments		**118**	159	(26)
Operating losses		**464**	238	95
Outside professional services		**727**	678	7
Contract services		**630**	563	12
Leases (2)		**260**	286	(9)
Advertising and promotion		**181**	237	(24)
Outside data processing		**165**	167	(1)
Travel and entertainment		**93**	147	(37)
Postage, stationery and supplies		**129**	122	6
Telecommunications		**92**	91	1
Foreclosed assets		**29**	37	(22)
Insurance		**25**	25	—
All other		**422**	552	(24)
Total	$	**13,048**	13,916	(6)

(1) Represents expenses for both leased and owned properties.
(2) Represents expenses for assets we lease to customers.

Noninterest expense was $13.0 billion in first quarter 2020, down 6% from $13.9 billion in the same period a year ago, driven by lower personnel expenses, advertising and promotions expense, travel and entertainment expense, and other expense, partially offset by higher operating losses, and outside professional and contract services expense.

Personnel expenses, which include salaries, commissions, incentive compensation, and employee benefits, were down $894 million, or 10%, in first quarter 2020, compared with the same period a year ago, due to lower employee benefits expense from lower deferred compensation expense (largely offset in net losses from equity securities) and lower incentive compensation and commissions, partially offset by higher salaries driven by the impact of staffing mix changes and annual salary increases, as well as one additional payroll day in the quarter. Table 3a presents results for our deferred compensation plan and related investments.

The decrease in incentive compensation and commissions was due to lower stock incentive compensation expense and lower annual bonus expense, partially offset by higher revenue-related incentive compensation. We have provided various types of financial support to our employees in response to the COVID-19 pandemic, including additional cash payments for our employees who continue to serve customers, enhanced childcare, and other extended benefits. These additional benefits did not meaningfully impact our expenses in first quarter 2020, but are expected to have a greater impact beginning in second quarter 2020 and throughout the remainder of the year. See the "Financial Review – Overview" section in this Report for more information on the actions we have taken to support our employees during the COVID-19 pandemic.

Table 3a: Deferred Compensation Plan and Related Investments

(in millions)		Quarter ended Mar 31, 2020	2019
Net interest income	$	**12**	13
Net gains (losses) from equity securities		**(621)**	345
Total revenue (losses) from deferred compensation plan investments		**(609)**	358
Employee benefits expense (1)		**(598)**	357
Income (loss) before income tax expense	$	**(11)**	1

(1) Represents change in deferred compensation plan liability.

Operating losses were up $226 million, or 95%, in first quarter 2020, compared with the same period a year ago, due to higher litigation and remediation accruals.

Outside professional and contract services expense was up $116 million, or 9%, in first quarter 2020, compared with the same period a year ago, largely due to an increase in project spending, partially offset by lower legal expenses.

Advertising and promotion expense was down $56 million, or 24%, in first quarter 2020, compared with the same period a year ago, due to decreases in marketing and brand campaign volumes.

Travel and entertainment was down $54 million, or 37%, in first quarter 2020, compared with the same period a year ago, driven by a reduction in business travel and company events due to ongoing expense management initiatives, as well as the impact of the COVID-19 pandemic.

All other expense was down $130 million, or 24%, in first quarter 2020, compared with the same period a year ago, due to higher gains on the extinguishment of debt, lower pension benefit plan expenses, and a lower insurance claims reserve.

Income Tax Expense

Income tax expense was $159 million in first quarter 2020, down 82% from $881 million in the same period a year ago, driven by lower income. Our effective income tax rate was 19.5% for first quarter 2020, compared with 13.1% for the same period a year ago. The effective income tax rate for first quarter 2020 reflected net discrete income tax expense of $141 million driven by the accounting for stock compensation activity, the net impact of accounting for uncertain tax positions, and the outcome of U.S. federal income tax examinations. The lower rate in first quarter 2019 was related to net discrete income tax benefits of $297 million related mostly to the results of U.S. federal and state income tax examinations and the accounting for stock compensation activity.

Operating Segment Results

As of March 31, 2020, we were organized for management reporting purposes into three operating segments: Community Banking; Wholesale Banking; and Wealth and Investment Management (WIM). These segments are defined by product type and customer segment and their results are based on our management reporting process. The management reporting process is based on U.S. GAAP with specific adjustments, such as for funds transfer pricing for asset/liability management, for shared revenues and expenses, and tax-equivalent adjustments to consistently reflect income from taxable and tax-exempt sources. On February 11, 2020, we announced a new organizational structure with five principal lines of business: Consumer and Small Business Banking; Consumer Lending; Commercial Banking; Corporate and Investment Banking; and Wealth and Investment Management. This new organizational structure is intended to help drive operating, control, and business performance. The Company is currently in the process of transitioning to this new organizational structure, including identifying leadership for some of these principal business lines and aligning management reporting and allocation methodologies. These changes will not impact the consolidated financial results of the Company, but are expected to result in changes to our operating segments. We will update our operating segment disclosures, including comparative financial results, when the Company completes its transition and is managed in accordance with the new organizational structure. Table 4 and the following discussion present our results by operating segment. For additional description of our operating segments, including additional financial information and the underlying management reporting process, see Note 22 (Operating Segments) to Financial Statements in this Report.

We perform a goodwill impairment assessment annually in the fourth quarter. However, in first quarter 2020, we performed an interim, quantitative impairment assessment of our goodwill given deteriorated macroeconomic conditions from the impact of the COVID-19 pandemic. These market conditions led to a sharp decline in share prices for Wells Fargo and other companies across many industries. As part of our interim assessment, we updated our assumptions used in both the income and market approaches for estimating fair values of our reporting units. The update to assumptions incorporated current market-based information such as price-earnings information and a regular update to our internal enterprise-wide forecasts, which reflected lower interest rates and higher expected credit losses, as well as a weaker macroeconomic outlook. While we observed declines in the fair values of our reporting units and the amount of excess fair value over the carrying amount of our reporting units, we did not have evidence of goodwill impairment. Due to the impact of the market disruption on our investment banking fees and trading activities, our corporate and investment banking reporting unit, included within the Wholesale Banking operating segment, had the smallest difference between fair value and carrying value. Given the uncertainty of the severity or length of the current economic downturn, we will continue to monitor market conditions for circumstances that could have a further negative effect on our estimated fair values on our reporting units.

In connection with the planned change to our operating segment disclosures, we will realign our goodwill to the reporting units that underlie our operating segments. We will reassess goodwill for impairment at the time of the realignment.

Table 4: Operating Segment Results – Highlights

(income/expense in millions,		Community Banking		Wholesale Banking		Wealth and Investment Management		Other (1)		Consolidated Company	
balance sheet data in billions)		**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Quarter ended Mar 31,											
Revenue	$	**9,496**	11,750	**5,817**	7,111	**3,715**	4,079	**(1,311)**	(1,331)	**17,717**	21,609
Provision (reversal of provision) for credit losses		**1,718**	710	**2,288**	134	**8**	4	**(9)**	(3)	**4,005**	845
Net income (loss)		**155**	2,823	**311**	2,770	**463**	577	**(276)**	(310)	**653**	5,860
Average loans	$	**462.6**	458.2	**484.5**	476.4	**78.5**	74.4	**(60.6)**	(59.0)	**965.0**	950.0
Average deposits		**798.6**	765.6	**456.6**	409.8	**151.4**	153.2	**(68.6)**	(66.5)	**1,338.0**	1,262.1
Goodwill		**16.7**	16.7	**8.4**	8.4	**1.3**	1.3	**—**	—	**26.4**	26.4

(1) Includes the elimination of certain items that are included in more than one business segment, substantially all of which represents products and services for WIM customers served through Community Banking distribution channels.

Community Banking offers a complete line of diversified financial products and services for consumers and small businesses with annual sales generally up to $5 million in which the owner generally is the financial decision maker. These financial products and services include checking and savings accounts, credit and debit cards, automobile, student, mortgage, home equity and small business lending, as well as referrals to Wholesale Banking and WIM business partners. The Community Banking segment also includes the results of our Corporate Treasury activities net of allocations (including funds transfer pricing, capital, liquidity and certain corporate expenses) in support of other segments and results of investments in our affiliated venture capital and private equity partnerships. Table 4a provides additional financial information for Community Banking.

Table 4a: Community Banking

		Quarter ended Mar 31,		
(in millions, except average balances which are in billions)		**2020**	2019	% Change
Net interest income	$	**6,787**	7,248	(6)%
Noninterest income:				
Service charges on deposit accounts		**700**	610	15
Trust and investment fees:				
Brokerage advisory, commissions and other fees (1)		**518**	449	15
Trust and investment management (1)		**194**	210	(8)
Investment banking (2)		**(99)**	(20)	NM
Total trust and investment fees		**613**	639	(4)
Card fees		**809**	858	(6)
Other fees		**285**	332	(14)
Mortgage banking		**340**	641	(47)
Insurance		**11**	11	—
Net gains from trading activities		**29**	5	480
Net gains on debt securities		**194**	37	424
Net gains (losses) from equity securities (3)		**(1,028)**	601	NM
Other income of the segment		**756**	768	(2)
Total noninterest income		**2,709**	4,502	(40)
Total revenue		**9,496**	11,750	(19)
Provision for credit losses		**1,718**	710	142
Noninterest expense:				
Personnel expense		**5,455**	5,981	(9)
Technology and equipment		**645**	641	1
Net occupancy		**529**	542	(2)
Core deposit and other intangibles		**1**	1	—
FDIC and other deposit assessments		**68**	106	(36)
Outside professional services		**442**	316	40
Operating losses		**454**	219	107
Other expense of the segment		**(478)**	(117)	NM
Total noninterest expense		**7,116**	7,689	(7)
Income before income tax expense and noncontrolling interests		**662**	3,351	(80)
Income tax expense		**644**	424	52
Less: Net income (loss) from noncontrolling interests (4)		**(137)**	104	NM
Net income	$	**155**	2,823	(95)
Average loans	$	**462.6**	458.2	1
Average deposits		**798.6**	765.6	4

NM – Not meaningful
(1) Represents income on products and services for WIM customers served through Community Banking distribution channels which is eliminated in consolidation.
(2) Includes underwriting fees paid to Wells Fargo Securities for services related to the issuance of our corporate securities which are offset in our Wholesale Banking segment and eliminated in consolidation.
(3) Primarily represents gains resulting from venture capital investments.
(4) Reflects results attributable to noncontrolling interests predominantly associated with the Company's consolidated venture capital investments.

Community Banking reported net income of $155 million in first quarter 2020, down $2.7 billion, or 95%, compared with the same period a year ago.

Revenue of $9.5 billion in first quarter 2020, decreased $2.3 billion, or 19%, compared with the same period a year ago. The decrease in revenue was due to net losses on equity securities (including lower deferred compensation plan investment results, which were largely offset in employee benefits expense), lower card fees driven by higher rewards costs and the impact of the COVID-19 pandemic on consumer spending, lower net interest income reflecting the lower interest rate environment, and lower mortgage banking income. These decreases were partially offset by higher gains on debt securities and service charges on deposit accounts due to one additional day in first quarter 2020, and that first quarter 2019 included a higher level of fee waivers for customers affected by our data center system outage and the government shutdown.

The provision for credit losses in first quarter 2020 increased $1.0 billion compared with the same period a year ago, predominantly due to a $1.0 billion increase in the allowance for credit losses in first quarter 2020 reflecting expected credit deterioration due to the impact of the COVID-19 pandemic.

Noninterest expense of $7.1 billion in first quarter 2020, decreased $573 million, or 7%, compared with the same period a year ago, predominantly due to lower personnel expenses driven by lower deferred compensation expense (largely offset by net losses from equity securities) and lower other expenses, partially offset by higher operating losses driven by an increase in remediation accruals and higher outside professional services expense.

Income tax expense of $644 million in first quarter 2020, increased $220 million from first quarter 2019, driven by a higher effective income tax rate of 19.5% and included net discrete income tax expense of $141 million driven by the accounting for stock compensation activity, the net impact of accounting for uncertain tax positions, and the outcome of U.S. federal income tax examinations.

Average loans of $462.6 billion in first quarter 2020, increased $4.4 billion, or 1%, compared with first quarter 2019. The increase in average loans from first quarter 2019 was due to higher real estate 1-4 family first mortgage loans and automobile loans, partially offset by lower junior lien mortgage loans.

Average deposits of $798.6 billion in first quarter 2020 increased $33.0 billion, or 4%, from first quarter 2019 reflecting growth from retail banking deposit campaigns.

Wholesale Banking provides financial solutions to businesses with annual sales generally in excess of $5 million and to financial institutions globally. Products and businesses include Commercial Banking, Commercial Real Estate, Corporate and Investment Banking, Credit Investment Portfolio, Treasury Management, and Commercial Capital. Table 4b provides additional financial information for Wholesale Banking.

Table 4b: Wholesale Banking

	Quarter ended Mar 31,		
(in millions, except average balances which are in billions)	**2020**	2019	% Change
Net interest income	**$ 4,136**	4,534	(9)%
Noninterest income:			
Service charges on deposit accounts	**508**	483	5
Trust and investment fees:			
Brokerage advisory, commissions and other fees	**90**	78	15
Trust and investment management	**131**	114	15
Investment banking	**490**	412	19
Total trust and investment fees	**711**	604	18
Card fees	**83**	86	(3)
Other fees	**346**	437	(21)
Mortgage banking	**40**	68	(41)
Insurance	**75**	78	(4)
Net gains from trading activities	**41**	333	(88)
Net gains on debt securities	**43**	88	(51)
Net gains (losses) from equity securities	**(95)**	77	NM
Other income of the segment	**(71)**	323	NM
Total noninterest income	**1,681**	2,577	(35)
Total revenue	**5,817**	7,111	(18)
Provision for credit losses	**2,288**	134	NM
Noninterest expense:			
Personnel expense	**1,383**	1,510	(8)
Technology and equipment	**9**	9	—
Net occupancy	**104**	95	9
Core deposit and other intangibles	**19**	24	(21)
FDIC and other deposit assessments	**44**	45	(2)
Outside professional services	**101**	184	(45)
Operating losses	**4**	1	300
Other expense of the segment	**2,099**	1,970	7
Total noninterest expense	**3,763**	3,838	(2)
Income (loss) before income tax expense (benefit) and noncontrolling interests	**(234)**	3,139	NM
Income tax expense (benefit) (1)	**(546)**	369	NM
Less: Net income from noncontrolling interests	**1**	—	NM
Net income	**$ 311**	2,770	(89)
Average loans	**$ 484.5**	476.4	2
Average deposits	**456.6**	409.8	11

NM – Not meaningful

(1) Income tax expense for our Wholesale Banking operating segment included income tax credits related to low-income housing and renewable energy investments of $491 million and $427 million for the first quarter 2020 and 2019, respectively.

Wholesale Banking reported net income of $311 million in first quarter 2020, down $2.5 billion, or 89%, from the same period a year ago.

Net interest income of $4.1 billion in first quarter 2020 decreased $398 million, or 9%, from first quarter 2019, due to the impact of the lower interest rate environment, partially offset by higher loan and deposit volumes and increased spreads on trading assets.

Noninterest income decreased $896 million, or 35%, from first quarter 2019, predominantly due to lower market sensitive revenue (represents net gains (losses) from trading activities, debt securities, and equity securities), lower other income from higher amortization on renewable energy and community lending investments and lower operating lease income, as well as lower other fees related to our sale of Eastdil in fourth quarter 2019.

The provision for credit losses increased $2.2 billion from first quarter 2019, predominantly due to a $2.1 billion increase in the allowance for credit losses reflecting forecasted credit deterioration due to the COVID-19 pandemic and higher charge-offs in the oil and gas portfolio driven by the significant decline in oil prices.

Noninterest expense decreased $75 million, or 2%, from first quarter 2019, reflecting the sale of Eastdil, as well as lower personnel expense, lease expense within other noninterest expense, and travel expense within other noninterest expense, partially offset by higher regulatory and risk related expense within other noninterest expense.

Average loans of $484.5 billion in first quarter 2020 increased $8.1 billion, or 2%, from first quarter 2019, on broad-based growth across the lines of businesses driven by draws of revolving lines due to the economic slowdown associated with the COVID-19 pandemic. Average deposits of $456.6 billion in first quarter 2020 increased $46.8 billion, or 11%, from first quarter 2019, reflecting an inflow of deposits associated with corporate and commercial loan draws.

Wealth and Investment Management provides a full range of personalized wealth management, investment and retirement products and services to clients across U.S.-based businesses including Wells Fargo Advisors, The Private Bank, Abbot Downing, and Wells Fargo Asset Management. We deliver financial planning, private banking, credit, investment management and fiduciary services to high-net worth and ultra-high-net worth individuals and families. We also serve clients' brokerage needs and provide investment management capabilities delivered to global institutional clients through separate accounts and the Wells Fargo Funds. The sale of our IRT business closed on July 1, 2019. For additional information on the sale of our IRT business, including its impact on our AUM and AUA, see the "Earnings Performance – Noninterest Income" section in this Report. Table 4c provides additional financial information for WIM.

Table 4c: Wealth and Investment Management

	Quarter ended Mar 31,		
(in millions, except average balances which are in billions)	**2020**	2019	% Change
Net interest income	**$ 867**	1,101	(21)%
Noninterest income:			
Service charges on deposit accounts	**5**	4	25
Trust and investment fees:			
Brokerage advisory, commissions and other fees	**2,397**	2,124	13
Trust and investment management	**582**	676	(14)
Investment banking	**1**	5	(80)
Total trust and investment fees	**2,980**	2,805	6
Card fees	**1**	1	—
Other fees	**4**	4	—
Mortgage banking	**(3)**	(3)	—
Insurance	**19**	17	12
Net gains (losses) from trading activities	**(7)**	19	NM
Net gains on debt securities	**—**	—	NM
Net gains (losses) from equity securities	**(278)**	136	NM
Other income of the segment	**127**	(5)	NM
Total noninterest income	**2,848**	2,978	(4)
Total revenue	**3,715**	4,079	(9)
Provision for credit losses	**8**	4	100
Noninterest expense:			
Personnel expense	**1,950**	2,197	(11)
Technology and equipment	**7**	11	(36)
Net occupancy	**113**	112	1
Core deposit and other intangibles	**3**	3	—
FDIC and other deposit assessments	**12**	14	(14)
Outside professional services	**191**	184	4
Operating losses	**9**	21	(57)
Other expense of the segment	**818**	761	7
Total noninterest expense	**3,103**	3,303	(6)
Income before income tax expense and noncontrolling interests	**604**	772	(22)
Income tax expense	**153**	192	(20)
Less: Net income (loss) from noncontrolling interests	**(12)**	3	NM
Net income	**$ 463**	577	(20)
Average loans	**$ 78.5**	74.4	6
Average deposits	**151.4**	153.2	(1)

NM – Not meaningful

WIM reported net income of $463 million in first quarter 2020, down $114 million, or 20%, from first quarter 2019.

Net interest income of $867 million in first quarter 2020 decreased $234 million, or 21%, from first quarter 2019, driven by lower interest rates.

Noninterest income of $2.8 billion in first quarter 2020 decreased $130 million from first quarter 2019, predominantly driven by net losses from equity securities driven by a decline in deferred compensation plan investment results (largely offset by lower employee benefits expense), partially offset by higher retail brokerage advisory fees (priced at the beginning of the quarter) and higher brokerage transaction revenue.

Noninterest expense of $3.1 billion in first quarter 2020 decreased $200 million, or 6%, from first quarter 2019, predominantly due to lower personnel expense driven by lower deferred compensation plan expense (largely offset by net losses from equity securities), partially offset by higher broker commissions within personnel expense.

Average loans of $78.5 billion in first quarter 2020 increased $4.1 billion, or 6%, from first quarter 2019, driven by growth in nonconforming mortgage loans. Average deposits of $151.4 billion in first quarter 2020 decreased $1.8 billion, or 1%.

The following discussions provide additional information for client assets we oversee in our retail brokerage advisory and trust and investment management business lines.

Retail Brokerage Client Assets Brokerage advisory, commissions and other fees are received for providing full-service and discount brokerage services predominantly to retail brokerage clients. Offering advisory account relationships to our brokerage clients is an important component of our broader strategy of meeting their financial needs. Although a majority of our retail brokerage client assets are in accounts that earn brokerage commissions, the fees from those accounts generally represent transactional commissions based on the number and size of transactions executed at the client's direction. Fees from advisory accounts are based on a percentage of the market value of the assets as of the beginning of the quarter, which vary across the account types based on the distinct services provided, and are affected by investment performance as well as asset inflows and outflows. A majority of our brokerage advisory, commissions and other fee income is earned from advisory accounts. Table 4d shows advisory account client assets as a percentage of total retail brokerage client assets at March 31, 2020 and 2019.

Table 4d: Retail Brokerage Client Assets

			March 31,
($ in billions)		**2020**	2019
Retail brokerage client assets	$	**1,397.9**	1,600.6
Advisory account client assets		**498.8**	546.7
Advisory account client assets as a percentage of total client assets		**36%**	34

Retail Brokerage advisory accounts include assets that are financial advisor-directed and separately managed by third-party managers, as well as certain client-directed brokerage assets where we earn a fee for advisory and other services, but do not have investment discretion. For first quarter 2020 and 2019, the average fee rate by account type ranged from 80 to 120 basis points. Table 4e presents retail brokerage advisory account client assets activity by account type for first quarter 2020 and 2019.

Table 4e: Retail Brokerage Advisory Account Client Assets

						Quarter ended
(in billions)		Balance, beginning of period	Inflows (1)	Outflows (2)	Market impact (3)	Balance, end of period
March 31, 2020						
Client directed (4)	**$**	**169.4**	**10.1**	**(9.6)**	**(27.2)**	**142.7**
Financial advisor directed (5)		**176.3**	**10.7**	**(8.6)**	**(26.0)**	**152.4**
Separate accounts (6)		**160.1**	**6.8**	**(8.5)**	**(24.2)**	**134.2**
Mutual fund advisory (7)		**83.7**	**3.2**	**(4.5)**	**(12.9)**	**69.5**
Total advisory client assets	**$**	**589.5**	**30.8**	**(31.2)**	**(90.3)**	**498.8**
March 31, 2019						
Client directed (4)	$	151.5	7.9	(9.3)	13.5	163.6
Financial advisor directed (5)		141.9	7.5	(7.7)	15.2	156.9
Separate accounts (6)		136.4	5.6	(6.9)	13.2	148.3
Mutual fund advisory (7)		71.3	2.8	(3.2)	7.0	77.9
Total advisory client assets	$	501.1	23.8	(27.1)	48.9	546.7

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

Trust and Investment Client Assets Under Management We earn trust and investment management fees from managing and administering assets, including mutual funds, separate accounts, and personal trust assets, through our asset management and wealth businesses. Prior to the sale of our IRT business, which closed on July 1, 2019, we also earned fees from managing employee benefit trusts through the retirement business. Our asset management business is conducted by Wells Fargo Asset Management (WFAM), which offers Wells Fargo proprietary mutual funds and manages institutional separate accounts, and our wealth business manages assets for high net worth clients. Substantially all of our trust and investment management fee income is earned from AUM where we have discretionary management authority over the investments and generate fees as a percentage of the market value of the AUM. For additional information on the sale of our IRT business, including its impact on our AUM and AUA, see the "Earnings Performance – Noninterest Income" section in this Report. Table 4f presents AUM activity for first quarter 2020 and 2019.

Table 4f: WIM Trust and Investment – Assets Under Management

					Quarter ended
(in billions)	Balance, beginning of period	Inflows (1)	Outflows (2)	Market impact (3)	Balance, end of period
March 31, 2020					
Assets managed by WFAM (4):					
Money market funds (5)	**$ 130.6**	**35.6**	**—**	**—**	**166.2**
Other assets managed	**378.2**	**26.2**	**(28.6)**	**(24.2)**	**351.6**
Assets managed by Wealth and IRT (6)	**187.4**	**7.8**	**(10.6)**	**(21.8)**	**162.8**
Total assets under management	**$ 696.2**	**69.6**	**(39.2)**	**(46.0)**	**680.6**
March 31, 2019					
Assets managed by WFAM (4):					
Money market funds (5)	$ 112.4	—	(2.9)	—	109.5
Other assets managed	353.5	19.3	(21.9)	16.1	367.0
Assets managed by Wealth and IRT (6)	170.7	9.2	(10.4)	11.9	181.4
Total assets under management	$ 636.6	28.5	(35.2)	28.0	657.9

(1) Inflows include new managed account assets, contributions, dividends and interest.
(2) Outflows include closed managed account assets, withdrawals and client management fees.
(3) Market impact reflects gains and losses on portfolio investments.
(4) Assets managed by WFAM consist of equity, alternative, balanced, fixed income, money market, and stable value, and include client assets that are managed or sub-advised on behalf of other Wells Fargo lines of business.
(5) Money Market funds activity is presented on a net inflow or net outflow basis, because the gross flows are not meaningful nor used by management as an indicator of performance.
(6) Includes $4.9 billion and $4.8 billion as of March 31, 2020 and 2019, respectively, of client assets invested in proprietary funds managed by WFAM.

Balance Sheet Analysis

At March 31, 2020, our assets totaled $1.98 trillion, up $53.8 billion from December 31, 2019. Asset growth reflected increases in debt securities and loans of $4.4 billion and $47.6 billion, respectively, partially offset by a $15.7 billion decrease in federal funds sold and securities purchased under resale agreements, and a $14.2 billion decrease in equity securities.

The following discussion provides additional information about the major components of our balance sheet. Information regarding our capital and changes in our asset mix is included in the "Earnings Performance – Net Interest Income" and "Capital Management" sections and Note 23 (Regulatory and Agency Capital Requirements) to Financial Statements in this Report.

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

Table 5: Available-for-Sale and Held-to-Maturity Debt Securities

				March 31, 2020			December 31, 2019
(in millions)		**Amortized cost, net (1)**	**Net unrealized gain (loss)**	**Fair value**	Amortized cost	Net unrealized gain (loss)	Fair value
Available-for-sale (2)		**248,187**	**3,042**	**251,229**	260,060	3,399	263,459
Held-to-maturity (3)		**169,909**	**7,653**	**177,562**	153,933	2,927	156,860
Total	**$**	**418,096**	**10,695**	**428,791**	413,993	6,326	420,319

(1) Represents amortized cost of the securities, net of the allowance for credit losses, of $161 million related to available-for-sale debt securities and $11 million related to held-to-maturity debt securities at March 31, 2020. The allowance for credit losses related to available-for-sale and held-to-maturity debt securities was $0 at December 31, 2019, due to our adoption of CECL on January 1, 2020. For more information, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.
(2) Available-for-sale debt securities are carried on the balance sheet at fair value, which includes the allowance for credit losses, subsequent to the adoption of CECL on January 1, 2020.
(3) Held-to-maturity debt securities are carried on the balance sheet at amortized cost, net of allowance for credit losses, subsequent to the adoption of CECL on January 1, 2020.

Table 5 presents a summary of our available-for-sale and held-to-maturity debt securities, which increased $3.7 billion in balance sheet carrying value from December 31, 2019, predominantly due to higher net unrealized gains.

The total net unrealized gains on available-for-sale debt securities were $3.0 billion at March 31, 2020, down from net unrealized gains of $3.4 billion at December 31, 2019, driven by wider credit spreads, which were primarily offset by lower interest rates. For a discussion of our investment management objectives and practices, see the "Balance Sheet Analysis" section in our 2019 Form 10-K. Also, see the "Risk Management – Asset/Liability Management" section in this Report for information on our use of investments to manage liquidity and interest rate risk.

After adoption of CECL, we recorded an allowance for credit losses on available-for-sale and held-to-maturity debt securities. Total provision for credit losses on debt securities was $172 million in first quarter 2020. For a discussion of our accounting policies relating to the allowance for credit losses on debt securities and underlying considerations and analysis, see Note 1 (Summary of Significant Accounting Policies) and Note 5 (Available-for-Sale and Held-to-Maturity Debt Securities) to Financial Statements in this Report.

At March 31, 2020, debt securities included $52.4 billion of municipal bonds, of which 97.2% were rated "A-" or better based predominantly on external ratings. Additionally, some of the debt securities in our total municipal bond portfolio are guaranteed against loss by bond insurers. These guaranteed bonds are predominantly investment grade and were generally underwritten in accordance with our own investment standards prior to the determination to purchase, without relying on the bond insurer's guarantee in making the investment decision. The credit quality of our municipal bond holdings are monitored as part of our ongoing evaluation of the appropriateness of the allowance for credit losses on debt securities.

The weighted-average expected maturity of debt securities available-for-sale was 4.2 years at March 31, 2020. The expected remaining maturity is shorter than the remaining contractual maturity for the 66% of this portfolio that is mortgage-backed securities (MBS) because borrowers generally have the right to prepay obligations before the underlying mortgages mature. The estimated effects of a 200 basis point increase or decrease in interest rates on the fair value and the expected remaining maturity of the MBS available-for-sale portfolio are shown in Table 6.

Table 6: Mortgage-Backed Securities Available-for-Sale

(in billions)		Fair value	Net unrealized gain (loss)	Expected remaining maturity (in years)
At March 31, 2020				
Actual	$	164.6	5.5	3.5
Assuming a 200 basis point:				
Increase in interest rates		150.2	(8.9)	5.6
Decrease in interest rates		168.2	9.1	3.2

The weighted-average expected remaining maturity of debt securities held-to-maturity (HTM) was 4.5 years at March 31, 2020. HTM debt securities are measured at amortized cost and, therefore, changes in the fair value of our held-to-maturity MBS resulting from changes in interest rates are not recognized in earnings. See Note 5 (Available-for-Sale and Held-to-Maturity Debt Securities) to Financial Statements in this Report for a summary of debt securities by security type.

Loan Portfolios

Table 7 provides a summary of total outstanding loans by portfolio segment. Total loans increased $47.6 billion from December 31, 2019, due to an increase in commercial loans.

Commercial loans increased $52.0 billion from December 31, 2019, predominantly driven by growth in our commercial and industrial loan portfolio, reflecting significant draws on revolving lines of credit and additional funding requests within our Corporate & Investment Banking and Commercial Banking businesses due to the impact of COVID-19.

Consumer loans were down $4.4 billion from December 31, 2019, primarily due to a decrease in the credit card portfolio due to seasonality and fewer new accounts and lower consumer spending as a result of the impact of COVID-19.

Table 7: Loan Portfolios

(in millions)		**March 31, 2020**	December 31, 2019
Commercial	**$**	**567,735**	515,719
Consumer		**442,108**	446,546
Total loans	**$**	**1,009,843**	962,265
Change from prior year-end	**$**	**47,578**	9,155

Average loan balances and a comparative detail of average loan balances is included in Table 1 under "Earnings Performance – Net Interest Income" earlier in this Report. Additional information on total loans outstanding by portfolio segment and class of financing receivable is included in the "Risk Management – Credit Risk Management" section in this Report. Period-end balances and other loan related information are in Note 6 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

See the "Balance Sheet Analysis – Loan Portfolios" section in our 2019 Form 10-K for information regarding contractual loan maturities and the distribution of loans to changes in interest rates.

Deposits

Deposits were $1.4 trillion at March 31, 2020, up $53.9 billion from December 31, 2019, reflecting growth across all deposit gathering businesses driven by seasonality, customers' flight to quality following the emergence of COVID-19, as well as the inflow of deposits associated with corporate and commercial loan draws. The increase in deposits was partially offset by actions taken to manage to the asset cap resulting in declines in other time deposits driven by lower brokered certificates of deposit (CDs) and deposits in non-U.S. offices.

Table 8 provides additional information regarding deposits. Information regarding the impact of deposits on net interest income and a comparison of average deposit balances is provided in the "Earnings Performance – Net Interest Income" section and Table 1 earlier in this Report.

Table 8: Deposits

($ in millions)		**Mar 31, 2020**	**% of total deposits**		Dec 31, 2019	% of total deposits	% Change
Noninterest-bearing	**$**	**379,678**	**28%**	$	344,496	26%	10
Interest-bearing checking		**71,668**	**5**		62,814	5	14
Market rate and other savings		**781,051**	**57**		751,080	57	4
Savings certificates		**28,431**	**2**		31,715	2	(10)
Other time deposits		**72,928**	**5**		78,609	6	(7)
Deposits in non-U.S. offices (1)		**42,776**	**3**		53,912	4	(21)
Total deposits	**$**	**1,376,532**	**100%**	$	1,322,626	100%	4

(1) Includes Eurodollar sweep balances of $22.0 billion and $34.2 billion at March 31, 2020, and December 31, 2019, respectively.

Fair Value of Financial Instruments

We use fair value measurements to record fair value adjustments to certain financial instruments and to determine fair value disclosures. See the "Critical Accounting Policies" section in our 2019 Form 10-K and Note 16 (Fair Values of Assets and Liabilities) to Financial Statements in this Report for a description of our critical accounting policy related to fair value of financial instruments and a discussion of our fair value measurement techniques.

Table 9 presents the summary of the fair value of financial instruments recorded at fair value on a recurring basis, and the amounts measured using significant Level 3 inputs (before derivative netting adjustments). The fair value of the remaining assets and liabilities were measured using valuation methodologies involving market-based or market-derived information (collectively Level 1 and 2 measurements).

Table 9: Fair Value Level 3 Summary

	March 31, 2020		December 31, 2019	
($ in billions)	**Total balance**	**Level 3 (1)**	Total balance	Level 3 (1)
Assets carried at fair value	**$ 411.5**	**23.3**	428.6	24.3
As a percentage of total assets	**21%**	**1**	22	1
Liabilities carried at fair value	**$ 33.2**	**1.3**	26.5	1.8
As a percentage of total liabilities	**2%**	*****	2	*

* Less than 1%.
(1) Before derivative netting adjustments.

See Note 16 (Fair Values of Assets and Liabilities) to Financial Statements in this Report for additional information on fair value measurements and a description of the Level 1, 2 and 3 fair value hierarchy.

Equity

Total equity was $183.3 billion at March 31, 2020, compared with $188.0 billion at December 31, 2019. The decrease was predominantly driven by common stock repurchases of $3.4 billion, preferred stock redemptions of $2.5 billion, and dividends of $2.4 billion, partially offset by the issuance of preferred stock of $2.0 billion and net income of $653 million.

Off-Balance Sheet Arrangements

In the ordinary course of business, we engage in financial transactions that are not recorded on the balance sheet, or may be recorded on the balance sheet in amounts that are different from the full contract or notional amount of the transaction. Our off-balance sheet arrangements include commitments to lend and purchase debt and equity securities, transactions with unconsolidated entities, guarantees, derivatives, and other commitments. These transactions are designed to (1) meet the financial needs of customers, (2) manage our credit, market or liquidity risks, and/or (3) diversify our funding sources. For additional information on our contractual obligations that may require future cash payments, see the "Off-Balance Sheet Arrangements – Contractual Cash Obligations" section in our 2019 Form 10-K.

Commitments to Lend

We enter into commitments to lend to customers, which are usually at a stated interest rate, if funded, and for specific purposes and time periods. When we enter into commitments, we are exposed to credit risk. The maximum credit risk for these commitments will generally be lower than the contractual amount because a significant portion of these commitments are not funded. For more information, see Note 6 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

Commitments to Purchase Debt and Equity Securities

We enter into commitments to purchase securities under resale agreements. We also may enter into commitments to purchase debt and equity securities to provide capital for customers' funding, liquidity or other future needs. For more information, see Note 13 (Guarantees, Pledged Assets and Collateral, and Other Commitments) to Financial Statements in this Report.

Transactions with Unconsolidated Entities

In the normal course of business, we enter into various types of on- and off-balance sheet transactions with special purpose entities (SPEs), which are corporations, trusts, limited liability companies or partnerships that are established for a limited purpose. Generally, SPEs are formed in connection with securitization transactions and are considered variable interest entities (VIEs). For more information, see Note 10 (Securitizations and Variable Interest Entities) to Financial Statements in this Report.

Guarantees and Other Arrangements

Guarantees are contracts that contingently require us to make payments to a guaranteed party based on an event or a change in an underlying asset, liability, rate or index. Guarantees are generally in the form of standby letters of credit, direct pay letters of credit, written options, recourse obligations, exchange and clearing house guarantees, indemnifications, and other types of similar arrangements. For more information, see Note 13 (Guarantees, Pledged Assets and Collateral, and Other Commitments) to Financial Statements in this Report.

Derivatives

We use derivatives to manage exposure to market risk, including interest rate risk, credit risk and foreign currency risk, and to assist customers with their risk management objectives. Derivatives are recorded on the balance sheet at fair value, and volume can be measured in terms of the notional amount, which is generally not exchanged, but is used only as the basis on which interest and other payments are determined. The notional amount is not recorded on the balance sheet and is not, when viewed in isolation, a meaningful measure of the risk profile of the instruments. For more information, see Note 15 (Derivatives) to Financial Statements in this Report.

Wells Fargo manages a variety of risks that can significantly affect our financial performance and our ability to meet the expectations of our customers, shareholders, regulators and other stakeholders. For more information about how we manage risk, see the "Risk Management" section in our 2019 Form 10-K. The discussion that follows supplements our discussion of the management of certain risks contained in the "Risk Management" section in our 2019 Form 10-K.

Credit Risk Management

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

The Board's Credit Committee has primary oversight responsibility for credit risk. At the management level, Credit Risk, which is part of the Company's Independent Risk Management (IRM) organization, has primary oversight responsibility for credit risk. Credit Risk reports to the Chief Risk Officer (CRO) and also provides periodic reports related to credit risk to the Board's Credit Committee.

Actions to Support Customers During the COVID-19 Pandemic

In response to the COVID-19 pandemic, we have provided accommodations to our customers, including fee reversals for consumer and small business deposit customers, and fee waivers, payment deferrals, and other expanded assistance for mortgage, credit card, automobile, small business, personal and commercial lending customers. We have also provided significant credit to our customers. In March 2020, our commercial customers drew over $80 billion on revolving lines of credit.

From March 9 through April 24, 2020, we helped more than 1.7 million consumer, small business, and commercial customers by deferring payments, reversing and waiving fees, and offering maturity date extensions. We deferred approximately 1.4 million payments, representing more than $4.6 billion of principal and interest payments, of which approximately 50% related to real estate 1-4 family mortgage loans that we service for others. Additionally, we provided over 1.8 million fee waivers exceeding $75 million. For commercial distribution and automobile finance customers, we provided over 175,000 maturity date extensions, representing approximately $6.3 billion of outstanding principal and interest. The accommodations provided to our customers were not limited to customers that were past due. In addition, we do not plan on retaining fees from loans made in connection with the Paycheck Protection Program.

On March 25, 2020, the U.S. Senate approved the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), a bill designed to provide a wide range of economic relief to consumers and businesses in the U.S. In addition, the CARES Act provides banks optional, temporary relief from accounting for certain loan modifications as troubled debt restructurings (TDRs). The modifications must be related to the adverse effects of COVID-19 and certain other criteria are required to be met to apply the relief. In first quarter 2020, we elected to apply the TDR relief provided by the CARES Act, which expires no later than December 31, 2020.

On April 7, 2020, federal banking regulators issued the *Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus (Revised)* (the Interagency Statement). The Interagency Statement provides additional TDR relief as it clarifies that it is not necessary to consider the impact of COVID-19 on the financial condition of a borrower in connection with short-term (e.g., six months) loan modifications related to COVID-19 provided the borrower is current at the date the modification program is implemented. For additional information regarding the TDR relief provided by the CARES Act and the clarifying TDR accounting guidance from the Interagency Statement, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report

The TDR relief provided under the CARES Act, as well as from the Interagency Statement, does not change our processes for monitoring the credit quality of our loan portfolios or for updating our measurement of the allowance for credit losses for loans based on expected losses.

Additionally, our election to apply the TDR relief provided by the CARES Act and the Interagency Statement impacts our regulatory capital ratios as these loan modifications related to COVID-19 are not adjusted to a higher risk-weighting normally required with TDR classification.

Loan Portfolios

The following discussion focuses on our loan portfolios, which represent the largest component of assets on our balance sheet for which we have credit risk. Table 10 presents our total loans outstanding by portfolio segment and class of financing receivable.

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

(in millions)	Mar 31, 2020	Dec 31, 2019
Commercial:		
Commercial and industrial	**$ 405,020**	354,125
Real estate mortgage	**122,767**	121,824
Real estate construction	**20,812**	19,939
Lease financing	**19,136**	19,831
Total commercial	**567,735**	515,719
Consumer:		
Real estate 1-4 family first mortgage	**292,920**	293,847
Real estate 1-4 family junior lien mortgage	**28,527**	29,509
Credit card	**38,582**	41,013
Automobile	**48,568**	47,873
Other revolving credit and installment	**33,511**	34,304
Total consumer	**442,108**	446,546
Total loans	**$ 1,009,843**	962,265

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

- Loan concentrations and related credit quality
- Counterparty credit risk
- Economic and market conditions
- Legislative or regulatory mandates
- Changes in interest rates

- Merger and acquisition activities
- Reputation risk

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

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

Credit Quality Overview Credit quality in first quarter 2020 declined due to the effect of the COVID-19 pandemic on market conditions, which impacted our customer base. First quarter 2020 results reflected:

- Nonaccrual loans were $6.2 billion at March 31, 2020, up from $5.3 billion at December 31, 2019, largely driven by a $585 million increase in commercial real estate and commercial and industrial nonaccrual loans, as the effect of the COVID-19 pandemic on market conditions began to impact our customer base. Commercial nonaccrual loans increased to $2.9 billion at March 31, 2020, compared with $2.3 billion at December 31, 2019, and consumer nonaccrual loans increased to $3.3 billion at March 31, 2020, compared with $3.1 billion at December 31, 2019. Nonaccrual loans represented 0.61% of total loans at March 31, 2020, compared with 0.56% at December 31, 2019.
- Net loan charge-offs (annualized) as a percentage of our average commercial and consumer loan portfolios were 0.25% and 0.53% in first quarter 2020, respectively, compared with 0.11% and 0.51% in first quarter 2019.
- Loans that are not government insured/guaranteed and 90 days or more past due and still accruing were $53 million and $828 million in our commercial and consumer portfolios, respectively, at March 31, 2020, compared with $78 million and $855 million at December 31, 2019.
- Our provision for credit losses for loans was $3.8 billion in first quarter 2020, compared with $845 million for the same period a year ago. The increase in provision for credit losses for loans in first quarter 2020, compared with the same period a year ago, reflected an increase in the allowance for credit losses for loans due to forecasted credit deterioration from the impact of the COVID-19 pandemic, and higher net loan charge-offs primarily due to the impact of the recent sharp decline in oil prices on our oil and gas portfolio.
- The allowance for credit losses for loans totaled $12.0 billion, or 1.19% of total loans, at March 31, 2020, up from $10.5 billion, or 1.09%, at December 31, 2019.

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

Significant Loan Portfolio Reviews Measuring and monitoring our credit risk is an ongoing process that tracks delinquencies, collateral values, Fair Isaac Corporation (FICO) scores, economic trends by geographic areas, loan-level risk grading for certain portfolios (typically commercial) and other indications of credit risk. Our credit risk monitoring process is designed to enable early identification of developing risk and to support our determination of an appropriate allowance for credit losses. The following discussion provides additional characteristics and analysis of our significant portfolios. See Note 6 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report for more analysis and credit metric information for each of the following portfolios.

COMMERCIAL AND INDUSTRIAL LOANS AND LEASE FINANCING For purposes of portfolio risk management, we aggregate commercial and industrial loans and lease financing according to market segmentation and standard industry codes. We generally subject commercial and industrial loans and lease financing to individual risk assessment using our internal borrower and collateral quality ratings. Our ratings are aligned to federal banking regulators' definitions of pass and criticized categories with the criticized category including special mention, substandard, doubtful, and loss categories.

The commercial and industrial loans and lease financing portfolio totaled $424.2 billion, or 42% of total loans, at March 31, 2020. The net charge-off rate (annualized) for this portfolio was 0.36% in first quarter 2020, compared with 0.16% for the same period a year ago. At March 31, 2020, and December 31, 2019, 0.45% and 0.44% of this portfolio was nonaccruing, respectively. Nonaccrual loans in this portfolio increased $270 million from December 31, 2019, due to the effect of the COVID-19 pandemic on market conditions, which impacted our customer base. Also, $20.5 billion of the commercial and industrial loan and lease financing portfolio was internally classified as criticized in accordance with regulatory guidance at March 31, 2020, compared with $16.6 billion at December 31, 2019, reflecting the effect of the COVID-19 pandemic on market conditions, which impacted our customer base.

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

Table 11 provides our commercial and industrial loans and lease financing by industry, and includes non-U.S. loans of $79.9 billion and $71.7 billion at March 31, 2020, and December 31, 2019, respectively. Significant industry concentrations of non-U.S. loans included $36.8 billion and $31.2 billion in the financials except banks category, and $20.2 billion and $19.9 billion in the banks category at March 31, 2020, and December 31, 2019, respectively. The oil, gas and pipelines category included $1.6 billion of non-U.S. loans at both March 31, 2020, and December 31, 2019. The industry categories are based on the North American Industry Classification System.

Loans to financials except banks, our largest industry concentration, were $126.3 billion, or 13% of total outstanding loans, at March 31, 2020, compared with $117.3 billion, or 12% of total outstanding loans, at December 31, 2019. This industry category is comprised of loans to investment firms, financial vehicles, and non-bank creditors, including those that invest in financial assets backed predominantly by commercial or residential real estate or consumer loan assets. We had $83.1 billion and $75.2 billion of loans originated by our Asset Backed Finance (ABF) lines of business at March 31, 2020, and December 31, 2019, respectively. These ABF loans are limited to a percentage of the value of the underlying financial assets considering underlying credit risk, asset duration, and ongoing performance. These ABF loans may also have other features to manage credit risk such as cross-collateralization, credit enhancements, and contractual re-margining of collateral supporting the loans. Loans to financials except banks included collateralized loan obligations (CLOs) in loan form of $7.7 billion and $7.0 billion at March 31, 2020, and December 31, 2019, respectively.

Oil, gas and pipelines loans totaled $14.3 billion, or 1% of total outstanding loans, at March 31, 2020, compared with $13.6 billion, or 1% of total outstanding loans, at December 31, 2019. Oil, gas and pipelines loans included $9.5 billion and $9.2 billion of senior secured loans outstanding at March 31, 2020 and December 31, 2019, respectively. Oil, gas and pipelines nonaccrual loans decreased to $549 million at March 31, 2020, compared with $615 million at December 31, 2019, due to higher net loan charge-offs, as well as loan payments, partially offset by new downgrades to nonaccrual status in first quarter 2020.

In addition to the oil, gas and pipelines category, industries with escalated credit monitoring include retail, entertainment and recreation, transportation services, and commercial real estate. Table 11 and Table 12 include information about our exposure to certain sectors of these industries, including those that have been significantly affected by the COVID-19 pandemic.

Table 11: Commercial and Industrial Loans and Lease Financing by Industry

				March 31, 2020				December 31, 2019
($ in millions)	**Nonaccrual loans**	**Loans outstanding**	**% of total loans**	**Total commitments (1)**	Nonaccrual loans	Loans outstanding	% of total loans	Total commitments (1)
Financials except banks	**$ 95**	**126,270**	**13%**	**204,143**	$ 112	117,312	12%	200,848
Equipment, machinery and parts manufacturing	**58**	**25,054**	**2**	**44,641**	36	23,457	2	42,040
Technology, telecom and media	**57**	**26,896**	**3**	**56,462**	28	22,447	2	53,343
Real estate and construction	**49**	**27,222**	**3**	**48,977**	47	22,011	2	48,217
Banks	**—**	**20,282**	**2**	**20,948**	—	20,070	2	20,728
Retail (2)	**204**	**27,844**	**3**	**43,801**	105	19,923	2	41,938
Materials and commodities	**57**	**19,118**	**2**	**39,385**	33	16,375	2	39,369
Automobile related	**24**	**17,436**	**2**	**26,032**	24	15,996	2	26,310
Food and beverage manufacturing	**12**	**16,908**	**2**	**31,004**	9	14,991	2	29,172
Health care and pharmaceuticals	**81**	**18,785**	**2**	**32,230**	28	14,920	2	30,168
Oil, gas and pipelines	**549**	**14,287**	**1**	**34,443**	615	13,562	1	35,445
Entertainment and recreation (3)	**65**	**16,163**	**2**	**20,532**	44	13,462	1	19,854
Transportation services (4)	**336**	**11,901**	**1**	**17,853**	224	10,957	1	17,660
Commercial services	**120**	**12,684**	**1**	**22,989**	50	10,455	1	22,713
Agribusiness	**37**	**6,994**	*****	**12,137**	35	7,539	*	12,901
Utilities	**147**	**8,598**	*****	**21,545**	224	5,995	*	19,390
Insurance and fiduciaries	**1**	**7,292**	*****	**16,481**	1	5,525	*	15,596
Government and education	**7**	**5,548**	*****	**11,918**	6	5,363	*	12,267
Other (5)	**11**	**14,874**	**1**	**32,769**	19	13,596	*	32,988
Total	**$ 1,910**	**424,156**	**42%**	**738,290**	$ 1,640	373,956	39%	720,947

* Less than 1%.
(1) Total commitments consist of loans outstanding plus unfunded credit commitments, excluding issued letters of credit.
(2) Loans outstanding to the restaurant sector were $5.8 billion and $4.3 billion and included $3.9 billion and $3.1 billion of loans outstanding to limited service restaurants at March 31, 2020, and December 31, 2019, respectively.
(3) Less than 1% of loans outstanding and 1% of total commitments were to cruise lines at both March 31, 2020, and December 31, 2019.
(4) Includes air transportation loans outstanding of $2.4 billion and $1.1 billion at March 31, 2020, and December 31, 2019, respectively.
(5) No other single industry had total loans in excess of $5.0 billion and $4.7 billion at March 31, 2020, and December 31, 2019, respectively.

COMMERCIAL REAL ESTATE (CRE) We generally subject CRE loans to individual risk assessment using our internal borrower and collateral quality ratings. Our ratings are aligned to regulatory definitions of pass and criticized categories with criticized segmented among special mention, substandard, doubtful and loss categories. The CRE portfolio, which included $7.8 billion of non-U.S. CRE loans, totaled $143.6 billion, or 14% of total loans, at March 31, 2020, and consisted of $122.8 billion of mortgage loans and $20.8 billion of construction loans.

Table 12 summarizes CRE loans by state and property type with the related nonaccrual totals. The portfolio is diversified both geographically and by property type. The largest geographic concentrations of CRE loans are in California, New York, Florida and Texas, which combined represented 49% of the total CRE portfolio. By property type, the largest concentrations are office buildings at 26% and apartments at 18% of the portfolio. CRE nonaccrual loans totaled 0.67% of the CRE outstanding balance at March 31, 2020, compared with 0.43% at December 31, 2019. The increase in CRE nonaccrual loans reflected the effect of the COVID-19 pandemic on market conditions, which impacted our customer base. At March 31, 2020, we had $4.1 billion of criticized CRE mortgage loans, compared with $3.8 billion at December 31, 2019, and $222 million of criticized CRE construction loans, compared with $187 million at December 31, 2019.

Table 12: CRE Loans by State and Property Type

									March 31, 2020
		Real estate mortgage		Real estate construction		Total			
($ in millions)		Nonaccrual loans	Total portfolio	Nonaccrual loans	Total portfolio	Nonaccrual loans	Total portfolio		% of total loans
By state:									
California	$	172	31,837	1	4,446	173	36,283		4%
New York		21	12,676	2	1,861	23	14,537		1
Florida		22	8,200	1	1,487	23	9,687		*
Texas		304	7,848	5	1,393	309	9,241		*
Washington		11	3,979	—	768	11	4,747		*
North Carolina		14	3,868	—	617	14	4,485		*
Georgia		15	3,901	—	465	15	4,366		*
Arizona		40	4,034	—	269	40	4,303		*
Colorado		16	3,298	—	546	16	3,844		*
New Jersey		18	2,962	—	682	18	3,644		*
Other		311	40,164	12	8,278	323	48,442	(1)	5
Total	$	944	122,767	21	20,812	965	143,579		14%
By property:									
Office buildings	$	140	34,547	5	2,945	145	37,492		4%
Apartments		12	18,642	—	7,103	12	25,745		3
Industrial/warehouse		76	15,929	1	1,471	77	17,400		2
Retail (excluding shopping center)		125	14,089	2	223	127	14,312		1
Hotel/motel		79	10,637	—	1,543	79	12,180		1
Shopping Center		279	10,707	—	1,361	279	12,068		1
Mixed use properties		95	6,087	—	545	95	6,632		*
Institutional		60	3,934	1	2,041	61	5,975		*
Collateral pool		—	2,514	—	200	—	2,714		*
Agriculture		70	2,144	—	9	70	2,153		*
Other		8	3,537	12	3,371	20	6,908		*
Total	$	944	122,767	21	20,812	965	143,579		14%

* Less than 1%.
(1) Includes 40 states; no state had loans in excess of $3.7 billion.

NON-U.S LOANS Our classification of non-U.S. loans is based on whether the borrower's primary address is outside of the United States. At March 31, 2020, non-U.S. loans totaled $88.0 billion, representing approximately 9% of our total consolidated loans outstanding, compared with $80.5 billion, or approximately 8% of total consolidated loans outstanding, at December 31, 2019. Non-U.S. loans were approximately 4% of our consolidated total assets at both March 31, 2020, and December 31, 2019.

COUNTRY RISK EXPOSURE Our country risk monitoring process incorporates centralized monitoring of economic, political, social, legal, and transfer risks in countries where we do or plan to do business, along with frequent dialogue with our customers, counterparties and regulatory agencies. We establish exposure limits for each country through a centralized oversight process based on customer needs, and through consideration of the relevant and distinct risk of each country. We monitor exposures closely and adjust our country limits in response to changing conditions.

We evaluate our individual country risk exposure based on our assessment of the borrower's ability to repay, which gives consideration for allowable transfers of risk such as guarantees and collateral and may be different from the reporting based on the borrower's primary address. Our largest single country exposure outside the U.S. based on our assessment of risk at March 31, 2020, was the United Kingdom, which totaled $37.6 billion, or approximately 2% of our total assets, and included $11.2 billion of sovereign claims. Our United Kingdom sovereign claims arise predominantly from deposits we have placed with the Bank of England pursuant to regulatory requirements in support of our London branch.

The United Kingdom withdrew from the European Union (Brexit) on January 31, 2020, and is currently subject to a transition period during which the terms and conditions of its exit are being negotiated. As the United Kingdom exits from the European Union, our primary goal is to continue to serve our existing clients in the United Kingdom and the European Union as well as to continue to meet the needs of our domestic clients as they do business in those locations. We have an existing authorized bank in Ireland and an asset management entity in Luxembourg. Additionally, we established a broker dealer in France. We are in the process of leveraging these entities to continue to serve clients in the European Union and continue to take actions to update our business operations in the United Kingdom and European Union, including implementing new supplier contracts and staffing arrangements. For additional information on risks associated with Brexit, see the "Risk Factors" section in our 2019 Form 10-K.

Table 13 provides information regarding our top 20 exposures by country (excluding the U.S.) and our Eurozone exposure, based on our assessment of risk, which gives consideration to the country of any guarantors and/or underlying collateral. With respect to Table 13:

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

Table 13: Select Country Exposures

									March 31, 2020
	Lending		Securities		Derivatives and other		Total exposure		
(in millions)	Sovereign	Non-sovereign	Sovereign	Non-sovereign	Sovereign	Non-sovereign	Sovereign	Non-sovereign (1)	Total
Top 20 country exposures:									
United Kingdom	$ 11,182	22,815	—	1,672	1	1,968	11,183	26,455	37,638
Canada	4	16,778	2	120	—	593	6	17,491	17,497
Cayman Islands	—	8,952	—	—	—	328	—	9,280	9,280
Ireland	976	4,857	—	122	—	68	976	5,047	6,023
China	—	4,188	(13)	444	37	35	24	4,667	4,691
Bermuda	—	4,308	—	125	—	51	—	4,484	4,484
Luxembourg	—	3,925	—	126	—	103	—	4,154	4,154
Japan	20	1,304	1,996	143	—	256	2,016	1,703	3,719
Guernsey	—	3,494	—	3	—	35	—	3,532	3,532
Germany	—	2,787	10	45	6	59	16	2,891	2,907
South Korea	—	2,546	3	84	—	15	3	2,645	2,648
Netherlands	—	1,794	—	171	14	241	14	2,206	2,220
France	—	1,847	—	94	142	13	142	1,954	2,096
Brazil	—	2,062	1	3	6	8	7	2,073	2,080
Chile	—	1,910	—	1	—	—	—	1,911	1,911
India	—	1,683	—	114	—	1	—	1,798	1,798
Switzerland	—	1,608	—	38	—	90	—	1,736	1,736
Australia	—	1,505	—	68	—	17	—	1,590	1,590
Singapore	—	1,304	—	24	—	88	—	1,416	1,416
United Arab Emirates	—	1,286	—	82	—	4	—	1,372	1,372
Total top 20 country exposures	$ 12,182	90,953	1,999	3,479	206	3,973	14,387	98,405	112,792
Eurozone exposure:									
Eurozone countries included in Top 20 above (2)	$ 976	15,210	10	558	162	484	1,148	16,252	17,400
Spain	—	385	—	121	—	9	—	515	515
Belgium	—	536	—	(54)	—	4	—	486	486
Austria	—	234	—	1	—	—	—	235	235
Italy	—	108	—	19	—	1	—	128	128
Other Eurozone exposure	—	93	—	27	—	—	—	120	120
Total Eurozone exposure	$ 976	16,566	10	672	162	498	1,148	17,736	18,884

(1) For countries presented in the table, total non-sovereign exposure comprises $56.0 billion exposure to financial institutions and $43.9 billion to non-financial corporations at March 31, 2020.
(2) Consists of exposure to Ireland, Luxembourg, Germany, Netherlands and France included in Top 20.

REAL ESTATE 1-4 FAMILY MORTGAGE LOANS Our real estate 1-4 family mortgage loan portfolio is comprised of both first and junior lien mortgage loans, which are presented in Table 14.

Table 14: Real Estate 1-4 Family Mortgage Loans

	March 31, 2020		December 31, 2019	
(in millions)	Balance	% of portfolio	Balance	% of portfolio
Real estate 1-4 family first mortgage	$ 292,920	91%	$ 293,847	91%
Real estate 1-4 family junior lien mortgage	28,527	9	29,509	9
Total real estate 1-4 family mortgage loans	$ 321,447	100%	$ 323,356	100%

The real estate 1-4 family mortgage loan portfolio includes some loans with an interest-only feature as part of the loan terms and some with adjustable-rate features. Interest-only loans were approximately 3% of total loans at both March 31, 2020, and December 31, 2019. We believe we have manageable adjustable-rate mortgage (ARM) reset risk across our mortgage loan portfolios, including ARM loans that have negative amortizing features that were acquired in prior business combinations. We do not offer option ARM products, nor do we offer variable-rate mortgage products with fixed payment amounts, commonly referred to within the financial services industry as negative amortizing mortgage loans. In connection with our adoption of CECL on January 1, 2020, our real estate 1-4 family mortgage purchased credit-impaired (PCI) loans, which had a carrying value of $568 million, were reclassified as purchased credit-deteriorated (PCD) loans. PCD loans are generally accounted for in the same manner as non-PCD loans. For more information on PCD loans, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

We continue to modify real estate 1-4 family mortgage loans to assist homeowners and other borrowers experiencing financial difficulties. For more information on our modification programs, see the "Risk Management – Credit Risk Management – Real Estate 1-4 Family Mortgage Loans" section in our 2019 Form 10-K. For more information on customer accommodations, including loan modifications, in response to the COVID-19 pandemic, see the "Risk Management – Credit Risk Management – Actions to Support Customers During the COVID-19 Pandemic" section in this Report.

Part of our credit monitoring includes tracking delinquency, current FICO scores and loan/combined loan to collateral values (LTV/CLTV) on the entire real estate 1-4 family mortgage loan portfolio. These credit risk indicators on the mortgage portfolio exclude government insured/guaranteed loans. Loans 30 days or more delinquent at March 31, 2020, totaled $3.6 billion, or 1% of total mortgages, compared with $3.0 billion, or 1%, at December 31, 2019. Loans with FICO scores lower than 640 totaled $7.5 billion, or 2% of total mortgages at March 31, 2020, compared with $7.6 billion, or 2%, at December 31, 2019. Mortgages with a LTV/CLTV greater than 100% totaled $2.5 billion at March 31, 2020, or 1% of total mortgages, compared with $2.5 billion, or 1%, at December 31, 2019. Information regarding credit quality indicators can be found in Note 6 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

Real estate 1-4 mortgage loans by state are presented in Table 15. Our real estate 1-4 family mortgage loans to borrowers in California represented 13% of total loans at March 31, 2020, located predominantly within the larger metropolitan areas, with no single California metropolitan area consisting of more than 4% of total loans. We monitor changes in real estate values and underlying economic or market conditions for all geographic areas of our real estate 1-4 family mortgage portfolios as part of our credit risk management process. Our underwriting and periodic review of loans and lines secured by residential real estate collateral includes original appraisals adjusted for the change in Home Price Index (HPI) or estimates from automated valuation models (AVMs) to support property values. Additional information about appraisals and AVMs and our policy for their use can be found in Note 6 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report and the "Risk Management – Credit Risk Management – Real Estate 1-4 Family Mortgage Loans" section in our 2019 Form 10-K.

Table 15: Real Estate 1-4 Family Mortgage Loans by State

	March 31, 2020			
(in millions)	Real estate 1-4 family first mortgage	Real estate 1-4 family junior lien mortgage	Total real estate 1-4 family mortgage	% of total loans
Real estate 1-4 family loans:				
California	$ 118,484	7,814	126,298	13%
New York	31,801	1,469	33,270	3
New Jersey	14,074	2,667	16,741	2
Florida	11,675	2,523	14,198	1
Washington	10,869	644	11,513	1
Virginia	8,740	1,645	10,385	1
Texas	8,954	576	9,530	1
North Carolina	5,758	1,338	7,096	1
Colorado	6,357	644	7,001	1
Other (1)	65,369	9,207	74,576	7
Government insured/guaranteed loans (2)	10,839	—	10,839	1
Total	$ 292,920	28,527	321,447	32%

(1) Consists of 41 states; none of which had loans in excess of $6.9 billion.
(2) Represents loans whose repayments are predominantly insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA).

First Lien Mortgage Portfolio Our total real estate 1-4 family first lien mortgage portfolio (first mortgage) decreased $927 million in first quarter 2020. Mortgage loan originations of $14.3 billion in first quarter 2020 were more than offset by paydowns.

Net loan charge-offs (annualized) as a percentage of average first mortgage loans was 0.00% in first quarter 2020, compared with a net recovery of 0.02% for the same period a year ago. Nonaccrual loans were $2.4 billion at March 31, 2020, up $222 million from December 31, 2019. The increase in nonaccrual loans from December 31, 2019 was driven by the implementation of CECL, which required PCI loans to be classified as nonaccruing based on performance. For additional information, see the "Risk Management – Credit Risk Management – Nonperforming Assets (Nonaccrual Loans and Foreclosed Assets)" section in this Report.

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

Table 16: First Mortgage Portfolio Performance

		Outstanding balance		% of loans 30 days or more past due		Loss (recovery) rate (annualized) quarter ended				
(in millions)		**Mar 31, 2020**	Dec 31, 2019	**Mar 31, 2020**	Dec 31, 2019	**Mar 31, 2020**	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
California	$	**118,484**	118,256	**0.66%**	0.48	**(0.01)**	(0.02)	(0.01)	(0.04)	(0.03)
New York		**31,801**	31,336	**1.11**	0.83	**(0.01)**	0.02	0.01	—	0.02
New Jersey		**14,074**	14,113	**1.65**	1.40	**—**	0.02	0.02	(0.06)	0.08
Florida		**11,675**	11,804	**2.36**	1.81	**(0.03)**	(0.06)	(0.07)	(0.11)	(0.10)
Washington		**10,869**	10,863	**0.40**	0.29	**(0.02)**	(0.02)	—	(0.03)	(0.04)
Other		**95,178**	95,750	**1.36**	1.20	**0.01**	(0.02)	—	(0.06)	(0.02)
Total		**282,081**	282,122	**1.05**	0.86	**—**	(0.02)	(0.01)	(0.04)	(0.02)
Government insured/guaranteed loans		**10,839**	11,170							
PCI (1)		**N/A**	555							
Total first lien mortgages	$	**292,920**	293,847							

(1) In connection with our adoption of CECL on January 1, 2020, PCI loans were reclassified as PCD loans and are therefore included with other non-PCD loans in this table. For more information, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

Junior Lien Mortgage Portfolio The junior lien mortgage portfolio consists of residential mortgage lines and loans that are subordinate in rights to an existing lien on the same property. It is not unusual for these lines and loans to have draw periods, interest-only payments, balloon payments, adjustable rates, and similar features. Junior lien loan products are mostly amortizing payment loans with fixed interest rates and repayment periods between five to 30 years.

We continuously monitor the credit performance of our junior lien mortgage portfolio for trends and factors that influence the frequency and severity of loss, such as junior lien mortgage performance when the first mortgage loan is delinquent. Table 17 shows certain delinquency and loss information for the junior lien mortgage portfolio and lists the top five states by outstanding balance. The decrease in outstanding balances since December 31, 2019, predominantly reflected loan paydowns. As of March 31, 2020, 4% of the outstanding balance of the junior lien mortgage portfolio was associated with loans that had a combined loan to value (CLTV) ratio in excess of 100%. Of those junior lien mortgages with a CLTV ratio in excess of 100%, 3% were 30 days or more past due. CLTV means the ratio of the total loan balance of first mortgages and junior lien mortgages (including unused line amounts for credit line products) to property collateral value. The unsecured portion (the outstanding amount that was in excess of the most recent property collateral value) of the outstanding balances of these loans totaled 1% of the junior lien mortgage portfolio at March 31, 2020. For additional information on consumer loans by LTV/CLTV, see Table 6.12 in Note 6 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

Table 17: Junior Lien Mortgage Portfolio Performance

	Outstanding balance		% of loans 30 days or more past due		Loss (recovery) rate (annualized) quarter ended				
(in millions)	**Mar 31, 2020**	Dec 31, 2019	**Mar 31, 2020**	Dec 31, 2019	**Mar 31, 2020**	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
California	**$ 7,814**	8,054	**1.65%**	1.62	**(0.36)**	(0.44)	(0.51)	(0.40)	(0.39)
New Jersey	**2,667**	2,744	**2.67**	2.74	**0.13**	0.07	0.11	(0.07)	0.12
Florida	**2,523**	2,600	**2.76**	2.93	**—**	(0.09)	(0.11)	(0.11)	(0.05)
Virginia	**1,645**	1,712	**2.15**	1.97	**0.09**	(0.02)	(0.23)	(0.17)	0.14
Pennsylvania	**1,618**	1,674	**2.18**	2.16	**0.11**	(0.10)	(0.05)	(0.19)	0.04
Other	**12,260**	12,712	**2.06**	2.05	**0.01**	(0.18)	(0.29)	(0.22)	(0.03)
Total	**28,527**	29,496	**2.08**	2.07	**(0.07)**	(0.21)	(0.28)	(0.24)	(0.11)
PCI (1)	**N/A**	13							
Total junior lien mortgages	**$ 28,527**	29,509							

(1) In connection with our adoption of CECL on January 1, 2020, PCI loans were reclassified as PCD loans and are therefore included with other non-PCD loans in this table. For more information, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

Our junior lien, as well as first lien, lines of credit portfolios generally have draw periods of 10, 15 or 20 years with variable interest rate and payment options available during the draw period of (1) interest only or (2) 1.5% of outstanding principal balance plus accrued interest. As of March 31, 2020, lines of credit in a draw period primarily used the interest-only option. During the draw period, the borrower has the option of converting all or a portion of the line from a variable interest rate to a fixed rate with terms including interest-only payments for a fixed period between three to seven years or a fully amortizing payment with a fixed period between five to 30 years. At the end of the draw period, a line of credit generally converts to an amortizing payment schedule with repayment terms of up to 30 years based on the balance at time of conversion. Certain lines and loans have been structured with a balloon payment, which requires full repayment of the outstanding balance at the end of the term period. The conversion of lines or loans to fully amortizing or balloon payoff may result in a significant payment increase, which can affect some borrowers' ability to repay the outstanding balance.

On a monthly basis, we monitor the payment characteristics of borrowers in our first and junior lien lines of credit portfolios. In March 2020, approximately 46% of these borrowers paid only the minimum amount due and approximately 50% paid more than the minimum amount due. The rest were either delinquent or paid less than the minimum amount due. For the borrowers with an interest-only payment feature, approximately 30% paid only the minimum amount due and approximately 66% paid more than the minimum amount due.

The lines that enter their amortization period may experience higher delinquencies and higher loss rates than the ones in their draw or term period. We have considered this increased inherent risk in our allowance for credit loss estimate.

In anticipation of our borrowers reaching the end of their contractual commitment, we have created a program to inform, educate and help these borrowers transition from interest-only to fully-amortizing payments or full repayment. We monitor the performance of the borrowers moving through the program in an effort to refine our ongoing program strategy.

Table 18 reflects the outstanding balance of our portfolio of junior lien mortgages, including lines and loans, and first lien lines segregated into scheduled end-of-draw or end-of-term periods and products that are currently amortizing, or in balloon repayment status. At March 31, 2020, $464 million, or 2%, of lines in their draw period were 30 days or more past due, compared with $395 million, or 5%, of amortizing lines of credit. Included in the amortizing amounts in Table 18 is $53 million of end-of-term balloon payments which were past due. The unfunded credit commitments for junior and first lien lines totaled $58.1 billion at March 31, 2020.

Table 18: Junior Lien Mortgage Line and Loan and First Lien Mortgage Line Portfolios Payment Schedule

			Scheduled end of draw / term						
(in millions)		**Outstanding balance March 31, 2020**	Remainder of 2020	2021	2022	2023	2024	2025 and thereafter (1)	Amortizing
Junior lien lines and loans	$	**28,527**	218	809	3,177	2,191	1,769	11,693	8,670
First lien lines		**10,210**	103	395	1,566	1,186	922	4,368	1,670
Total	$	**38,737**	321	1,204	4,743	3,377	2,691	16,061	10,340
% of portfolios		**100%**	1	3	12	9	7	41	27

(1) Substantially all lines and loans are scheduled to convert to amortizing loans by the end of 2029, with annual scheduled amounts through 2029 ranging from $1.8 billion to $4.6 billion and averaging $3.1 billion per year.

CREDIT CARDS Our credit card portfolio totaled $38.6 billion at March 31, 2020, which represented 4% of our total outstanding loans. The net charge-off rate (annualized) for our credit card portfolio was 3.81% for first quarter 2020, compared with 3.73% for first quarter 2019.

AUTOMOBILE Our automobile portfolio totaled $48.6 billion at March 31, 2020. The net charge-off rate (annualized) for our automobile portfolio was 0.68% for first quarter 2020, compared with 0.82% for first quarter 2019. The decrease in the net charge-off rate in first quarter 2020, compared with the same period in 2019, was driven by lower early losses on higher quality originations.

OTHER REVOLVING CREDIT AND INSTALLMENT Other revolving credit and installment loans, totaled $33.5 billion at March 31, 2020, and largely included student and securities-based loans. Our private student loan portfolio totaled $10.6 billion at March 31, 2020. The net charge-off rate (annualized) for other revolving credit and installment loans was 1.59% for first quarter 2020, compared with 1.47% for first quarter 2019.

NONPERFORMING ASSETS (NONACCRUAL LOANS AND FORECLOSED ASSETS) Table 19 summarizes nonperforming assets (NPAs) for each of the last four quarters. Total NPAs increased $759 million from fourth quarter 2019 to $6.4 billion. Nonaccrual loans of $6.2 billion increased $810 million from fourth quarter 2019. Commercial nonaccrual loans increased predominantly due to an increase in commercial and industrial and real estate mortgage nonaccrual loans as a result of the economic slowdown due to the COVID-19 pandemic impacting our customers. Consumer nonaccrual loans increased driven by higher nonaccruals in the real estate 1-4 family mortgage portfolio, as our adoption of CECL required PCI loans to be classified as nonaccruing based on performance. Prior to January 1, 2020, PCI loans were excluded from nonaccrual loans because they continued to earn interest income from accretable yield, independent of performance in accordance with their contractual terms. However, as a result of our adoption of CECL on January 1, 2020, $275 million of real estate 1-4 family mortgage loans were reclassified from PCI to PCD loans, and as a result, were also classified as nonaccrual loans given their contractual delinquency. For more information on PCD loans, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

For information about when we generally place loans on nonaccrual status, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2019 Form 10-K. As part of our actions to support customers during the COVID-19 pandemic, we have provided borrowers relief in the form of loan modifications. Loan delinquency status will not change during any payment deferral period and loans that were accruing at the time the relief was provided generally will not be placed on nonaccrual status during the deferral period. For more information on customer accommodations, including loan modifications, in response to the COVID-19 pandemic, see the "Risk Management – Credit Risk Management – Actions to Support Customers During the COVID-19 Pandemic" section in this Report.

Foreclosed assets of $252 million were down $51 million from fourth quarter 2019.

Table 19: Nonperforming Assets (Nonaccrual Loans and Foreclosed Assets)

	March 31, 2020		December 31, 2019		September 30, 2019		June 30, 2019	
($ in millions)	**Balance**	**% of total loans**	Balance	% of total loans	Balance	% of total loans	Balance	% of total loans
Nonaccrual loans:								
Commercial:								
Commercial and industrial	**$ 1,779**	**0.44%**	$ 1,545	0.44%	$ 1,539	0.44%	$ 1,634	0.47%
Real estate mortgage	**944**	**0.77**	573	0.47	669	0.55	737	0.60
Real estate construction	**21**	**0.10**	41	0.21	32	0.16	36	0.17
Lease financing	**131**	**0.68**	95	0.48	72	0.37	63	0.33
Total commercial	**2,875**	**0.51**	2,254	0.44	2,312	0.45	2,470	0.48
Consumer:								
Real estate 1-4 family first mortgage (1)	**2,372**	**0.81**	2,150	0.73	2,261	0.78	2,425	0.85
Real estate 1-4 family junior lien mortgage (1)	**769**	**2.70**	796	2.70	819	2.66	868	2.71
Automobile	**99**	**0.20**	106	0.22	110	0.24	115	0.25
Other revolving credit and installment	**41**	**0.12**	40	0.12	43	0.12	44	0.13
Total consumer	**3,281**	**0.74**	3,092	0.69	3,233	0.73	3,452	0.79
Total nonaccrual loans	**6,156**	**0.61**	5,346	0.56	5,545	0.58	5,922	0.62
Foreclosed assets:								
Government insured/guaranteed (2)	**43**		50		59		68	
Non-government insured/guaranteed	**209**		253		378		309	
Total foreclosed assets	**252**		303		437		377	
Total nonperforming assets	**$ 6,408**	**0.63%**	$ 5,649	0.59%	$ 5,982	0.63%	$ 6,299	0.66%
Change in NPAs from prior quarter	**$ 759**		(333)		(317)		(1,042)	

(1) Real estate 1-4 family mortgage loans predominantly insured by the FHA or guaranteed by the VA are not placed on nonaccrual status because they are insured or guaranteed.
(2) Consistent with regulatory reporting requirements, foreclosed real estate resulting from government insured/guaranteed loans are classified as nonperforming. Both principal and interest related to these foreclosed real estate assets are collectible because the loans were predominantly insured by the FHA or guaranteed by the VA. Receivables related to the foreclosure of certain government guaranteed residential real estate mortgage loans are excluded from this table and included in Accounts Receivable in Other Assets. For more information on foreclosed assets, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2019 Form 10-K.

Table 20 provides an analysis of the changes in nonaccrual loans.

Table 20: Analysis of Changes in Nonaccrual Loans

						Quarter ended
(in millions)		**Mar 31, 2020**	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
Commercial nonaccrual loans						
Balance, beginning of period	$	**2,254**	2,312	2,470	2,797	2,188
Inflows		**1,479**	652	710	621	1,238
Outflows:						
Returned to accruing		**(56)**	(124)	(52)	(46)	(43)
Foreclosures		**—**	—	(78)	(2)	(15)
Charge-offs		**(360)**	(201)	(194)	(187)	(158)
Payments, sales and other		**(442)**	(385)	(544)	(713)	(413)
Total outflows		**(858)**	(710)	(868)	(948)	(629)
Balance, end of period		**2,875**	2,254	2,312	2,470	2,797
Consumer nonaccrual loans						
Balance, beginning of period		**3,092**	3,233	3,452	4,108	4,308
Inflows (1)		**749**	473	448	437	552
Outflows:						
Returned to accruing		**(254)**	(227)	(274)	(250)	(248)
Foreclosures		**(21)**	(29)	(32)	(34)	(42)
Charge-offs		**(48)**	(45)	(44)	(34)	(49)
Payments, sales and other		**(237)**	(313)	(317)	(775)	(413)
Total outflows		**(560)**	(614)	(667)	(1,093)	(752)
Balance, end of period		**3,281**	3,092	3,233	3,452	4,108
Total nonaccrual loans	$	**6,156**	5,346	5,545	5,922	6,905

(1) In connection with our adoption of CECL on January 1, 2020, we classified $275 million of PCD loans as nonaccruing based on performance.

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

While nonaccrual loans are not free of loss content, we believe exposure to loss is significantly mitigated by the following factors at March 31, 2020:

- 94% of total commercial nonaccrual loans and 99% of total consumer nonaccrual loans are secured. Of the consumer nonaccrual loans, 96% are secured by real estate and 88% have a combined LTV (CLTV) ratio of 80% or less.
- losses of $573 million and $985 million have already been recognized on 11% of commercial nonaccrual loans and 34% of consumer nonaccrual loans, respectively, in accordance with our charge-off policies. Once we write down loans to the net realizable value (fair value of collateral less estimated costs to sell), we re-evaluate each loan regularly and record additional write-downs if needed.
- 73% of commercial nonaccrual loans were current on interest and 66% of commercial nonaccrual loans were current on both principal and interest, but were on nonaccrual status because the full or timely collection of interest or principal had become uncertain.
- of the $1.4 billion of consumer loans in bankruptcy or discharged in bankruptcy, and classified as nonaccrual, $905 million were current.
- the remaining risk of loss of all nonaccrual loans has been considered and we believe is adequately covered by the allowance for loan losses.

We continue to work with our customers experiencing financial difficulty to determine if they can qualify for a loan modification so that they can stay in their homes. Under our proprietary modification programs, customers may be required to provide updated documentation, and some programs require completion of payment during trial periods to demonstrate sustained performance before the loan can be removed from nonaccrual status.

Table 21 provides a summary of foreclosed assets and an analysis of changes in foreclosed assets.

Table 21: Foreclosed Assets

(in millions)		Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
Summary by loan segment						
Government insured/guaranteed	$	**43**	50	59	68	75
Commercial		**49**	62	180	101	124
Consumer		**160**	191	198	208	237
Total foreclosed assets	$	**252**	303	437	377	436
Analysis of changes in foreclosed assets						
Balance, beginning of period	$	**303**	437	377	436	451
Net change in government insured/guaranteed (1)		**(7)**	(9)	(9)	(7)	(13)
Additions to foreclosed assets (2)		**107**	126	235	144	193
Reductions:						
Sales		**(154)**	(250)	(155)	(199)	(205)
Write-downs and gains (losses) on sales		**3**	(1)	(11)	3	10
Total reductions		**(151)**	(251)	(166)	(196)	(195)
Balance, end of period	$	**252**	303	437	377	436

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

Foreclosed assets at March 31, 2020, included $180 million of foreclosed residential real estate, of which 24% is predominantly FHA insured or VA guaranteed and expected to have minimal or no loss content. The remaining amount of foreclosed assets has been written down to estimated net realizable value. Of the $252 million in foreclosed assets at March 31, 2020, 71% have been in the foreclosed assets portfolio one year or less.

As part of our actions to support customers during the COVID-19 pandemic, we have suspended certain mortgage foreclosure activities, which may affect the amount of our foreclosed assets for the remainder of the year. For additional information on loans in process of foreclosure, see Note 6 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

TROUBLED DEBT RESTRUCTURINGS (TDRs)

Table 22: Troubled Debt Restructurings (TDRs)

(in millions)		**Mar 31, 2020**	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
Commercial:						
Commercial and industrial	$	**1,302**	1,183	1,162	1,294	1,740
Real estate mortgage		**697**	669	598	620	681
Real estate construction		**33**	36	40	43	45
Lease financing		**10**	13	16	31	46
Total commercial TDRs		**2,042**	1,901	1,816	1,988	2,512
Consumer:						
Real estate 1-4 family first mortgage		**7,284**	7,589	7,905	8,218	10,343
Real estate 1-4 family junior lien mortgage		**1,356**	1,407	1,457	1,550	1,604
Credit Card		**527**	520	504	486	473
Automobile		**76**	81	82	85	85
Other revolving credit and installment		**172**	170	167	159	156
Trial modifications		**108**	115	123	127	136
Total consumer TDRs		**9,523**	9,882	10,238	10,625	12,797
Total TDRs	$	**11,565**	11,783	12,054	12,613	15,309
TDRs on nonaccrual status	$	**2,846**	2,833	2,775	3,058	4,037
TDRs on accrual status:						
Government insured/guaranteed		**1,157**	1,190	1,199	1,209	1,275
Non-government insured/guaranteed		**7,562**	7,760	8,080	8,346	9,997
Total TDRs	$	**11,565**	11,783	12,054	12,613	15,309

Table 22 provides information regarding the recorded investment of loans modified in TDRs. The allowance for loan losses for TDRs was $439 million and $1.0 billion at March 31, 2020, and December 31, 2019, respectively. See Note 6 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report for additional information regarding TDRs. In those situations where principal is forgiven, the entire amount of such forgiveness is immediately charged off. When we delay the timing on the repayment of a portion of principal (principal forbearance), we charge off the amount of forbearance if that amount is not considered fully collectible. As part of our actions to support customers during the COVID-19 pandemic, we have provided borrowers relief in the form of loan modifications. Under the CARES Act and the Interagency Statement, loan modifications related to the COVID-19 pandemic will not be classified as TDRs if they meet certain eligibility criteria. For more information on the CARES Act and the Interagency Statement, see the "Risk Management – Credit Risk Management – Actions to Support Customers During the COVID-19 Pandemic" section in this Report.

For more information on our nonaccrual policies when a restructuring is involved, see the "Risk Management – Credit Risk Management – Troubled Debt Restructurings (TDRs)" section in our 2019 Form 10-K.

Table 23 provides an analysis of the changes in TDRs. Loans modified more than once are reported as TDR inflows only in the period they are first modified. Other than resolutions such as foreclosures, sales and transfers to held for sale, we may remove loans held for investment from TDR classification, but only if they have been refinanced or restructured at market terms and qualify as new loans.

Table 23: Analysis of Changes in TDRs

(in millions)		Quarter ended Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
Commercial TDRs						
Balance, beginning of quarter	$	**1,901**	1,816	1,988	2,512	2,422
Inflows (1)		**452**	476	293	232	539
Outflows						
Charge-offs		**(56)**	(48)	(66)	(37)	(44)
Foreclosures		**—**	(1)	—	—	—
Payments, sales and other (2)		**(255)**	(342)	(399)	(719)	(405)
Balance, end of quarter		**2,042**	1,901	1,816	1,988	2,512
Consumer TDRs						
Balance, beginning of quarter		**9,882**	10,238	10,625	12,797	13,109
Inflows (1)		**312**	350	360	336	439
Outflows						
Charge-offs		**(63)**	(57)	(56)	(61)	(60)
Foreclosures		**(57)**	(61)	(70)	(74)	(86)
Payments, sales and other (2)		**(544)**	(580)	(617)	(2,364)	(593)
Net change in trial modifications (3)		**(7)**	(8)	(4)	(9)	(12)
Balance, end of quarter		**9,523**	9,882	10,238	10,625	12,797
Total TDRs	$	**11,565**	11,783	12,054	12,613	15,309

(1) Inflows include loans that modify, even if they resolve within the period, as well as gross advances on term loans that modified in a prior period and net advances on revolving TDRs that modified in a prior period.

(2) Other outflows consist of normal amortization/accretion of loan basis adjustments and loans transferred to held-for-sale. Occasionally, loans that have been refinanced or restructured at market terms qualify as new loans, which are also included as other outflows.

(3) Net change in trial modifications includes: inflows of new TDRs entering the trial payment period, net of outflows for modifications that either (i) successfully perform and enter into a permanent modification, or (ii) did not successfully perform according to the terms of the trial period plan and are subsequently charged-off, foreclosed upon or otherwise resolved.

LOANS 90 DAYS OR MORE PAST DUE AND STILL ACCRUING Loans 90 days or more past due are still accruing if they are (1) well-secured and in the process of collection or (2) real estate 1-4 family mortgage loans or consumer loans exempt under regulatory rules from being classified as nonaccrual until later delinquency, usually 120 days past due. Prior to January 1, 2020, PCI loans were excluded from loans 90 days or more past due and still accruing because they continued to earn interest income from accretable yield, independent of performance in accordance with their contractual terms. In connection with our adoption of CECL, PCI loans were reclassified as PCD loans and classified as accruing or nonaccruing based on performance.

Loans 90 days or more past due and still accruing, excluding insured/guaranteed loans, at March 31, 2020, were down $52 million, or 6%, from December 31, 2019 due to payoffs. Also, fluctuations from quarter to quarter may be influenced by seasonality.

Loans 90 days or more past due and still accruing whose repayments are predominantly insured by the FHA or guaranteed by the VA for mortgages were $6.1 billion at March 31, 2020, down from $6.4 billion at December 31, 2019.

Table 24 reflects loans 90 days or more past due and still accruing by class for loans not government insured/guaranteed. For additional information on delinquencies by loan class, see Note 6 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

Table 24: Loans 90 Days or More Past Due and Still Accruing

(in millions)		Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
Total:	$	**7,023**	7,285	7,130	7,258	7,870
Less: FHA insured/VA guaranteed (1)		**6,142**	6,352	6,308	6,478	6,996
Total, not government insured/guaranteed	$	**881**	933	822	780	874
By segment and class, not government insured/guaranteed:						
Commercial:						
Commercial and industrial	$	**24**	47	6	17	42
Real estate mortgage		**28**	31	28	24	20
Real estate construction		**1**	—	—	—	5
Total commercial		**53**	78	34	41	67
Consumer:						
Real estate 1-4 family first mortgage		**128**	112	100	108	117
Real estate 1-4 family junior lien mortgage		**25**	32	35	27	28
Credit card		**528**	546	491	449	502
Automobile		**69**	78	75	63	68
Other revolving credit and installment		**78**	87	87	92	92
Total consumer		**828**	855	788	739	807
Total, not government insured/guaranteed	$	**881**	933	822	780	874

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

NET LOAN CHARGE-OFFS

Table 25: Net Loan Charge-offs

	Quarter ended									
	Mar 31, 2020		Dec 31, 2019		Sep 30, 2019		Jun 30, 2019		Mar 31, 2019	
($ in millions)	**Net loan charge-offs**	**% of avg. loans(1)**	Net loan charge-offs	% of avg. loans (1)	Net loan charge-offs	% of avg. loans (1)	Net loan charge-offs	% of avg. loans (1)	Net loan charge-offs	% of avg. loans (1)
Commercial:										
Commercial and industrial	**$ 333**	**0.37%**	$ 168	0.19%	$ 147	0.17%	$ 159	0.18%	$ 133	0.15%
Real estate mortgage	**(2)**	**(0.01)**	4	0.01	(8)	(0.02)	4	0.01	6	0.02
Real estate construction	**(16)**	**(0.32)**	—	—	(8)	(0.14)	(2)	(0.04)	(2)	(0.04)
Lease financing	**9**	**0.19**	31	0.63	8	0.17	4	0.09	8	0.17
Total commercial	**324**	**0.25**	203	0.16	139	0.11	165	0.13	145	0.11
Consumer:										
Real estate 1-4 family first mortgage	**(3)**	**—**	(3)	—	(5)	(0.01)	(30)	(0.04)	(12)	(0.02)
Real estate 1-4 family junior lien mortgage	**(5)**	**(0.07)**	(16)	(0.20)	(22)	(0.28)	(19)	(0.24)	(9)	(0.10)
Credit card	**377**	**3.81**	350	3.48	319	3.22	349	3.68	352	3.73
Automobile	**82**	**0.68**	87	0.73	76	0.65	52	0.46	91	0.82
Other revolving credit and installment	**134**	**1.59**	148	1.71	138	1.60	136	1.56	128	1.47
Total consumer	**585**	**0.53**	566	0.51	506	0.46	488	0.45	550	0.51
Total	**$ 909**	**0.38%**	$ 769	0.32%	$ 645	0.27%	$ 653	0.28%	$ 695	0.30%

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

Table 25 presents net loan charge-offs for first quarter 2020 and the previous four quarters. Net loan charge-offs in first quarter 2020 were $909 million (0.38% of average total loans outstanding), compared with $695 million (0.30%) in first quarter 2019.

The increase in commercial and industrial net loan charge-offs in first quarter 2020 was driven by higher losses in our oil and gas portfolio. The increase in consumer net loan charge-offs in first quarter 2020 was driven by higher losses in the credit card portfolio.

The COVID-19 pandemic may continue to impact the credit quality of our loan portfolio, including resulting in additional net loan charge-offs. For more information on customer accommodations in response to the COVID-19 pandemic, see the "Risk Management – Credit Risk Management – Actions to Support Customers During the COVID-19 Pandemic" section in this Report.

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

We apply a disciplined process and methodology to establish our allowance for credit losses each quarter. The process for establishing the allowance for credit losses for loans takes into consideration many factors, including historical and forecasted loss trends, loan-level credit quality ratings and loan grade-specific characteristics. The process involves subjective and complex judgments. In addition, we review a variety of credit metrics and trends. These credit metrics and trends, however, do not solely determine the amount of the allowance as we use several analytical tools. For additional information on our allowance for credit losses, see the "Critical Accounting Policies – Allowance for Credit Losses" section and Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report. For additional information on our allowance for credit losses for loans, see Note 6 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report, and for additional information on our allowance for credit losses for debt securities, see the "Balance Sheet Analysis – Available-For-Sale and Held-To-Maturity Debt Securities" section and Note 5 (Available-for-Sale and Held-to-Maturity Debt Securities) to Financial Statements in this Report.

Table 26 presents the allocation of the allowance for credit losses for loans by loan segment and class for the most recent quarter end and last four year ends. The detail of the changes in the allowance for credit losses for loans by portfolio segment (including charge-offs and recoveries by loan class) is included in Note 6 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

Table 26: Allocation of the Allowance for Credit Losses (ACL) for Loans (1)

	Mar 31, 2020		Dec 31, 2019		Dec 31, 2018		Dec 31, 2017		Dec 31, 2016	
($ in millions)	**ACL**	**Loans as % of total loans**	ACL	Loans as % of total loans	ACL	Loans as % of total loans	ACL	Loans as % of total loans	ACL	Loans as % of total loans
Commercial:										
Commercial and industrial	**$ 4,231**	**40%**	$ 3,600	37%	$ 3,628	37%	$ 3,752	35%	$ 4,560	34%
Real estate mortgage	**848**	**12**	1,236	13	1,282	13	1,374	13	1,320	14
Real estate construction	**36**	**2**	1,079	2	1,200	2	1,238	3	1,294	2
Lease financing	**164**	**2**	330	2	307	2	268	2	220	2
Total commercial	**5,279**	**56**	6,245	54	6,417	54	6,632	53	7,394	52
Consumer:										
Real estate 1-4 family first mortgage	**836**	**29**	692	30	750	30	1,085	30	1,270	29
Real estate 1-4 family junior lien mortgage	**125**	**3**	247	3	431	3	608	4	815	5
Credit card	**3,481**	**4**	2,252	4	2,064	4	1,944	4	1,605	4
Automobile	**1,016**	**5**	459	5	475	5	1,039	5	817	6
Other revolving credit and installment	**1,285**	**3**	561	4	570	4	652	4	639	4
Total consumer	**6,743**	**44**	4,211	46	4,290	46	5,328	47	5,146	48
Total	**$ 12,022**	**100%**	$ 10,456	100%	$ 10,707	100%	$ 11,960	100%	$ 12,540	100%

	Mar 31, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016
Components:					
Allowance for loan losses	**$ 11,263**	9,551	9,775	11,004	11,419
Allowance for unfunded credit commitments	**759**	905	932	956	1,121
Allowance for credit losses for loans	**$ 12,022**	10,456	10,707	11,960	12,540
Allowance for loan losses as a percentage of total loans	**1.12%**	0.99	1.03	1.15	1.18
Allowance for loan losses as a percentage of total net loan charge-offs (2)	**308**	346	356	376	324
Allowance for credit losses for loans as a percentage of total loans	**1.19**	1.09	1.12	1.25	1.30
Allowance for credit losses for loans as a percentage of total nonaccrual loans	**195**	196	165	156	126

(1) Disclosure is not comparative due to our adoption of CECL on January 1, 2020. For more information, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.
(2) Total net loan charge-offs are annualized for quarter ended March 31, 2020.

The ratio of the allowance for credit losses for loans to total nonaccrual loans may fluctuate significantly from period to period due to such factors as the mix of loan types in the portfolio, borrower credit strength and the value and marketability of collateral.

The allowance for credit losses for loans increased $1.6 billion, or 15%, from December 31, 2019, driven by a $2.9 billion increase in the allowance for credit losses for loans in first quarter 2020, partially offset by a $1.3 billion decline as a result of adopting CECL. The increase in the allowance for credit losses for loans reflected forecasted credit deterioration due to the COVID-19 pandemic and credit weakness in the oil and gas portfolio due to the recent sharp declines in oil prices. Total provision for credit losses for loans was $3.8 billion in first quarter 2020, compared with $845 million in first quarter 2019. The increase in the provision for credit losses for loans in first quarter 2020, compared with the same period a year ago, reflected an increase in the allowance for credit losses for loans due to forecasted credit deterioration as a result of the impact of the COVID-19 pandemic and higher net loan charge-offs largely in the oil and gas portfolio due to the recent sharp declines in oil prices.

In determining our allowance for credit losses for loans in first quarter 2020, our analysis considered multiple factors to evaluate the rapidly evolving impacts related to the COVID-19 pandemic. We evaluated a range of expected losses based on economic forecasts that projected both a limited and a severe downturn in economic conditions. In addition, we reviewed several alternative forecasts that included relatively longer yet less severe downturns, as well as relatively shorter yet deeper downturns followed by a significant rebound near the end of 2020. We also assessed the impact of the federal government's recent economic stimulus programs coupled with expectations for customer accommodation activity of up to six months. Our forecasted view reflected a sustained recession through 2020 with a sustained increase in unemployment and decrease in gross domestic product (GDP) for the rest of the year. We also considered the estimated impact on certain industries that we expect to be directly and most adversely affected by the COVID-19 pandemic, as well as our exposure to the oil and gas industry and the potential for additional draws on commercial loan commitments.

Future amounts of the allowance for credit losses for loans will be based on a variety of factors, including loan balance changes, portfolio credit quality and mix changes, and changes in general economic conditions and expectations (including for unemployment and GDP), among other factors. Based on economic conditions at the end of first quarter 2020, it was difficult to estimate the length and severity of the economic downturn that may result from the COVID-19 pandemic and the impact of other factors that may influence the level of eventual losses and corresponding requirements for future amounts of the allowance for credit losses, including the impact of economic stimulus programs and customer accommodation activity. The ultimate impact of the COVID-19 pandemic will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities in response to the pandemic. The pandemic could continue to result in the recognition of credit losses in our loan portfolios and increases in our allowance for credit losses, particularly if the impact on the economy worsens.

We believe the allowance for credit losses for loans of $12.0 billion at March 31, 2020, was appropriate to cover expected credit losses, including unfunded credit commitments, at that date. The entire allowance is available to absorb expected credit losses from the total loan portfolio. The allowance for credit losses for loans is subject to change and reflects existing factors as of the date of determination, including economic or market conditions and ongoing internal and external examination processes. Due to the sensitivity of the allowance for credit losses for loans to changes in the economic and business environment, it is possible that we will incur incremental credit losses not anticipated as of the balance sheet date.

LIABILITY FOR MORTGAGE LOAN REPURCHASE LOSSES For information on our repurchase liability, see the "Risk Management – Credit Risk Management – Liability For Mortgage Loan Repurchase Losses" section in our 2019 Form 10-K.

RISKS RELATING TO SERVICING ACTIVITIES In addition to servicing loans in our portfolio, we act as servicer and/or master servicer of residential mortgage loans included in GSE-guaranteed mortgage securitizations, GNMA-guaranteed mortgage securitizations of FHA-insured/VA-guaranteed mortgages and private label mortgage securitizations, as well as for unsecuritized loans owned by institutional investors. In connection with our servicing activities, we could become subject to consent orders and settlement agreements with federal and state regulators for alleged servicing issues and practices. In general, these can require us to provide customers with loan modification relief, refinancing relief, and foreclosure prevention and assistance, as well as can impose certain monetary penalties on us.

As a servicer, we are required to advance certain delinquent payments of principal and interest on the mortgage loans we service. Due to an increase in customer requests for payment deferrals as a result of the COVID-19 pandemic, we expect the amount of principal and interest advances we are required to make as a servicer to increase, which may adversely impact our net servicing income. The amount and timing of reimbursement of these advances varies by investor and the applicable servicing agreements in place.

For additional information about the risks related to our servicing activities, see the "Risk Management – Credit Risk Management – Risks Relating to Servicing Activities" section in our 2019 Form 10-K.

Asset/Liability Management

Asset/liability management involves evaluating, monitoring and managing interest rate risk, market risk, liquidity and funding. Primary oversight of interest rate risk and market risk resides with the Finance Committee of our Board, which oversees the administration and effectiveness of financial risk management policies and processes used to assess and manage these risks. Primary oversight of liquidity and funding resides with the Risk Committee of the Board. At the management level we utilize a Corporate Asset/Liability Committee (Corporate ALCO), which consists of management from finance, risk and business groups, to oversee these risks and provide periodic reports to the Board's Finance Committee and Risk Committee as appropriate. As discussed in more detail for market risk activities below, we employ separate management level oversight specific to market risk.

INTEREST RATE RISK Interest rate risk, which potentially can have a significant earnings impact, is an integral part of being a financial intermediary. We are subject to interest rate risk because:

- assets and liabilities may mature or reprice at different times (for example, if assets reprice faster than liabilities and interest rates are generally rising, earnings will initially increase);
- assets and liabilities may reprice at the same time but by different amounts (for example, when the general level of interest rates is rising, we may increase rates paid on checking and savings deposit accounts by an amount that is less than the general rise in market interest rates);
- short-term and long-term market interest rates may change by different amounts (for example, the shape of the yield curve may affect new loan yields and funding costs differently);
- the remaining maturity of various assets or liabilities may shorten or lengthen as interest rates change (for example, if long-term mortgage interest rates increase sharply, MBS held in the debt securities portfolio may pay down slower than anticipated, which could impact portfolio income); or
- interest rates may also have a direct or indirect effect on loan demand, collateral values, credit losses, mortgage origination volume, the fair value of MSRs and other financial instruments, the value of the pension liability and other items affecting earnings.

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

Currently, our profile is such that we project net interest income will benefit modestly from higher interest rates as our assets would reprice faster and to a greater degree than our liabilities, while in the case of lower interest rates, our assets would reprice downward and to a greater degree than our liabilities.

Our most recent simulations estimate net interest income sensitivity over the next two years under a range of both lower and higher interest rates. Measured impacts from standardized ramps (gradual changes) and shocks (instantaneous changes) are summarized in Table 27, indicating net interest income sensitivity relative to the Company's base net interest income plan. Ramp scenarios assume interest rates move gradually in parallel across the yield curve relative to the base scenario in year one, and the full amount of the ramp is held as a constant differential to the base scenario in year two. The following describes the simulation assumptions for the scenarios presented in Table 27:

- Simulations are dynamic and reflect anticipated growth across assets and liabilities.
- Other macroeconomic variables that could be correlated with the changes in interest rates are held constant.
- Mortgage prepayment and origination assumptions vary across scenarios and reflect only the impact of the higher or lower interest rates.
- Our base scenario deposit forecast incorporates mix changes consistent with the base interest rate trajectory. Deposit mix is modeled to be the same as in the base scenario across the alternative scenarios. In higher interest rate scenarios, customer activity that shifts balances into higher-yielding products could reduce expected net interest income.
- We hold the size of the projected debt and equity securities portfolios constant across scenarios.

Table 27: Net Interest Income Sensitivity Over Next Two-Year Horizon Relative to Base Expectation

			Lower Rates (1)	Higher Rates	
($ in billions)	Base		100 bps Ramp Parallel Decrease	100 bps Instantaneous Parallel Increase	200 bps Ramp Parallel Increase
First Year of Forecasting Horizon					
Net Interest Income Sensitivity to Base Scenario		$	(1.3) - (0.8)	4.7 - 5.2	4.0 - 4.5
Key Rates at Horizon End					
Fed Funds Target	0.27	%	0.00	1.27	2.27
10-year CMT (2)	0.81		0.00	1.81	2.81
Second Year of Forecasting Horizon					
Net Interest Income Sensitivity to Base Scenario		$	(3.5) - (3.0)	6.8 - 7.3	10.1 - 10.6
Key Rates at Horizon End					
Fed Funds Target	0.42	%	0.00	1.42	2.42
10-year CMT (2)	0.89		0.00	1.89	2.89

(1) U.S. interest rates are floored at zero where applicable in this scenario analysis
(2) U.S. Constant Maturity Treasury Rate

The sensitivity results above do not capture interest rate sensitive noninterest income and expense impacts. Our interest rate sensitive noninterest income and expense are predominantly driven by mortgage banking activities, and may move in the opposite direction of our net interest income. Mortgage originations generally decline in response to higher interest rates and generally increase, particularly refinancing activity, in response to lower interest rates. Mortgage results are also impacted by the valuation of MSRs and related hedge positions. See the "Risk Management – Asset/Liability Management – Mortgage Banking Interest Rate and Market Risk" section in this Report for more information.

Interest rate sensitive noninterest income also results from changes in earnings credit for noninterest-bearing deposits that reduce treasury management deposit service fees. Additionally, for the trading portfolio, our trading assets are (before the effects of certain economic hedges) generally less sensitive to changes in interest rates than the related funding liabilities. As a result, net interest income from the trading portfolio contracts and expands as interest rates rise and fall, respectively. The impact to net interest income does not include the fair value changes of trading securities and loans, which, along with the effects of related economic hedges, are recorded in noninterest income.

We use the debt securities portfolio and exchange-traded and over-the-counter (OTC) interest rate derivatives to hedge our interest rate exposures. See the "Balance Sheet Analysis – Available-for-Sale and Held-to-Maturity Debt Securities" section in this Report for more information on the use of the available-for-sale and held-to-maturity securities portfolios. The notional or contractual amount, credit risk amount and fair value of the derivatives used to hedge our interest rate risk exposures as of March 31, 2020, and December 31, 2019, are presented in Note 15 (Derivatives) to Financial Statements in this Report. We use derivatives for asset/liability management in two main ways:

- to convert the cash flows from selected asset and/or liability instruments/portfolios including investments, commercial loans and long-term debt, from fixed-rate payments to floating-rate payments, or vice versa; and
- to economically hedge our mortgage origination pipeline, funded mortgage loans and MSRs using interest rate swaps, swaptions, futures, forwards and options.

MORTGAGE BANKING INTEREST RATE AND MARKET RISK We originate, fund and service mortgage loans, which subjects us to various risks, including credit, liquidity and interest rate risks. For more information on mortgage banking interest rate and market risk, see the "Risk Management – Asset/Liability Management – Mortgage Banking Interest Rate and Market Risk" section in our 2019 Form 10-K.

While our hedging activities are designed to balance our mortgage banking interest rate risks, the financial instruments we use may not perfectly correlate with the values and income being hedged. For example, the change in the value of ARM production held for sale from changes in mortgage interest rates may or may not be fully offset by index-based financial instruments used as economic hedges for such ARMs. Hedge results may also be impacted as the overall level of hedges changes as interest rates change, or as there are other changes in the market for mortgage forwards that may affect the implied carry on the MSRs.

The total carrying value of our residential and commercial MSRs was $9.5 billion at March 31, 2020, and $12.9 billion at December 31, 2019. The weighted-average note rate on our portfolio of loans serviced for others was 4.20% at March 31, 2020, and 4.25% at December 31, 2019. The carrying value of our total MSRs represented 0.60% and 0.79% of mortgage loans serviced for others at March 31, 2020 and December 31, 2019, respectively.

MARKET RISK Market risk is the risk of possible economic loss from adverse changes in market risk factors such as interest rates, credit spreads, foreign exchange rates, equity and commodity prices, and the risk of possible loss due to counterparty exposure. This applies to implied volatility risk, basis risk, and market liquidity risk. It also includes price risk in the trading book, mortgage servicing rights and the hedge effectiveness risk associated with the mortgage book, and impairment on private equity investments.

The Board's Finance Committee has primary oversight responsibility for market risk and oversees the Company's market risk exposure and market risk management strategies. In addition, the Board's Risk Committee has certain oversight responsibilities with respect to market risk, including adjusting the Company's market risk appetite with input from the Finance Committee. The Finance Committee also reports key market risk matters to the Risk Committee.

At the management level, the Market and Counterparty Risk Management function, which is part of IRM, has primary oversight responsibility for market risk. The Market and Counterparty Risk Management function reports into the CRO and also provides periodic reports related to market risk to the Board's Finance Committee.

MARKET RISK – TRADING ACTIVITIES We engage in trading activities to accommodate the investment and risk management activities of our customers and to execute economic hedging to manage certain balance sheet risks. These trading activities predominantly occur within our Wholesale Banking businesses and to a lesser extent other divisions of the Company. Debt securities held for trading, equity securities held for trading, trading loans and trading derivatives are financial instruments used in our trading activities, and all are carried at fair value. Income earned on the financial instruments used in our trading activities include net interest income, changes in fair value and realized gains and losses. Net interest income earned from our trading activities is reflected in the interest income and interest expense components of our income statement. Changes in fair value of the financial instruments used in our trading activities are reflected in net gains on trading activities, a component of noninterest income in our income statement. For more information on the financial instruments used in our trading activities and the income from these trading activities, see Note 4 (Trading Activities) to Financial Statements in this Report.

Value-at-risk (VaR) is a statistical risk measure used to estimate the potential loss from adverse moves in the financial markets. The Company uses VaR metrics complemented with sensitivity analysis and stress testing in measuring and monitoring market risk. For more information, including information regarding our monitoring activities, sensitivity analysis and stress testing, see the "Risk Management – Asset/ Liability Management – Market Risk – Trading Activities" section in our 2019 Form 10-K.

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

Table 28 shows the Company's Trading General VaR by risk category. As presented in Table 28, average Company Trading General VaR was $33 million for the quarter ended March 31, 2020, compared with $31 million for the quarter ended December 31, 2019, and $15 million for the quarter ended March 31, 2019. The increase in average as well as period end Company Trading General VaR for the quarter ended March 31, 2020, compared with the quarter ended March 31, 2019, was driven by recent market volatility, in particular changes in interest rate curves and a significant widening of credit spreads entering the 12-month historical lookback window used to calculate VaR.

Table 28: Trading 1-Day 99% General VaR by Risk Category

												Quarter ended
	March 31, 2020				**December 31, 2019**				**March 31, 2019**			
(in millions)	**Period end**	**Average**	**Low**	**High**	**Period end**	**Average**	**Low**	**High**	**Period end**	**Average**	**Low**	**High**
Company Trading General VaR Risk Categories												
Credit	**$ 62**	**28**	**15**	**75**	15	18	15	26	15	15	11	19
Interest rate	**84**	**32**	**5**	**198**	14	21	9	45	42	34	22	44
Equity	**6**	**7**	**4**	**10**	5	5	4	8	5	5	4	7
Commodity	**2**	**2**	**1**	**6**	2	2	1	4	2	2	1	4
Foreign exchange	**2**	**1**	**1**	**6**	1	1	1	1	1	1	1	1
Diversification benefit (1)	**(63)**	**(37)**			(13)	(16)			(46)	(42)		
Company Trading General VaR	**$ 93**	**33**			24	31			19	15		

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

MARKET RISK – EQUITY SECURITIES We are directly and indirectly affected by changes in the equity markets. We make and manage direct investments in start-up businesses, emerging growth companies, management buy-outs, acquisitions and corporate recapitalizations. We also invest in non-affiliated funds that make similar private equity investments. These private equity investments are made within capital allocations approved by management and the Board. The Board's policy is to review business developments, key risks and historical returns for the private equity investment portfolio at least annually. Management reviews these investments at least quarterly and assesses them for possible other-than-temporary impairment (OTTI) and observable price changes. For nonmarketable equity securities, the analysis is based on facts and circumstances of each individual investment and the expectations for that investment's cash flows, capital needs, the viability of its business model, our exit strategy, and observable price changes that are similar to the investments held. Investments in nonmarketable equity securities include private equity investments accounted for under the equity method, fair value through net income, and the measurement alternative.

In conjunction with the March 2008 initial public offering (IPO) of Visa, Inc. (Visa), we received approximately 20.7 million shares of Visa Class B common stock, the class which was apportioned to member banks of Visa at the time of the IPO. To manage our exposure to Visa and realize the value of the appreciated Visa shares, we incrementally sold these shares through a series of sales, thereby eliminating this position as of September 30, 2015. As part of these sales, we agreed to compensate the buyer for any additional contributions to a litigation settlement fund for the litigation matters associated with the Class B shares we sold. Our exposure to this retained litigation risk has been updated quarterly and is reflected on our balance sheet. For additional information about the associated litigation matters, see the "Interchange Litigation" section in Note 14 (Legal Actions) to Financial Statements in this Report.

As part of our business to support our customers, we trade public equities, listed/OTC equity derivatives and convertible bonds. We have parameters that govern these activities. We also have marketable equity securities that include investments relating to our venture capital activities. We manage these marketable equity securities within capital risk limits approved by management and the Board and monitored by Corporate ALCO and the Market Risk Committee. The fair value changes in these marketable equity securities are recognized in net income. For more information, see Note 8 (Equity Securities) to Financial Statements in this Report.

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

LIQUIDITY AND FUNDING The objective of effective liquidity management is to ensure that we can meet customer loan requests, customer deposit maturities/withdrawals and other cash commitments efficiently under both normal operating conditions and under periods of Wells Fargo-specific and/or market stress. To achieve this objective, the Board establishes liquidity guidelines that require sufficient asset-based liquidity to cover potential funding requirements and to avoid over-dependence on volatile, less reliable funding markets. These guidelines are monitored on a monthly basis by the Corporate ALCO and on a quarterly basis by the Board. These guidelines are established and monitored for both the consolidated company and for the Parent on a stand-alone basis to ensure that the Parent is a source of strength for its regulated, deposit-taking banking subsidiaries.

Liquidity Standards We are subject to a rule, issued by the FRB, OCC and Federal Deposit Insurance Corporation (FDIC), that includes a quantitative liquidity requirement consistent with the liquidity coverage ratio (LCR) established by the Basel Committee on Banking Supervision (BCBS). The rule requires banking institutions, such as Wells Fargo, to hold high-quality liquid assets (HQLA), such as central bank reserves and government and corporate debt that can be converted easily and quickly into cash, in an amount equal to or greater than its projected net cash outflows during a 30-day stress period. The rule is applicable to the Company on a consolidated basis and to our insured depository institutions (IDIs) with total assets greater than $10 billion. In addition, rules issued by the FRB impose enhanced liquidity management standards on large bank holding companies (BHC) such as Wells Fargo.

The FRB, OCC and FDIC have proposed a rule that would implement a stable funding requirement, the net stable funding ratio (NSFR), which would require large banking organizations, such as Wells Fargo, to maintain a sufficient amount of stable funding in relation to their assets, derivative exposures and commitments over a one-year horizon period.

Liquidity Coverage Ratio As of March 31, 2020, the consolidated Company and Wells Fargo Bank, N.A. were above the minimum LCR requirement of 100%, which is calculated as HQLA divided by projected net cash outflows, as each is defined under the LCR rule. Table 29 presents the Company's quarterly average values for the daily-calculated LCR and its components calculated pursuant to the LCR rule requirements.

Table 29: Liquidity Coverage Ratio

(in millions, except ratio)		Average for Quarter ended March 31, 2020
HQLA (1)(2)	$	381,950
Projected net cash outflows		315,980
LCR		121%

(1) Excludes excess HQLA at Wells Fargo Bank, N.A.
(2) Net of applicable haircuts required under the LCR rule.

Liquidity Sources We maintain liquidity in the form of cash, cash equivalents and unencumbered high-quality, liquid debt securities. These assets make up our primary sources of liquidity which are presented in Table 30. Our primary sources of liquidity are substantially the same in composition as HQLA under the LCR rule; however, our primary sources of liquidity will generally exceed HQLA calculated under the LCR rule due to the applicable haircuts to HQLA and the exclusion of excess HQLA at our subsidiary IDIs required under the LCR rule.

Our cash is predominantly on deposit with the Federal Reserve. Debt securities included as part of our primary sources of liquidity are comprised of U.S. Treasury and federal agency debt, and mortgage-backed securities issued by federal agencies within our debt securities portfolio. We believe these debt securities provide quick sources of liquidity through sales or by pledging to obtain financing, regardless of market conditions. Some of these debt securities are within our held-to-maturity portfolio and as such are not intended for sale, but may be pledged to obtain financing. Some of the legal entities within our consolidated group of companies are subject to various regulatory, tax, legal and other restrictions that can limit the transferability of their funds. We believe we maintain adequate liquidity for these entities in consideration of such funds transfer restrictions.

Table 30: Primary Sources of Liquidity

				March 31, 2020			December 31, 2019
(in millions)		**Total**	**Encumbered**	**Unencumbered**	Total	Encumbered	Unencumbered
Interest-earning deposits with banks	**$**	**128,071**	**—**	**128,071**	119,493	—	119,493
Debt securities of U.S. Treasury and federal agencies		**61,727**	**3,785**	**57,942**	61,099	3,107	57,992
Mortgage-backed securities of federal agencies (1)		**271,644**	**40,769**	**230,875**	258,589	41,135	217,454
Total	**$**	**461,442**	**44,554**	**416,888**	439,181	44,242	394,939

(1) Included in encumbered securities at March 31, 2020, were securities with a fair value of $1.7 billion, which were purchased in March 2020, but settled in April 2020.

In addition to our primary sources of liquidity shown in Table 30, liquidity is also available through the sale or financing of other debt securities including trading and/or available-for-sale debt securities, as well as through the sale, securitization or financing of loans, to the extent such debt securities and loans are not encumbered. As of March 31, 2020, we also maintained approximately $273.5 billion of available borrowing capacity at various Federal Home Loan Banks and the Federal Reserve Discount Window.

Deposits have historically provided a sizable source of relatively low-cost funds. Deposits were 136% of total loans at March 31, 2020, and 137% at December 31, 2019.

Additional funding is provided by long-term debt and short-term borrowings. Table 31 shows selected information for short-term borrowings, which generally mature in less than 30 days.

Table 31: Short-Term Borrowings

						Quarter ended
(in millions)		**Mar 31 2020**	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
Balance, period end						
Federal funds purchased and securities sold under agreements to repurchase	$	**79,036**	92,403	110,399	102,560	93,896
Other short-term borrowings		**13,253**	12,109	13,509	12,784	12,701
Total	$	**92,289**	104,512	123,908	115,344	106,597
Average daily balance for period						
Federal funds purchased and securities sold under agreements to repurchase	$	**90,722**	103,614	109,499	102,557	95,721
Other short-term borrowings		**12,255**	12,335	12,343	12,197	12,930
Total	$	**102,977**	115,949	121,842	114,754	108,651
Maximum month-end balance for period						
Federal funds purchased and securities sold under agreements to repurchase (1)	$	**91,121**	111,727	110,399	105,098	97,650
Other short-term borrowings (2)		**13,253**	12,708	13,509	12,784	14,129

(1) Highest month-end balance in each of the last five quarters was in February 2020, and September, May and January 2019.
(2) Highest month-end balance in each of the last five quarters was in March 2020, and September, June and February 2019.

Long-Term Debt We access domestic and international capital markets for long-term funding (generally greater than one year) through issuances of registered debt securities, private placements and asset-backed secured funding. We issue long-term debt in a variety of maturities and currencies to achieve cost-efficient funding and to maintain an appropriate maturity profile. Proceeds from securities issued were used for general corporate purposes, and, unless otherwise specified in the applicable prospectus or prospectus supplement, we expect the proceeds from securities issued in the future will be used for the same purposes. Long-term debt of $237.3 billion at March 31, 2020, increased $9.2 billion from December 31, 2019. We issued $18.9 billion of long-term debt in first quarter 2020 and $11.8 billion in April and May 2020. Depending on market conditions, we may purchase our outstanding debt securities from time to time in privately negotiated or open market transactions, by tender offer, or otherwise. Table 32 provides the aggregate carrying value of long-term debt maturities (based on contractual payment dates) for the remainder of 2020 and the following years thereafter, as of March 31, 2020.

Table 32: Maturity of Long-Term Debt

								March 31, 2020
(in millions)		Remaining 2020	2021	2022	2023	2024	Thereafter	Total
Wells Fargo & Company (Parent Only)								
Senior notes	$	9,627	17,802	17,782	11,192	9,476	72,658	138,537
Subordinated notes		—	—	—	3,786	770	26,704	31,260
Junior subordinated notes		—	—	—	—	—	1,940	1,940
Total long-term debt – Parent	$	9,627	17,802	17,782	14,978	10,246	101,302	171,737
Wells Fargo Bank, N.A. and other bank entities (Bank)								
Senior notes	$	12,373	28,398	5,636	2,989	6	311	49,713
Subordinated notes		—	—	—	1,010	—	4,923	5,933
Junior subordinated notes		—	—	—	—	—	366	366
Securitizations and other bank debt		2,019	1,207	787	264	153	1,890	6,320
Total long-term debt – Bank	$	14,392	29,605	6,423	4,263	159	7,490	62,332
Other consolidated subsidiaries								
Senior notes	$	135	1,833	187	475	127	484	3,241
Securitizations and other bank debt		—	—	—	—	—	32	32
Total long-term debt – Other consolidated subsidiaries	$	135	1,833	187	475	127	516	3,273
Total long-term debt	$	24,154	49,240	24,392	19,716	10,532	109,308	237,342

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

There were no actions undertaken by the ratings agencies with regard to our credit ratings during first quarter 2020. On April 22, 2020, Fitch Ratings, Inc. (Fitch) affirmed the Company's long-term and short-term issuer default ratings and revised the rating outlook to negative from stable as Fitch expects significant operating environment headwinds from the disruption to economic activity and financial markets as a result of the COVID-19 pandemic. This rating action followed Fitch's event-driven review of the commercially-oriented U.S. G-SIBs. Both the Parent and Wells Fargo Bank, N.A. remain among the highest-rated financial firms in the United States.

See the "Risk Factors" section in our 2019 Form 10-K for additional information regarding our credit ratings and the potential impact a credit rating downgrade would have on our liquidity and operations, as well as Note 15 (Derivatives) to Financial Statements in this Report for information regarding additional collateral and funding obligations required for certain derivative instruments in the event our credit ratings were to fall below investment grade.

The credit ratings of the Parent and Wells Fargo Bank, N.A. as of March 31, 2020, are presented in Table 33.

Table 33: Credit Ratings as of March 31, 2020

	Wells Fargo & Company		Wells Fargo Bank, N.A.	
	Senior debt	Short-term borrowings	Long-term deposits	Short-term borrowings
Moody's	A2	P-1	Aa1	P-1
S&P Global Ratings	A-	A-2	A+	A-1
Fitch Ratings, Inc.	A+	F1	AA	F1+
DBRS Morningstar	AA (low)	R-1 (middle)	AA	R-1 (high)

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

LIBOR TRANSITION Due to uncertainty surrounding the suitability and sustainability of the London Interbank Offered Rate (LIBOR), central banks and global regulators have called for financial market participants to prepare for the discontinuation of LIBOR by the end of 2021. LIBOR is a widely-referenced benchmark rate, which is published in five currencies and a range of tenors, and seeks to estimate the cost at which banks can borrow on an unsecured basis from other banks. We have a significant number of assets and liabilities referenced to LIBOR and other interbank offered rates (IBORs), such as commercial loans, adjustable-rate mortgage loans, derivatives, debt securities, and long-term debt.

Accordingly, we established a LIBOR Transition Office (LTO) in February 2018, with senior management and Board oversight. The LTO is responsible for developing a coordinated strategy to transition the IBOR-linked contracts and processes across Wells Fargo to alternative reference rates and serves as the primary conduit between Wells Fargo and relevant industry groups, such as the Alternative Reference Rates Committee (ARRC).

In addition, the Company is actively working with regulators, industry working groups (such as the ARRC) and trade associations that are developing guidance to facilitate an orderly transition away from the use of LIBOR. We are closely monitoring and seeking to follow the recommendations and guidance announced by such organizations, including those announced by the Bank of England's Working Group on Sterling Risk-Free Reference Rates. We continue to assess the risks and related impacts associated with a transition away from IBORs. See the "Risk Factors" section in the 2019 Form 10-K for additional information regarding the potential impact of a benchmark rate, such as LIBOR, or other referenced financial metric being significantly changed, replaced, or discontinued.

On March 12, 2020, the Financial Accounting Standards Board (FASB) issued ASU 2020-04 – *Facilitation of the Effects of Reference Rate Reform on Financial Reporting* (Update) that provides temporary relief from existing GAAP accounting requirements for entities that perform activities related to reference rate reform. The relief provided by the Update is primarily related to contract modifications and hedge accounting relationships that are impacted by the Company's reference rate reform activities. For additional information on the Update, see the "Current Accounting Developments" section in this Report.

For additional information on the amount of our IBOR-linked assets and liabilities, as well as the program structure and initiatives created by the LTO, see the "Risk Management – Asset/Liability Management – LIBOR Transition" section in our 2019 Form 10-K.

Capital Management

We have an active program for managing capital through a comprehensive process for assessing the Company's overall capital adequacy. Our objective is to maintain capital at an amount commensurate with our risk profile and risk tolerance objectives, and to meet both regulatory and market expectations. We primarily fund our working capital needs through the retention of earnings net of both dividends and share repurchases, as well as through the issuance of preferred stock and long and short-term debt. Retained earnings decreased $1.4 billion from December 31, 2019, predominantly as a result of common and preferred stock dividends of $2.5 billion, partially offset by $653 million of Wells Fargo net income. During first quarter 2020, we issued $1.7 billion of common stock, excluding conversions of preferred shares. During first quarter 2020, we repurchased $3.4 billion of common stock. The amount of our repurchases are subject to various factors as discussed in the "Securities Repurchases" section below. On March 15, 2020, we suspended our share repurchase activities for the remainder of the first quarter and for second quarter 2020. For additional information about share repurchases, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

In January 2020, we issued $2.0 billion of our Preferred Stock, Series Z. In March 2020, we redeemed the remaining $1.8 billion of our Preferred Stock, Series K, and redeemed $669 million of our Preferred Stock, Series T. For more information, see Note 17 (Preferred Stock) to Financial Statements in this Report.

Regulatory Capital Guidelines

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

RISK-BASED CAPITAL AND RISK-WEIGHTED ASSETS The Company is subject to rules issued by federal banking regulators to implement Basel III capital requirements for U.S. banking organizations. The federal banking regulators' capital rules, among other things, required on a fully phased-in basis as of March 31, 2020:

- a minimum Common Equity Tier 1 (CET1) ratio of 9.00%, comprised of a 4.50% minimum requirement plus a capital conservation buffer of 2.50% and for us, as a global systemically important bank (G-SIB), a capital surcharge of 2.00%;
- a minimum tier 1 capital ratio of 10.50%, comprised of a 6.00% minimum requirement plus the capital conservation buffer of 2.50% and the G-SIB capital surcharge of 2.00%;
- a minimum total capital ratio of 12.50%, comprised of a 8.00% minimum requirement plus the capital conservation buffer of 2.50% and the G-SIB capital surcharge of 2.00%;
- a potential countercyclical buffer of up to 2.50% to be added to the minimum capital ratios, which could be imposed by regulators at their discretion if it is determined that a period of excessive credit growth is contributing to an increase in systemic risk; and
- a minimum tier 1 leverage ratio of 4.00%.

The Basel III capital requirements for calculating CET1 and tier 1 capital, along with risk-weighted assets (RWAs), are fully phased-in. However, the requirements for determining tier 2 and total capital are still in accordance with Transition Requirements and are scheduled to be fully phased-in by the end of 2021. 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. Accordingly, in the assessment of our capital adequacy, we must report the lower of our CET1, tier 1 and total capital ratios calculated under the Standardized Approach and under the Advanced Approach.

Effective October 1, 2020, a stress capital buffer will be added to the minimum capital ratio requirements. The stress capital buffer will be calculated based on the decrease in a financial institution's risk-based capital ratios under the supervisory severely adverse scenario in the annual Comprehensive Capital Analysis and Review (CCAR), plus four quarters of planned common stock dividends. The stress capital buffer will replace the current 2.50% capital conservation buffer under the Standardized Approach. Because the stress capital buffer will be calculated annually as part of CCAR and will be based on data that can differ over time, the amount of the buffer is subject to change in future years.

As a G-SIB, we are also subject to the FRB's rule implementing the additional capital surcharge of between 1.00-4.50% on the minimum capital requirements of G-SIBs. Under the rule, we must annually calculate our surcharge under two methods and use the higher of the two surcharges. The first method (method one) considers our size, interconnectedness, cross-jurisdictional activity, substitutability, and complexity, consistent with the methodology developed by the BCBS and the Financial Stability Board (FSB). The second (method two) uses similar inputs, but replaces substitutability with use of short-term wholesale funding and will generally result in higher surcharges than the BCBS methodology. 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.

The tables that follow provide information about our risk-based capital and related ratios as calculated under Basel III capital guidelines. Although we continue to report certain capital amounts and ratios in accordance with Transition Requirements for banking industry regulatory reporting purposes, we are managing our capital based on a fully phased-in basis. For information about our capital requirements calculated in accordance with Transition Requirements, see Note 23 (Regulatory and Agency Capital Requirements) to Financial Statements in this Report.

Table 34 summarizes our CET1, tier 1 capital, total capital, RWAs and capital ratios on a fully phased-in basis at March 31, 2020, and December 31, 2019.

Table 34: Capital Components and Ratios (Fully Phased-In) (1)

(in millions, except ratios)		Required Minimum Capital Ratios	March 31, 2020 Advanced Approach	March 31, 2020 Standardized Approach	December 31, 2019 Advanced Approach	December 31, 2019 Standardized Approach
Common Equity Tier 1	(A)		$ 134,751	134,751	138,760	138,760
Tier 1 Capital	(B)		154,277	154,277	158,949	158,949
Total Capital (2)	(C)		183,932	191,985	187,813	195,703
Risk-Weighted Assets (3)	(D)		1,181,271	1,262,808	1,165,079	1,245,853
Common Equity Tier 1 Capital Ratio (3)	(A)/(D)	9.00%	11.41%	10.67 *	11.91	11.14 *
Tier 1 Capital Ratio (3)	(B)/(D)	10.50	13.06	12.22 *	13.64	12.76 *
Total Capital Ratio (2)(3)	(C)/(D)	12.50	15.57	15.20 *	16.12	15.71 *

*Denotes the lowest capital ratio as determined under the Advanced and Standardized Approaches.
(1) See Table 35 for information regarding the calculation and components of CET1, tier 1 capital, total capital and RWAs.
(2) Fully phased-in total capital amounts and ratios are considered non-GAAP financial measures that are used by management, bank regulatory agencies, investors and analysts to assess and monitor the Company's capital position. See Table 35 for information regarding the calculation and components of our fully phased-in total capital amounts, including a corresponding reconciliation to GAAP financial measures.
(3) RWAs and capital ratios for December 31, 2019, have been revised as a result of a decrease in RWAs under the Advanced Approach due to the correction of duplicated operational loss amounts.

Table 35 provides information regarding the calculation and composition of our risk-based capital under the Advanced and Standardized Approaches at March 31, 2020, and December 31, 2019.

Table 35: Risk-Based Capital Calculation and Components

(in millions)		March 31, 2020 Advanced Approach	March 31, 2020 Standardized Approach	December 31, 2019 Advanced Approach	December 31, 2019 Standardized Approach
Total equity		$ 183,330	183,330	187,984	187,984
Adjustments:					
Preferred stock		(21,347)	(21,347)	(21,549)	(21,549)
Additional paid-in capital on preferred stock		140	140	(71)	(71)
Unearned ESOP shares		1,143	1,143	1,143	1,143
Noncontrolling interests		(612)	(612)	(838)	(838)
Total common stockholders' equity		162,654	162,654	166,669	166,669
Adjustments:					
Goodwill		(26,381)	(26,381)	(26,390)	(26,390)
Certain identifiable intangible assets (other than MSRs)		(413)	(413)	(437)	(437)
Goodwill and other intangibles on nonmarketable equity securities (included in other assets)		(1,894)	(1,894)	(2,146)	(2,146)
Applicable deferred taxes related to goodwill and other intangible assets (1)		821	821	810	810
Other		(37)	(37)	254	254
Common Equity Tier 1		134,751	134,751	138,760	138,760
Common Equity Tier 1		$ 134,751	134,751	138,760	138,760
Preferred stock		21,347	21,347	21,549	21,549
Additional paid-in capital on preferred stock		(140)	(140)	71	71
Unearned ESOP shares		(1,143)	(1,143)	(1,143)	(1,143)
Other		(538)	(538)	(288)	(288)
Total Tier 1 capital	(A)	154,277	154,277	158,949	158,949
Long-term debt and other instruments qualifying as Tier 2		25,836	25,836	26,515	26,515
Qualifying allowance for credit losses (2)		3,990	12,043	2,566	10,456
Other		(171)	(171)	(217)	(217)
Total Tier 2 capital (Fully Phased-In)	(B)	29,655	37,708	28,864	36,754
Effect of Transition Requirements		136	136	520	520
Total Tier 2 capital (Transition Requirements)		$ 29,791	37,844	29,384	37,274
Total qualifying capital (Fully Phased-In)	(A)+(B)	$ 183,932	191,985	187,813	195,703
Total Effect of Transition Requirements		136	136	520	520
Total qualifying capital (Transition Requirements)		$ 184,068	192,121	188,333	196,223
Risk-Weighted Assets (RWAs) (3)(4):					
Credit risk		$ 802,686	1,219,948	790,784	1,210,209
Market risk		42,860	42,860	35,644	35,644
Operational risk (5)		335,725	—	338,651	—
Total RWAs (5)		$ 1,181,271	1,262,808	1,165,079	1,245,853

(1) Determined by applying the combined federal statutory rate and composite state income tax rates to the difference between book and tax basis of the respective goodwill and intangible assets at period end.
(2) Under the Advanced Approach the allowance for credit losses that exceeds expected credit losses is eligible for inclusion in Tier 2 Capital, to the extent the excess allowance does not exceed 0.60% of Advanced credit RWAs, and under the Standardized Approach, the allowance for credit losses is includable in Tier 2 Capital up to 1.25% of Standardized credit RWAs, with any excess allowance for credit losses being deducted from total RWAs.
(3) RWAs calculated under the Advanced Approach utilize a risk-sensitive methodology, which relies upon the use of internal credit models based upon our experience with internal rating grades. Advanced Approach also includes an operational risk component, which reflects the risk of operating loss resulting from inadequate or failed internal processes or systems.
(4) Under the regulatory guidelines for risk-based capital, on-balance sheet assets and credit equivalent amounts of derivatives and off-balance sheet items are assigned to one of several broad risk categories according to the obligor, or, if relevant, the guarantor or the nature of any collateral. The aggregate dollar amount in each risk category is then multiplied by the risk weight associated with that category. The resulting weighted values from each of the risk categories are aggregated for determining total RWAs.
(5) Amounts for December 31, 2019, have been revised as a result of a decrease in RWAs under the Advanced Approach due to the correction of duplicated operational loss amounts.

Table 36 presents the changes in Common Equity Tier 1 under the Advanced Approach for the three months ended March 31, 2020.

Table 36: Analysis of Changes in Common Equity Tier 1 (Advanced Approach)

(in millions)		
Common Equity Tier 1 at December 31, 2019	$	138,760
Net income applicable to common stock		42
Common stock dividends		(2,096)
Common stock issued, repurchased, and stock compensation-related items		(2,882)
Changes in cumulative other comprehensive income		(253)
Cumulative effect from change in accounting policies (1)		991
Goodwill		9
Certain identifiable intangible assets (other than MSRs)		24
Goodwill and other intangibles on nonmarketable equity securities (included in other assets)		252
Applicable deferred taxes related to goodwill and other intangible assets (2)		11
Other		(107)
Change in Common Equity Tier 1		(4,009)
Common Equity Tier 1 at March 31, 2020	$	134,751

(1) Effective January 1, 2020, we adopted CECL. For more information, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.
(2) Determined by applying the combined federal statutory rate and composite state income tax rates to the difference between book and tax basis of the respective goodwill and intangible assets at period end.

Table 37 presents net changes in the components of RWAs under the Advanced and Standardized Approaches for the three months ended March 31, 2020.

Table 37: Analysis of Changes in RWAs

(in millions)		Advanced Approach	Standardized Approach
RWAs at December 31, 2019 (1)	$	1,165,079	1,245,853
Net change in credit risk RWAs		11,902	9,739
Net change in market risk RWAs		7,216	7,216
Net change in operational risk RWAs		(2,926)	—
Total change in RWAs		16,192	16,955
RWAs at March 31, 2020	$	1,181,271	1,262,808

(1) Amount for December 31, 2019, has been revised as a result of a decease in RWAs under the Advanced Approach due to the correction of duplicated operational loss amounts.

TANGIBLE COMMON EQUITY We also evaluate our business based on certain ratios that utilize tangible common equity. Tangible common equity is a non-GAAP financial measure and represents total equity less preferred equity, noncontrolling interests, goodwill, certain identifiable intangible assets (other than MSRs) and goodwill and other intangibles on nonmarketable equity securities, net of applicable deferred taxes. These tangible common equity ratios are as follows:

- Tangible book value per common share, which represents tangible common equity divided by common shares outstanding; and
- Return on average tangible common equity (ROTCE), which represents our annualized earnings contribution as a percentage of tangible common equity.

The methodology of determining tangible common equity may differ among companies. Management believes that tangible book value per common share and return on average tangible common equity, which utilize tangible common equity, are useful financial measures because they enable investors and others to assess the Company's use of equity.

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

Table 38: Tangible Common Equity

		Balance at period end			Average balance		
		Quarter ended			Quarter ended		
(in millions, except ratios)		**Mar 31, 2020**	Dec 31, 2019	Mar 31, 2019	**Mar 31, 2020**	Dec 31, 2019	Mar 31, 2019
Total equity		**$ 183,330**	187,984	198,733	**188,170**	192,393	198,349
Adjustments:							
Preferred stock		**(21,347)**	(21,549)	(23,214)	**(21,794)**	(21,549)	(23,214)
Additional paid-in capital on preferred stock		**140**	(71)	(95)	**135**	(71)	(95)
Unearned ESOP shares		**1,143**	1,143	1,502	**1,143**	1,143	1,502
Noncontrolling interests		**(612)**	(838)	(901)	**(785)**	(945)	(899)
Total common stockholders' equity	(A)	**162,654**	166,669	176,025	**166,869**	170,971	175,643
Adjustments:							
Goodwill		**(26,381)**	(26,390)	(26,420)	**(26,387)**	(26,389)	(26,420)
Certain identifiable intangible assets (other than MSRs)		**(413)**	(437)	(522)	**(426)**	(449)	(543)
Goodwill and other intangibles on nonmarketable equity securities (included in other assets)		**(1,894)**	(2,146)	(2,131)	**(2,152)**	(2,223)	(2,159)
Applicable deferred taxes related to goodwill and other intangible assets (1)		**821**	810	771	**818**	807	784
Tangible common equity	(B)	**$ 134,787**	138,506	147,723	**138,722**	142,717	147,305
Common shares outstanding	(C)	**4,096.4**	4,134.4	4,511.9	**N/A**	N/A	N/A
Net income applicable to common stock	(D)	**N/A**	N/A	N/A	**$ 42**	2,546	5,507
Book value per common share	(A)/(C)	**$ 39.71**	40.31	39.01	**N/A**	N/A	N/A
Tangible book value per common share	(B)/(C)	**32.90**	33.50	32.74	**N/A**	N/A	N/A
Return on average common stockholders' equity (ROE) (annualized)	(D)/(A)	**N/A**	N/A	N/A	**0.10%**	5.91	12.71
Return on average tangible common equity (ROTCE) (annualized)	(D)/(B)	**N/A**	N/A	N/A	**0.12**	7.08	15.16

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

SUPPLEMENTARY LEVERAGE RATIO As a BHC, we are required to maintain a supplementary leverage ratio (SLR) of at least 5.00% (comprised of a 3.00% minimum requirement plus a supplementary 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 guidelines. In April 2018, the FRB and OCC proposed rules (the "Proposed SLR Rules") that would replace the 2.00% supplementary leverage buffer with a buffer equal to one-half of our G-SIB capital surcharge. The Proposed SLR Rules would similarly tailor the current 6.00% SLR requirement for our IDIs. In April 2020, the FRB issued an interim final rule that temporarily allows a BHC to exclude on-balance sheet amounts of U.S. Treasury securities and deposits at Federal Reserve Banks from the calculation of its total leverage exposure in the denominator of the SLR. The interim final rule became effective on April 1, 2020, and expires on March 31, 2021.

At March 31, 2020, our SLR for the Company was 6.84%, and we also exceeded the applicable SLR requirements for each of our IDIs. See Table 39 for information regarding the calculation and components of the SLR.

Table 39: Supplementary Leverage Ratio

(in millions, except ratio)			Quarter ended March 31, 2020
Tier 1 capital	(A)	$	154,277
Total average assets			1,950,659
Less: Goodwill and other permitted Tier 1 capital deductions (net of deferred tax liabilities)			28,530
Total adjusted average assets			1,922,129
Plus adjustments for off-balance sheet exposures:			
Derivatives (1)			75,994
Repo-style transactions (2)			4,613
Other (3)			253,578
Total off-balance sheet exposures			334,185
Total leverage exposure	(B)	$	2,256,314
Supplementary leverage ratio	(A)/(B)		6.84%

(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 (i.e., 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.

TOTAL LOSS ABSORBING CAPACITY As a G-SIB, we are required to have a minimum amount of equity and unsecured long-term debt for purposes of resolvability and resiliency, often referred to as Total Loss Absorbing Capacity (TLAC). U.S. G-SIBs are required to have a minimum TLAC amount (consisting of CET1 capital and additional tier 1 capital issued directly by the top-tier or covered BHC plus eligible external long-term debt) equal to the greater of (i) 18.00% of RWAs and (ii) 7.50% of total leverage exposure (the denominator of the SLR calculation). Additionally, U.S. G-SIBs are required to maintain (i) a TLAC buffer equal to 2.50% of RWAs plus our applicable G-SIB capital surcharge calculated under method one plus any applicable countercyclical buffer to be added to the 18.00% minimum and (ii) an external TLAC leverage buffer equal to 2.00% of total leverage exposure to be added to the 7.50% minimum, in order to avoid restrictions on capital distributions and discretionary bonus payments. U.S. G-SIBs are also required to have a minimum amount of eligible unsecured long-term debt equal to the greater of (i) 6.00% of RWAs plus our applicable G-SIB capital surcharge calculated under method two and (ii) 4.50% of the total leverage exposure. Under the Proposed SLR Rules, the 2.00% external TLAC leverage buffer would be replaced with a buffer equal to one-half of our applicable G-SIB capital surcharge, and the leverage component for calculating the minimum amount of eligible unsecured long-term debt would be modified from 4.50% of total leverage exposure to 2.50% of total leverage exposure plus one-half of our applicable G-SIB capital surcharge. As of March 31, 2020, our eligible external TLAC as a percentage of total risk-weighted assets was 23.27% compared with a required minimum of 22.00%. Similar to the risk-based capital requirements, we determine minimum required TLAC based on the greater of RWAs determined under the Standardized and Advanced approaches.

OTHER REGULATORY CAPITAL AND LIQUIDITY MATTERS As discussed in the "Risk Management – Asset/ Liability Management – Liquidity and Funding – Liquidity Standards" section in this Report, federal banking regulators have issued a final rule regarding the U.S. implementation of the Basel III LCR and a proposed rule regarding the NSFR.

As a result of our adoption of CECL on January 1, 2020, our allowance for credit losses is now measured using an estimate of expected life-time credit losses methodology. Federal banking regulators issued rules permitting banking institutions whose capital levels decreased upon the adoption of CECL to phase in the adoption impact of CECL over a period of three years. Because we recognized a net reduction to our allowance for credit losses and a resulting increase to our capital levels upon the adoption of CECL, we were not eligible for this transition relief. In March 2020, federal banking regulators also issued rules that provide banking institutions an option to reduce any negative capital impact from the adoption of CECL and the difference between the allowance for credit losses under CECL and the previous incurred loss methodology. In first quarter 2020, we were not eligible for this transition relief.

Capital Planning and Stress Testing

Our planned long-term capital structure is designed to meet regulatory and market expectations. We believe that our long-term targeted capital structure enables us to invest in and grow our business, satisfy our customers' financial needs in varying environments, access markets, and maintain flexibility to return capital to our shareholders. Our long-term targeted capital structure also considers capital levels sufficient to exceed capital requirements including the G-SIB capital surcharge. Accordingly, based on the final Basel III capital rules under the lower of the Standardized or Advanced Approaches CET1 capital ratios, we currently target a long-term CET1 capital ratio at or in excess of 10.00%, which includes a 2.00% G-SIB capital surcharge. Our capital targets are subject to change based on various factors, including changes to the regulatory capital framework and expectations for large banks promulgated by bank regulatory agencies, planned capital actions, changes in our risk profile and other factors. As discussed above in the "Capital Management – Regulatory Capital Guidelines – Risk-Based Capital and Risk-Weighted Assets" section of this Report, the FRB has issued a final rule that will replace the current 2.50% capital conservation buffer under the Standardized Approach with a stress capital buffer. Implementation of the stress capital buffer may cause our current long-term CET1 capital ratio target of 10.00% to increase.

Under the FRB's capital plan rule, large BHCs are required to submit capital plans annually for review to determine if the FRB has any objections before making any capital distributions. The rule requires updates to capital plans in the event of material changes in a BHC's risk profile, including as a result of any significant acquisitions. The FRB assesses, among other things, the overall financial condition, risk profile, and capital adequacy of BHCs when evaluating capital plans. The capital plan rule also limits a large BHC's ability to make capital distributions to the extent its actual capital issuances were less than amounts indicated in its capital plan.

Our 2020 capital plan, which was submitted on April 3, 2020, as part of CCAR, included a comprehensive capital outlook supported by an assessment of expected sources and uses of capital over a given planning horizon under a range of expected and stress scenarios. As part of the 2020 CCAR, the FRB also generated a supervisory stress test, which assumed a sharp decline in the economy and significant decline in asset pricing using the information provided by the Company to estimate performance. The FRB is expected to review the supervisory stress test results both as required under the Dodd-Frank Act using a common set of capital actions for all large BHCs and by taking into account the Company's proposed capital actions. The FRB has indicated that it will publish its supervisory stress test results as required under the Dodd-Frank Act, and the related CCAR results taking into account the Company's proposed capital actions, by June 30, 2020.

Concurrently with CCAR, federal banking regulators also require large BHCs and banks to conduct their own stress tests to evaluate whether the institution has sufficient capital to continue to operate during periods of adverse economic and financial conditions. These stress testing requirements set forth the timing and type of stress test activities large BHCs and banks must undertake as well as rules governing stress testing controls, oversight and disclosure requirements.

Securities Repurchases

From time to time the Board authorizes the Company to repurchase shares of our common stock. Although we announce when the Board authorizes share repurchases, we typically do not give any public notice before we repurchase our shares. Future stock repurchases may be private or open-market repurchases, including block transactions, accelerated or delayed block transactions, forward repurchase transactions, and similar transactions. Additionally, we may enter into plans to purchase stock that satisfy the conditions of Rule 10b5-1 of the Securities Exchange Act of 1934. Various factors determine the amount of our share repurchases, including our capital requirements, the number of shares we expect to issue for employee benefit plans and acquisitions, market conditions (including the trading price of our stock), and regulatory and legal considerations, including the FRB's response to our capital plan and to changes in our risk profile. Due to the various factors impacting the amount of our share repurchases and the fact that we tend to be in the market regularly to satisfy repurchase considerations under our capital plan, our share repurchases occur at various price levels. We may suspend share repurchase activity at any time. On March 15, 2020, we, along with the other members of the Financial Services Forum, suspended our share repurchase activities for the remainder of the first quarter and for second quarter 2020.

At March 31, 2020, we had remaining Board authority to repurchase approximately 168 million shares, subject to regulatory and legal conditions. For more information about share repurchases during first quarter 2020, see Part II, Item 2 in this Report.

Historically, our policy has been to repurchase shares under the "safe harbor" conditions of Rule 10b-18 of the Securities Exchange Act of 1934 including a limitation on the daily volume of repurchases. Rule 10b-18 imposes an additional daily volume limitation on share repurchases during a pending merger or acquisition in which shares of our stock will constitute some or all of the consideration. Our management may determine that during a pending stock merger or acquisition when the safe harbor would otherwise be available, it is in our best interest to repurchase shares in excess of this additional daily volume limitation. In such cases, we intend to repurchase shares in compliance with the other conditions of the safe harbor, including the standing daily volume limitation that applies whether or not there is a pending stock merger or acquisition.

Regulatory Matters

Since the enactment of the Dodd-Frank Act in 2010, the U.S. financial services industry has been subject to a significant increase in regulation and regulatory oversight initiatives. This increased regulation and oversight has substantially changed how most U.S. financial services companies conduct business and has increased their regulatory compliance costs.

For a discussion of certain consent orders applicable to the Company, see the "Overview" section in this Report. The following supplements our discussion of the other significant regulations and regulatory oversight initiatives that have affected or may affect our business contained in the "Regulatory Matters" and "Risk Factors" sections in our 2019 Form 10-K.

REGULATORY DEVELOPMENTS RELATED TO COVID-19 In response to the COVID-19 pandemic and related events, federal banking regulators have undertaken a number of measures to help stabilize the banking sector, support the broader economy, and facilitate the ability of banking organizations like Wells Fargo to continue lending to consumers and businesses. For example, following the passage of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) in March 2020, federal banking regulators issued interim final rules designed to encourage financial institutions to participate in stimulus measures, such as the Small Business Administration's Paycheck Protection Program and the FRB's Main Street Lending Program. Similarly, the FRB launched a number of lending facilities designed to enhance liquidity and the functioning of markets, including facilities covering money market mutual funds and term asset-backed securities loans. Federal banking regulators have also issued several joint interim final rules amending the regulatory capital and TLAC rules and other prudential regulations to ease certain restrictions on banking organizations and encourage the use of certain FRB-established facilities in order to further promote lending to consumers and businesses.

In addition, the OCC and the FRB have issued guidelines for banks and BHCs related to working with customers affected by the COVID-19 pandemic, including guidance with respect to waiving fees, offering repayment accommodations, providing payment deferrals, and increasing daily withdrawal limits at automated teller machines. In addition, the federal government has instituted a moratorium on certain mortgage foreclosure activities. Any current or future rules, regulations, and guidance related to the COVID-19 pandemic and its impacts could require us to change certain of our business practices, reduce our revenue and earnings, impose additional costs on us, or otherwise adversely affect our business operations and/or competitive position.

COMMUNITY REINVESTMENT ACT (CRA) RATING On May 4, 2020, we announced that we received an "Outstanding" rating from the OCC on our most recent CRA performance evaluation, which covers the years 2012 to 2018.

Critical Accounting Policies

Our significant accounting policies (see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2019 Form 10-K) are fundamental to understanding our results of operations and financial condition because they require that we use estimates and assumptions that may affect the value of our assets or liabilities and financial results. Five of these policies are critical because they require management to make difficult, subjective and complex judgments about matters that are inherently uncertain and because it is likely that materially different amounts would be reported under different conditions or using different assumptions. These policies govern:

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

Management and the Board's Audit Committee have reviewed and approved these critical accounting policies. These policies are described further in the "Financial Review – Critical Accounting Policies" section and Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2019 Form 10-K. In connection with our adoption of CECL on January 1, 2020, we have updated our critical accounting policy for the allowance for credit losses.

Allowance for Credit Losses

We maintain an allowance for credit losses (ACL) for loans, which is management's estimate of the expected credit losses in the loan portfolio and unfunded credit commitments, at the balance sheet date, excluding loans and unfunded credit commitments carried at fair value or held for sale. Additionally, we maintain an allowance for credit losses for debt securities classified as either held-to-maturity (HTM) or available-for-sale (AFS), other financial assets measured at amortized cost, net investments in leases, and other off-balance sheet credit exposures. In connection with our adoption of CECL, we updated our approach for estimating expected credit losses, which includes new areas for management judgment, described more fully below, and updated our accounting policies. For more information, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

For loans and HTM debt securities, the ACL is measured based on the remaining contractual term of the financial asset (including off-balance sheet credit exposures) adjusted, as appropriate, for prepayments and permitted extension options using historical experience, current conditions, and forecasted information. For AFS debt securities, the ACL is measured using a discounted cash flow approach and is limited to the difference between the fair value of the security and its amortized cost.

Changes in the ACL and, therefore, in the related provision for credit losses can materially affect net income. In applying the judgment and review required to determine the ACL, management considerations include the evaluation of past events, historical experience, changes in economic forecasts and conditions, customer behavior, collateral values, and the length of the initial loss forecast period, and other influences. From time to time, changes in economic factors or assumptions, business strategy, products or product mix, or debt security investment strategy, may result in a corresponding increase or decrease in our ACL. While our methodology attributes portions of the ACL to specific financial asset classes (loan and debt security portfolios) or loan portfolio segments (commercial and consumer), the entire ACL is available to absorb credit losses of the company.

Judgment is specifically applied in:

- *Economic assumptions and the length of the initial loss forecast period.* Forecasted economic variables, such as gross domestic product (GDP), unemployment rate or collateral asset prices, are used to estimate expected credit losses. While many of these economic variables are evaluated at the macro-economy level, some economic variables may be forecasted at more granular levels, for example, using the metro statistical area (MSA) level for unemployment rates, home prices and commercial real estate prices. Quarterly, we assess the length of the initial loss forecast period and have currently set the period to one year.
- *Reversion of losses beyond the initial forecast period.* We use a reversion approach to connect the losses estimated for our initial loss forecast period to the period of our historical loss expectations. We give consideration to the type of portfolio, point in the credit cycle, expected length of recessions and recoveries, as well as other relevant factors. During forecasted periods of expansionary economic conditions, we revert immediately to our historical loss expectations. However, when recessionary conditions are forecasted over the initial loss forecast period, we will utilize a linear reversion to the long-term average losses. The length of reversion period varies by asset type – one year for shorter contractual term loans such as commercial loans and two years for longer contractual term loans such as 1-4 family mortgage loans. We assess the reversion approach on a quarterly basis and the length of the reversion period by asset type annually.
- *Historical loss expectations*. At the end of the reversion period, we incorporate the changes in economic variables observed during representative historical time periods that include both recessions and expansions. This analysis is used to compute average losses for any given portfolio and its associated credit characteristics. Annually, we assess the historical time periods and ensure the average loss estimates are representative of our historical loss experience.
- *Credit risk ratings applied to individual commercial loans, unfunded credit commitments, and debt securities.* Individually assessed credit risk ratings are considered key credit variables in our modeled approaches to help assess probability of default and loss given default. Borrower quality ratings are aligned to the borrower's financial strength and contribute to forecasted probability of default curves. Collateral quality ratings combined with forecasted collateral prices (as applicable) contribute to the forecasted severity of loss in the event of default. These credit risk ratings are reviewed by experienced senior credit officers and subjected to reviews by an internal team of credit risk specialists.
- *Usage of credit loss estimation models.* We use internally developed models that incorporate credit attributes and economic variables to generate estimates of credit losses. Management uses a combination of judgement and quantitative analytics in the determination of segmentation, modeling approach, and variables that are leveraged in the models. These models are validated in

accordance with the Company's policies by an internal model validation group. We routinely assess our model performance and apply adjustments when necessary to improve the accuracy of loss estimation. We also assess our models for limitations against the company-wide risk inventory to help ensure that we appropriately capture known and emerging risks in our estimate of expected credit losses and apply overlays as needed.

- *Valuation of collateral.* The current fair value of collateral is utilized to assess the expected credit losses when a financial asset is considered to be collateral dependent. We apply judgment when valuing the collateral either through appraisals, evaluation of the cash flows of the property, or other quantitative techniques. Decreases in collateral valuations support incremental charge-downs and increases in collateral valuation are included in the allowance for credit losses as a negative allowance when the financial asset has been previously written-down below current recovery value.
- *Contractual term considerations.* The remaining contractual term of a loan is adjusted for expected prepayments and certain expected extensions, renewals, or modifications. We extend the contractual term when we are not able to unconditionally cancel contractual renewals or extension options. We also incorporate into our allowance for credit losses any scenarios where we reasonably expect to provide an extension through a TDR.
- *Qualitative factors which may not be adequately captured in the loss models.* These amounts represent management's judgment of risks inherent in the processes and assumptions used in establishing the ACL. We also consider economic environmental factors, modeling assumptions and performance, process risk, and other subjective factors, including industry trends and emerging risk assessments.

Sensitivity The ACL for loans is sensitive to changes in key assumptions which requires significant judgment to be used by management. Future amounts of the ACL for loans will be based on a variety of factors, including loan balance changes, portfolio credit quality, and general economic conditions. General economic conditions are forecasted using economic variables, which could have varying impacts on different financial assets or portfolios. Additionally, throughout numerous credit cycles, there are observed changes in economic variables such as the unemployment rate, GDP and real estate prices which may not move in a correlated manner as variables may move in opposite directions or differ across portfolios or geography.

In order to provide a sensitivity analysis, we developed two hypothetical scenarios by applying changes in economic variables to our loan portfolio, which affect the expected balances, credit quality, and mix. The outcomes of both scenarios were influenced by the length of the scenario periods, as well as the duration and timing of changes in economic variables within those scenarios. The scenarios reflect the impact of economic stress and corresponding adverse changes in economic variables for a longer period than the initial loss forecast period used to develop our current ACL for loans. Neither of the scenarios consider any benefit related to economic stimulus programs or other legislative or regulatory relief.

One hypothetical scenario represents an adverse scenario based on changes in economic variables experienced during the last credit crisis. Compared with the economic forecast used to develop our current ACL for loans, this adverse scenario reflects a more substantial and sustained increase in unemployment, a deeper and more sustained decline in GDP along with significant declines in consumer and commercial real estate prices. This adverse scenario resulted in an increase in the ACL for loans of $6.8 billion.

A second more severe scenario is similar to our annual Company-run stress test. Compared with the adverse scenario, the more severe scenario reflects a sustained but sharper increase in unemployment and a more significant and sustained decline in GDP. Declines in real estate prices are consistent with the adverse scenario, with additional stress to consumer and commercial real estate prices based on our regional and industry concentrations, as well as an idiosyncratic stress as a result of declines in oil and gas prices. The more severe scenario resulted in an increase in the ACL for loans of $11.3 billion.

The changes in economic variables in these scenarios were not contemplated in the economic forecast used to develop our current ACL for loans. In addition, these hypothetical increases in our ACL for loans represent changes to our quantitative estimate and do not incorporate the impact of management judgment for qualitative factors applied in the current ACL for loans, which may have an offsetting impact to the scenario results. Finally, if these hypothetical scenarios were to materialize, the increase in our ACL for loans may be recognized over time if actual loss expectations exceed our historical loss experience.

These sensitivity analyses are hypothetical scenarios and the results do not represent management's view of expected credit losses at the balance sheet date. The sensitivity analyses exclude the ACL for debt securities given its size relative to the overall ACL. Management believes that the current estimate for the ACL for loans was appropriate at the balance sheet date. Because significant judgment is used, it is possible that others performing similar analyses could reach different conclusions.

Current Accounting Developments

Table 41 provides the significant accounting updates applicable to us that have been issued by the Financial Accounting Standards Board (FASB) but are not yet effective.

Table 41: Current Accounting Developments – Issued Standards

Description	Effective date and financial statement impact
ASU 2018-12 – Financial Services – Insurance (Topic 944): ***Targeted Improvements to the Accounting for Long-Duration Contracts*** **and subsequent related updates**	
The Update requires all features in long-duration insurance contracts that meet the definition of a market risk benefit to be measured at fair value through earnings with changes in fair value attributable to our own credit risk recognized in other comprehensive income. Currently, two measurement models exist for these features, fair value and insurance accrual. The Update requires the use of a standardized discount rate and routine updates for insurance assumptions used in valuing the liability for future policy benefits for traditional long-duration contracts. The Update also simplifies the amortization of deferred acquisition costs.	The guidance becomes effective on January 1, 2022. Certain of our variable annuity reinsurance products meet the definition of market risk benefits and will require the associated insurance related reserves for these products to be measured at fair value as of the earliest period presented, with the cumulative effect on fair value for changes attributable to our own credit risk recognized in the beginning balance of accumulated other comprehensive income. The cumulative effect of the difference between fair value and carrying value, excluding the effect of our own credit, will be recognized in the opening balance of retained earnings. As of March 31, 2020, we held $1.1 billion in insurance-related reserves of which $560 million was in scope of the Update. A total of $553 million was associated with products that meet the definition of market risk benefits, and of this amount, $65 million was measured at fair value under current accounting standards. The market risk benefits are largely indexed to U.S. equity and fixed income markets. Upon adoption, we may incur periodic earnings volatility from changes in the fair value of market risk benefits generally due to the long duration of these contracts. We plan to economically hedge this volatility, where feasible. The ultimate impact of these changes will depend on the composition of our market risk benefits portfolio at the date of adoption. Changes in the accounting for the liability of future policy benefits for traditional long-duration contracts and deferred acquisition costs will be applied to all outstanding long-duration contracts on the basis of their existing carrying amounts at the beginning of the earliest period presented, and are not expected to be material.
ASU 2020-04 – Reference Rate Reform (Topic 848) – ***Facilitation of the Effects of Reference Rate Reform on Financial Reporting***	
The Update provides temporary, optional relief to ease the potential burden of accounting for reference rate reform activities that affect contractual modifications of floating-rate financial instruments indexed to IBORs and hedge accounting relationships. Contractual modifications and changes to existing hedge accounting relationships must meet specific requirements to qualify for the relief. Upon election the guidance is applied consistently to all applicable instruments, where a qualifying contractual modification is accounted for as the continuation of an existing contract rather than a new contract. The optional relief facilitates the preservation of existing fair value and cash flow hedge relationships while amending certain contractual terms of hedge accounting relationships, and changes the way the amounts excluded from the evaluation of hedge effectiveness are reported in earnings. Hedging relationships that qualify for the relief will not require discontinuation of the existing hedge accounting relationships. The election to apply the optional relief for existing fair value and cash flow hedge accounting relationships may be made on a hedge-by-hedge basis and across multiple reporting periods.	We adopted the guidance on April 1, 2020. We applied the guidance consistently to contractual amendments made to all applicable floating rate instruments indexed to IBORs. We elected to apply the guidance on an individual hedge-by-hedge basis for changes to hedge accounting relationships. The financial statement impact of the Update will change each period as contracts, existing and new, are impacted by reference rate reform activities and as our exposure changes to LIBOR and other IBORs.

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

- ASU 2020-01 – Investments – Equity Securities (Topic 321), Investments – Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): *Clarifying the Interactions between Topic 321, Topic 323, and Topic 815 (a consensus of the FASB Emerging Issues Task Force)*
- ASU 2019-12 – Income Taxes (Topic 740): *Simplifying the Accounting for Income Taxes*

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

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

- current and future economic and market conditions, including the effects of declines in housing prices, high unemployment rates, U.S. fiscal debt, budget and tax matters, geopolitical matters, and any slowdown in global economic growth;
- the effect of the COVID-19 pandemic, including on our credit quality and business operations, as well as its impact on general economic and financial market conditions;
- our capital and liquidity requirements (including under regulatory capital standards, such as the Basel III capital standards) and our ability to generate capital internally or raise capital on favorable terms;
- financial services reform and other current, pending or future legislation or regulation that could have a negative effect on our revenue and businesses, including the Dodd-Frank Act and other legislation and regulation relating to bank products and services;
- developments in our mortgage banking business, including the extent of the success of our mortgage loan modification efforts, the amount of mortgage loan repurchase demands that we receive, any negative effects relating to our mortgage servicing, loan modification or foreclosure practices, and the effects of regulatory or judicial requirements or guidance impacting our mortgage banking business and any changes in industry standards;
- our ability to realize any efficiency ratio or expense target as part of our expense management initiatives, including as a result of business and economic cyclicality, seasonality, changes in our business composition and operating environment, growth in our businesses and/or acquisitions, and unexpected expenses relating to, among other things, litigation and regulatory matters;
- the effect of the current interest rate environment or changes in interest rates or in the level or composition of our assets or liabilities on our net interest income, net interest margin and our mortgage originations, mortgage servicing rights and mortgage loans held for sale;
- significant turbulence or a disruption in the capital or financial markets, which could result in, among other things, reduced investor demand for mortgage loans, a reduction in the availability of funding or increased funding costs, and declines in asset values and/or recognition of impairments of securities held in our debt securities and equity securities portfolios;
- the effect of a fall in stock market prices on our investment banking business and our fee income from our brokerage, asset and wealth management businesses;
- negative effects from the retail banking sales practices matter and from other instances where customers may have experienced financial harm, including on our legal, operational and compliance costs, our ability to engage in certain business activities or offer certain products or services, our ability to keep and attract customers, our ability to attract and retain qualified team members, and our reputation;
- resolution of regulatory matters, litigation, or other legal actions, which may result in, among other things, additional costs, fines, penalties, restrictions on our business activities, reputational harm, or other adverse consequences;
- a failure in or breach of our operational or security systems or infrastructure, or those of our third-party vendors or other service providers, including as a result of cyber attacks;
- the effect of changes in the level of checking or savings account deposits on our funding costs and net interest margin;
- fiscal and monetary policies of the Federal Reserve Board;
- changes to U.S. tax guidance and regulations, as well as the effect of discrete items on our effective income tax rate;
- our ability to develop and execute effective business plans and strategies; and
- the other risk factors and uncertainties described under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019, as supplemented by the "Risk Factors" section in this Report.

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

For more information about factors that could cause actual results to differ materially from our expectations, refer to our reports filed with the Securities and Exchange Commission, including the discussion under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019, as supplemented by the "Risk Factors" section in this Report, as filed with the Securities and Exchange Commission and available on its website at www.sec.gov.

Any forward-looking statement made by us speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

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

Risk Factors

An investment in the Company involves risk, including the possibility that the value of the investment could fall substantially and that dividends or other distributions on the investment could be reduced or eliminated. For a discussion of risk factors that could adversely affect our financial results and condition, and the value of, and return on, an investment in the Company, we refer you to the "Risk Factors" section in our 2019 Form 10-K.

The following risk factor supplements the "Risk Factors" section in our 2019 Form 10-K.

The COVID-19 pandemic has adversely impacted our business and financial results, and the ultimate impact will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities in response to the pandemic. The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains, lowered equity market valuations, created significant volatility and disruption in financial markets, and increased unemployment levels. In addition, the pandemic has resulted in temporary closures of many businesses and the institution of social distancing and sheltering in place requirements in many states and communities. As a result, the demand for our products and services may be significantly impacted, which could adversely affect our revenue. Furthermore, the pandemic could continue to result in the recognition of credit losses in our loan portfolios and increases in our allowance for credit losses, particularly if businesses remain closed, the impact on the global economy worsens, or more customers draw on their lines of credit or seek additional loans to help finance their businesses. Similarly, because of changing economic and market conditions affecting issuers, we may be required to recognize further impairments on the securities we hold as well as reductions in other comprehensive income. Our business operations may be further disrupted if significant portions of our workforce are unable to work effectively, including because of illness, quarantines, government actions, or other restrictions in connection with the pandemic, and we have already temporarily closed certain of our branches and offices.

Moreover, the pandemic has created additional operational and compliance risks, including the need to quickly implement and execute new programs and procedures for the products and services we offer our customers, provide enhanced safety measures for our employees and customers, comply with rapidly changing regulatory requirements, address any increased risk of fraudulent activity, and protect the integrity and functionality of our systems and networks as a larger number of our employees work remotely. The pandemic could also result in downgrades to our credit ratings or credit outlook. In response to the pandemic, we have suspended residential property foreclosure sales, evictions, and involuntary automobile repossessions, and are offering fee waivers, payment deferrals, and other expanded assistance for credit card, automobile, mortgage, small business and personal lending customers, and future governmental actions may require these and other types of customer-related responses. In addition, we have temporarily suspended share repurchases and could take other capital actions in response to the COVID-19 pandemic. The extent to which the COVID-19 pandemic impacts our business, results of operations, and financial condition, as well as our regulatory capital and liquidity ratios, will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities and other third parties in response to the pandemic.

Controls and Procedures

Disclosure Controls and Procedures

The Company's management evaluated the effectiveness, as of March 31, 2020, of the Company's disclosure controls and procedures. The Company's chief executive officer and chief financial officer participated in the evaluation. Based on this evaluation, the Company's chief executive officer and chief financial officer concluded that the Company's disclosure controls and procedures were effective as of March 31, 2020.

Internal Control Over Financial Reporting

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

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. No change occurred during first quarter 2020 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.