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, 2020 (2020 Form 10-K).*

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

Financial Review

Overview

Wells Fargo & Company is a leading financial services company that has approximately $1.9 trillion in assets, proudly serves one in three U.S. households and more than 10% of small businesses in the U.S., and is the leading middle market banking provider in the U.S. We provide a diversified set of banking, investment and mortgage products and services, as well as consumer and commercial finance, through our four reportable operating segments: Consumer Banking and Lending, Commercial Banking, Corporate and Investment Banking, and Wealth and Investment Management. Wells Fargo ranked No. 37 on *Fortune's* 2021 rankings of America's largest corporations. We ranked fourth in assets and third in the market value of our common stock among all U.S. banks at September 30, 2021.

Wells Fargo's top priority remains meeting its regulatory requirements to build the right foundation for all that lies ahead. The Company is subject to a number of consent orders and other regulatory actions, which may require the Company, among other things, to undertake certain changes to its business, operations, products and services, and risk management practices. Addressing these regulatory actions is expected to take multiple years, and we are likely to experience issues or delays along the way in satisfying their requirements. Issues or delays with one regulatory action could affect our progress on others, and failure to satisfy the requirements of a regulatory action on a timely basis could result in additional penalties, enforcement actions, and other negative consequences. While we still have significant work to do, the Company is committed to devoting the resources necessary to operate with strong business practices and controls, maintain the highest level of integrity, and have an appropriate culture in place.

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

On February 2, 2018, the Company entered into a consent order with the Board of Governors of the Federal Reserve System (FRB). As required by the consent order, the Company's Board of Directors (Board) submitted to the FRB a plan to further enhance the Board's governance and oversight of the Company, and the Company submitted to the FRB a plan to further improve the Company's compliance and operational risk management program. The Company continues to engage with the FRB as the Company works to address the consent order provisions. The consent order also requires the Company, following the FRB's acceptance and approval of the plans and the Company's adoption and implementation of the plans, to complete an initial third-party review of the enhancements and improvements provided for in the plans. Until this third-party review is complete and the plans are approved and implemented to the satisfaction of the FRB, the Company's total consolidated assets as defined under the consent order will be limited to the level as of December 31, 2017. Compliance with this asset cap is measured on a two-quarter daily average basis to allow for management of temporary fluctuations. 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, to the extent the Company chooses to exclude these exposures from the asset cap, 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. As of September 30, 2021, the Company had not excluded these exposures from the asset cap. After removal of the asset cap, a second third-party review must also be conducted to assess the efficacy and sustainability of the enhancements and improvements.

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

On April 20, 2018, the Company entered into consent orders with the Consumer Financial Protection Bureau (CFPB) and the Office of the Comptroller of the Currency (OCC) to pay an aggregate of $1 billion in civil money penalties to resolve matters regarding the Company's compliance risk management program and past practices involving certain automobile collateral protection insurance (CPI) policies and certain mortgage interest rate lock extensions. As required by the consent orders, the Company submitted to the CFPB and OCC an enterprise-wide compliance risk management plan and a plan to enhance the Company's internal audit program with respect to federal consumer financial law and the terms of the consent orders. In addition, as required by the consent orders, the Company submitted for non-objection plans to remediate customers affected by the automobile collateral protection insurance and mortgage interest rate lock matters, as well as a plan for the management of remediation activities conducted by the Company. The Company continues to work to address the provisions of the consent orders. The Company has not yet satisfied certain aspects of the consent orders, and as a result, we believe regulators may impose additional penalties or take other enforcement actions. On September 9, 2021, the OCC assessed a

$250 million civil money penalty against the Company related to insufficient progress in addressing requirements under the OCC's April 2018 consent order and loss mitigation activities in the Company's Home Lending business.

Consent Order with the OCC Regarding Loss Mitigation Activities

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

Retail Sales Practices Matters

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, employees, 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. On September 8, 2021, the CFPB consent order regarding retail sales practices expired.

For additional information regarding retail sales practices matters, including related legal matters, see the "Risk Factors" section in our 2020 Form 10-K and Note 13 (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 probable and estimable remediation costs related to our rebuilding trust efforts, which amounts may change based on additional facts and information, as well as ongoing reviews and communications with our regulators.

As our ongoing reviews continue, 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 additional information, including related legal and regulatory risk, see the "Risk Factors" section in our 2020 Form 10-K and Note 13 (Legal Actions) to Financial Statements in this Report.

Recent Developments

COVID-19 Pandemic

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 essential services to the public. We have taken comprehensive steps to help customers, employees and communities.

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.

PAYCHECK PROTECTION PROGRAM The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) created funding for the Small Business Administration's (SBA) loan program providing forgiveness of up to the full principal amount of qualifying loans guaranteed under a program called the Paycheck Protection Program (PPP). Since its inception, we have funded approximately 282,000 loans under the PPP totaling approximately $14.0 billion, and more than $8.8 billion of principal forgiveness has been provided on qualifying PPP loans. As of September 30, 2021, we had $4.7 billion of PPP loans outstanding. We voluntarily committed to donate all of the gross processing fees received from PPP loans funded in 2020 and have committed to donate any net profits from processing fees received from PPP loans funded in 2021. For additional information on the CARES Act and the PPP, see the "Overview – Recent Developments – COVID-19 Pandemic" section in our 2020 Form 10-K.

LIBOR Transition

The London Interbank Offered Rate (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. On March 5, 2021, the Financial Conduct Authority and the administrator of LIBOR announced that LIBOR will no longer be published on a representative basis after December 31, 2021, with the exception of the most commonly used tenors of U.S. dollar (USD) LIBOR which will no longer be published on a representative basis after June 30, 2023. Additionally, federal banking agencies have issued guidance strongly encouraging banking organizations to cease using USD LIBOR as a reference rate in new contracts as soon as practicable and in any event by December 31, 2021. We have made significant progress in preparation for the December 31, 2021, cessation date and in response to the regulatory guidance.

We have continued to expand our product offerings using the Secured Overnight Financing Rate (SOFR) and other alternative reference rates for our commercial customers. We expect to have a suite of alternative reference rate products available for our customers prior to the end of 2021. In addition, we have continued the transition of interdealer derivative contracts to SOFR in accordance with the recommendation of the Commodity Futures Trading Commission's Market Risk Advisory Committee.

For additional information on the initiatives undertaken by our LIBOR Transition Office in an effort to mitigate the risks associated with a transition away from LIBOR, as well as the amount of our LIBOR-linked assets and liabilities, see the "Overview – Recent Developments – LIBOR Transition" section in our 2020 Form 10-K. For information regarding the risks and potential impact of LIBOR or any other referenced financial metric being significantly changed, replaced or discontinued, see the "Risk Factors" section in our 2020 Form 10-K.

Capital Actions and Restrictions

In June 2021, the Company completed the 2021 Comprehensive Capital Analysis and Review (CCAR) stress test process. On August 5, 2021, the FRB confirmed that the Company's stress capital buffer (SCB) for the period October 1, 2021, through September 30, 2022, is 3.10%.

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

In July 2021, we issued $1.25 billion of our Preferred Stock, Series DD. In September 2021, we redeemed our Preferred Stock, Series O and Series X, for an aggregate cost of $1.8 billion.

Business Divestitures

On November 1, 2021, we closed our previously announced agreement to sell our Corporate Trust Services business and our previously announced agreement to sell Wells Fargo Asset Management, which is subject to certain post-closing adjustments and earn-out provisions.

Financial Performance

Consolidated Financial Highlights

	Quarter ended Sep 30,				Nine months ended Sep 30,			
($ in millions)	**2021**	2020	$ Change	% Change	**2021**	2020	$ Change	% Change
Selected income statement data								
Net interest income	$ **8,909**	9,379	(470)	(5)%	$ **26,517**	30,601	(4,084)	(13)%
Noninterest income	**9,925**	9,937	(12)	—	**31,119**	25,174	5,945	24
Total revenue	**18,834**	19,316	(482)	(2)	**57,636**	55,775	1,861	3
Net charge-offs	**257**	731	(474)	(65)	**1,159**	2,786	(1,627)	(58)
Change in the allowance for credit losses	**(1,652)**	38	(1,690)	NM	**(4,862)**	11,522	(16,384)	NM
Provision for credit losses	**(1,395)**	769	(2,164)	NM	**(3,703)**	14,308	(18,011)	NM
Noninterest expense	**13,303**	15,229	(1,926)	(13)	**40,633**	42,828	(2,195)	(5)
Income tax expense (benefit)	**1,521**	(83)	1,604	NM	**3,867**	(1,731)	5,598	NM
Wells Fargo net income	**5,122**	3,216	1,906	59	**15,798**	286	15,512	NM
Wells Fargo net income (loss) applicable to common stock	**4,787**	2,901	1,886	65	**14,786**	(955)	15,741	NM

NM – Not meaningful

In third quarter 2021, we generated $5.1 billion of net income and diluted earnings per common share (EPS) of $1.17, compared with net income of $3.2 billion and diluted EPS of $0.70 in the same period a year ago. Financial performance for third quarter 2021, compared with the same period a year ago, included the following:

- total revenue decreased due to lower net interest income;
- provision for credit losses decreased reflecting lower net charge-offs and improvements in the economic environment;
- noninterest expense decreased due to lower restructuring charges, operating losses, and professional and outside services expense;
- average loans decreased due to lower residential mortgage loans driven by paydowns exceeding originations and the resecuritization of loans we purchased from Government National Mortgage Association (GNMA) loan securitization pools, lower commercial loans driven by weak demand and a reduction of PPP loans outstanding, and the reclassification of student loans to loans held for sale (LHFS) included in other consumer loans; and
- average deposits increased driven by growth in the Consumer Banking and Lending, Commercial Banking, and Wealth and Investment Management (WIM) operating segments due to higher levels of liquidity and savings for consumer and commercial customers reflecting government stimulus programs and continued economic uncertainty associated with the COVID-19 pandemic, as well as the impact of payment deferral programs on consumer customers, partially offset by actions taken to manage under the asset cap which reduced deposits in the Corporate and Investment Banking operating segment and Corporate.

In the first nine months of 2021, we generated $15.8 billion of net income and diluted EPS of $3.57, compared with net income of $286 million and diluted loss per common share of $0.23 in the same period a year ago. Financial performance for the first nine months of 2021, compared with the same period a year ago, included the following:

- total revenue increased due to higher net gains from equity securities, mortgage banking income, and investment advisory and other asset-based fee income, partially offset by lower net interest income;
- provision for credit losses decreased reflecting lower net charge-offs due to better portfolio credit quality driven by improvements in the economic environment;
- noninterest expense decreased due to lower operating losses, professional and outside services expense, and restructuring charges, partially offset by higher incentive and revenue-related compensation in personnel expense;
- average loans decreased due to paydowns exceeding originations in our residential mortgage loan portfolio, weak demand for commercial loans, and the reclassification of student loans to LHFS included in other consumer loans; and
- average deposits increased driven by growth in the Consumer Banking and Lending, Commercial Banking, and WIM operating segments due to higher levels of liquidity and savings for consumer and commercial customers reflecting government stimulus programs and continued economic uncertainty associated with the COVID-19 pandemic, as well as the impact of payment deferral programs on consumer customers, partially offset by actions taken to manage under the asset cap which reduced deposits in the Corporate and Investment Banking operating segment and Corporate.

Capital and Liquidity

We maintained a strong capital position in the first nine months of 2021, with total equity of $191.1 billion at September 30, 2021, compared with $185.7 billion at December 31, 2020. Our liquidity and regulatory capital ratios remained strong at September 30, 2021, including:

- our liquidity coverage ratio (LCR) was 119%, which continued to exceed the regulatory minimum of 100%;
- our Common Equity Tier 1 (CET1) ratio was 11.62%, which continued to exceed both the regulatory requirement of 9% and our current internal target; and
- our eligible external total loss absorbing capacity (TLAC) as a percentage of total risk-weighted assets was 23.68%, compared with the regulatory requirement of 21.50%.

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

Credit Quality

Credit quality reflected the improving economic environment.

- The allowance for credit losses (ACL) for loans of $14.7 billion at September 30, 2021, decreased $5.0 billion from December 31, 2020.
- Our provision for credit losses for loans was $(3.7) billion in the first nine months of 2021, down from $14.1 billion in the same period a year ago. The decrease in the ACL for loans and the provision for credit losses in the first nine months of 2021, compared with the same period a year ago, reflected improvements in current and forecasted economic conditions.
- The allowance coverage for total loans was 1.70% at September 30, 2021, compared with 2.22% at December 31, 2020.
- Commercial portfolio net loan charge-offs were $38 million, or 3 basis points of average commercial loans, in third quarter 2021, compared with net loan charge-offs of $356 million, or 29 basis points, in the same period a year ago, predominantly driven by lower losses and higher recoveries in our commercial and industrial portfolio primarily within the oil, gas and pipelines industry, and in the real estate mortgage portfolio.
- Consumer portfolio net loan charge-offs were $221 million, or 23 basis points of average consumer loans, in third quarter 2021, compared with net loan charge-offs of $327 million, or 30 basis points, in the same period a year ago, predominantly driven by lower losses in our credit card portfolio as a result of payment deferral activities and government stimulus programs instituted in response to the COVID-19 pandemic.
- Nonperforming assets (NPAs) of $7.2 billion at September 30, 2021, decreased $1.7 billion, or 19%, from December 31, 2020, predominantly driven by our commercial and industrial portfolio reflecting improvements in the economic environment. NPAs represented 0.83% of total loans at September 30, 2021.

Earnings Performance

Wells Fargo net income for third quarter 2021 was $5.1 billion ($1.17 diluted EPS), compared with $3.2 billion ($0.70 diluted EPS) in the same period a year ago. Net income increased in third quarter 2021, compared with the same period a year ago, predominantly due to a $2.2 billion decrease in provision for credit losses, and a $1.9 billion decrease in noninterest expense, partially offset by a $1.6 billion increase in income tax expense and a $470 million decrease in net interest income.

Net income for the first nine months of 2021 was $15.8 billion ($3.57 diluted EPS), compared with $286 million ($0.23 diluted loss per common share) in the same period a year ago. Net income increased in the first nine months of 2021, compared with the same period a year ago, predominantly due to a $18.0 billion decrease in provision for credit losses, a $5.9 billion increase in noninterest income, and a $2.2 billion decrease in noninterest expense, partially offset by a $5.6 billion increase in income tax expense and a $4.1 billion decrease in net interest income.

Net Interest Income

Net interest income and net interest margin decreased in both the third quarter and first nine months of 2021, compared with the same periods a year ago. The third quarter 2021 decrease was due to the impact of lower loan balances reflecting soft demand and elevated prepayments, and the impact of lower yields on earning assets, partially offset by a decrease in long-term debt and lower mortgage-backed securities premium amortization. Third quarter 2021 included interest income from PPP loans of $117 million. Additionally, in third quarter 2021, we had interest income associated with loans we purchased from GNMA loan securitization pools of $212 million. For additional information about loans purchased from GNMA loan securitization pools, see the "Risk Management – Credit Risk Management – Risks Relating to Servicing Activities" section in this Report. The first nine months of 2021 decrease was due to the impact of lower interest rates and lower loan balances reflecting soft demand, elevated prepayments and refinancing activity, as well as unfavorable hedge ineffectiveness accounting results and higher mortgage-backed securities premium amortization, partially offset by a lower cost of funding liabilities.

Table 1 presents the individual components of net interest income and the net interest margin. Net interest income and net interest margin are presented on a taxable-equivalent basis in Table 1 to consistently reflect income from taxable and tax-exempt loans and debt and equity securities based on a 21% federal statutory tax rate for the periods ended September 30, 2021 and 2020.

For additional information about net interest income and net interest margin, see the "Earnings Performance – Net Interest Income" section in our 2020 Form 10-K.

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

	Quarter ended September 30,					
	2021			2020		
(in millions)	**Average balance**	**Interest income/ expense**	**Interest rates**	Average balance	Interest income/ expense	Interest rates
Assets						
Interest-earning deposits with banks	**$ 250,314**	**97**	**0.15 %**	$ 216,958	58	0.11 %
Federal funds sold and securities purchased under resale agreements	**68,912**	**6**	**0.03**	80,431	3	0.02
Debt securities:						
Trading debt securities	**88,476**	**517**	**2.33**	88,021	548	2.49
Available-for-sale debt securities	**179,237**	**705**	**1.57**	217,556	1,067	1.96
Held-to-maturity debt securities	**261,182**	**1,223**	**1.87**	176,384	922	2.09
Total debt securities	**528,895**	**2,445**	**1.85**	481,961	2,537	2.10
Loans held for sale (2)	**24,490**	**172**	**2.81**	31,023	239	3.07
Loans:						
Commercial loans:						
Commercial and industrial – U.S.	**247,095**	**1,608**	**2.58**	270,998	1,721	2.53
Commercial and industrial – Non-U.S.	**72,331**	**361**	**1.98**	64,048	344	2.14
Real estate mortgage	**121,453**	**817**	**2.67**	123,391	870	2.81
Real estate construction	**21,794**	**170**	**3.10**	22,216	175	3.13
Lease financing	**15,492**	**171**	**4.45**	17,091	159	3.72
Total commercial loans	**478,165**	**3,127**	**2.60**	497,744	3,269	2.61
Consumer loans:						
Residential mortgage – first lien	**243,201**	**1,897**	**3.12**	290,607	2,357	3.24
Residential mortgage – junior lien	**18,809**	**195**	**4.11**	26,018	270	4.13
Credit card	**35,407**	**1,023**	**11.47**	35,965	1,057	11.70
Auto	**52,370**	**586**	**4.44**	48,718	600	4.90
Other consumer	**26,072**	**243**	**3.70**	32,656	431	5.25
Total consumer loans	**375,859**	**3,944**	**4.18**	433,964	4,715	4.33
Total loans (2)	**854,024**	**7,071**	**3.29**	931,708	7,984	3.41
Equity securities	**32,790**	**146**	**1.78**	25,185	100	1.61
Other	**10,070**	**2**	**0.09**	6,974	—	(0.02)
Total interest-earning assets	**1,769,495**	**9,939**	**2.24**	1,774,240	10,921	2.45
Cash and due from banks	**24,201**	**—**		21,991	—	
Goodwill	**26,192**	**—**		26,388	—	
Other (3)	**129,812**	**—**		123,292	—	
Total noninterest-earning assets	**180,205**	**—**		171,671	—	
Total assets	**$ 1,949,700**	**9,939**		1,945,911	10,921	
Liabilities						
Deposits:						
Demand deposits	**$ 452,301**	**29**	**0.03 %**	$ 49,608	8	0.07 %
Savings deposits	**426,201**	**34**	**0.03**	803,942	157	0.08
Time deposits	**34,171**	**25**	**0.28**	71,728	127	0.71
Deposits in non-U.S. offices	**28,341**	**11**	**0.16**	33,992	22	0.25
Total interest-bearing deposits	**941,014**	**99**	**0.04**	959,270	314	0.13
Short-term borrowings	**43,899**	**(7)**	**(0.06)**	57,292	(12)	(0.08)
Long-term debt	**174,643**	**745**	**1.71**	222,862	1,038	1.86
Other liabilities	**30,387**	**88**	**1.15**	27,679	92	1.33
Total interest-bearing liabilities	**1,189,943**	**925**	**0.31**	1,267,103	1,432	0.45
Noninterest-bearing demand deposits	**509,927**	**—**		439,758	—	
Other noninterest-bearing liabilities	**55,789**	**—**		57,673	—	
Total noninterest-bearing liabilities	**565,716**	**—**		497,431	—	
Total liabilities	**1,755,659**	**925**		1,764,534	1,432	
Total equity (3)	**194,041**	**—**		181,377	—	
Total liabilities and equity	**$ 1,949,700**	**925**		1,945,911	1,432	
Interest rate spread on a taxable-equivalent basis (3)			**1.93 %**			2.00 %
Net interest income and net interest margin on a taxable-equivalent basis (3)		**$ 9,014**	**2.03 %**		$ 9,489	2.13 %

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	Nine months ended September 30,					
	2021			2020		
(in millions)	Average balance	Interest income/ expense	Interest rates	Average balance	Interest income/ expense	Interest rates
Assets						
Interest-earning deposits with banks	**$ 243,095**	**224**	**0.12 %**	$ 174,425	490	0.37 %
Federal funds sold and securities purchased under resale agreements	**71,179**	**16**	**0.03**	88,095	385	0.58
Debt securities:						
Trading debt securities	**86,828**	**1,552**	**2.38**	95,018	1,981	2.78
Available-for-sale debt securities	**192,765**	**2,232**	**1.54**	234,125	4,293	2.45
Held-to-maturity debt securities	**238,769**	**3,356**	**1.88**	167,061	2,899	2.31
Total debt securities	**518,362**	**7,140**	**1.84**	496,204	9,173	2.47
Loans held for sale (2)	**28,702**	**696**	**3.24**	26,841	685	3.40
Loans:						
Commercial loans:						
Commercial and industrial – U.S.	**249,359**	**4,831**	**2.59**	289,799	6,257	2.88
Commercial and industrial – Non-U.S.	**69,530**	**1,073**	**2.06**	68,965	1,345	2.61
Real estate mortgage	**120,907**	**2,452**	**2.71**	122,903	2,987	3.25
Real estate construction	**21,855**	**505**	**3.09**	21,288	583	3.66
Lease financing	**15,617**	**529**	**4.52**	18,152	602	4.42
Total commercial loans	**477,268**	**9,390**	**2.63**	521,107	11,774	3.02
Consumer loans:						
Residential mortgage – first lien	**252,338**	**5,922**	**3.13**	288,355	7,421	3.43
Residential mortgage – junior lien	**20,516**	**634**	**4.13**	27,535	932	4.52
Credit card	**34,942**	**3,035**	**11.61**	37,415	3,243	11.58
Auto	**50,368**	**1,709**	**4.54**	48,473	1,797	4.95
Other consumer	**25,234**	**709**	**3.75**	33,033	1,405	5.68
Total consumer loans	**383,398**	**12,009**	**4.18**	434,811	14,798	4.54
Total loans (2)	**860,666**	**21,399**	**3.32**	955,918	26,572	3.71
Equity securities	**30,678**	**416**	**1.81**	30,027	425	1.89
Other	**9,559**	**4**	**0.06**	7,373	14	0.24
Total interest-earning assets	**1,762,241**	**29,895**	**2.27**	1,778,883	37,744	2.83
Cash and due from banks	**24,377**	**—**		21,266	—	
Goodwill	**26,262**	**—**		26,386	—	
Other(3)	**128,511**	**—**		120,780	—	
Total noninterest-earning assets	**179,150**	**—**		168,432	—	
Total assets	**$ 1,941,391**	**29,895**		1,947,315	37,744	
Liabilities						
Deposits:						
Demand deposits	**$ 449,777**	**93**	**0.03 %**	$ 55,407	152	0.37 %
Savings deposits	**420,202**	**98**	**0.03**	788,732	1,446	0.24
Time deposits	**38,402**	**101**	**0.35**	90,191	817	1.21
Deposits in non-U.S. offices	**29,614**	**11**	**0.05**	41,642	226	0.73
Total interest-bearing deposits	**937,995**	**303**	**0.04**	975,972	2,641	0.36
Short-term borrowings	**50,439**	**(27)**	**(0.07)**	74,538	263	0.47
Long-term debt	**184,608**	**2,483**	**1.79**	228,067	3,515	2.06
Other liabilities	**28,999**	**298**	**1.37**	29,270	350	1.59
Total interest-bearing liabilities	**1,202,041**	**3,057**	**0.34**	1,307,847	6,769	0.69
Noninterest-bearing demand deposits	**488,961**	**—**		398,666	—	
Other noninterest-bearing liabilities	**59,010**	**—**		56,367	—	
Total noninterest-bearing liabilities	**547,971**	**—**		455,033	—	
Total liabilities	**1,750,012**	**3,057**		1,762,880	6,769	
Total equity (3)	**191,379**	**—**		184,435	—	
Total liabilities and equity	**$ 1,941,391**	**3,057**		1,947,315	6,769	
Interest rate spread on a taxable-equivalent basis (3)			**1.93 %**			2.14 %
Net interest margin and net interest income on a taxable-equivalent basis (3)		**$ 26,838**	**2.03 %**		$ 30,975	2.32 %

(1) The average balance amounts represent amortized costs. The interest rates are based on interest income or expense amounts for the period and are annualized. Interest rates and amounts include the effects of hedge and risk management activities associated with the respective asset and liability categories.
(2) Nonaccrual loans and any related income are included in their respective loan categories.
(3) Includes taxable-equivalent adjustments of $105 million and $110 million for the quarters ended September 30, 2021 and 2020, respectively, and $321 million and $374 million for the first nine months of 2021 and 2020, respectively, predominantly related to tax-exempt income on certain loans and securities.

Noninterest Income

Table 2: Noninterest Income

(in millions)	Quarter ended Sep 30, 2021	2020	$ Change	% Change	Nine months ended Sep 30, 2021	2020	$ Change	% Change
Deposit-related fees	$ **1,416**	1,299	117	9 %	$ **4,013**	3,888	125	3 %
Lending-related fees	**365**	352	13	4	**1,088**	1,025	63	6
Investment advisory and other asset-based fees	**2,882**	2,505	377	15	**8,432**	7,265	1,167	16
Commissions and brokerage services fees	**525**	568	(43)	(8)	**1,741**	1,795	(54)	(3)
Investment banking fees	**547**	441	106	24	**1,685**	1,379	306	22
Card fees	**1,078**	912	166	18	**3,104**	2,601	503	19
Net servicing income	**145**	341	(196)	(57)	**25**	(77)	102	132
Net gains on mortgage loan originations/sales	**1,114**	1,249	(135)	(11)	**3,896**	2,363	1,533	65
Mortgage banking	**1,259**	1,590	(331)	(21)	**3,921**	2,286	1,635	72
Net gains from trading activities	**92**	361	(269)	(75)	**461**	1,232	(771)	(63)
Net gains on debt securities	**283**	264	19	7	**434**	713	(279)	(39)
Net gains (losses) from equity securities	**869**	649	220	34	**3,957**	(219)	4,176	NM
Lease income	**322**	333	(11)	(3)	**950**	1,021	(71)	(7)
Other	**287**	663	(376)	(57)	**1,333**	2,188	(855)	(39)
Total	$ **9,925**	9,937	(12)	—	$ **31,119**	25,174	5,945	24

NM – Not meaningful

Third quarter 2021 vs. third quarter 2020

Deposit-related fees increased driven by:
- higher consumer transaction volumes compared with a third quarter 2020 that included reduced volumes due to the economic slowdown associated with the COVID-19 pandemic;
- lower fee waivers and reversals compared with a third quarter 2020 that included elevated fee waivers due to our actions to support customers during the COVID-19 pandemic; and
- higher treasury management fees on commercial accounts driven by an increase in transaction service volumes and repricing.

Investment advisory and other asset-based fees increased reflecting higher market valuations on client investment assets.

For additional information on certain client investment assets, see the "Earnings Performance – Operating Segment Results – Wealth and Investment Management – WIM Advisory Assets" and "Earnings Performance – Operating Segment Results – Corporate – Wells Fargo Asset Management (WFAM) Assets Under Management" sections in this Report.

Investment banking fees increased driven by higher loan syndication fees, advisory fees, and equity underwriting fees.

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

Net servicing income decreased predominantly due to lower income from mortgage servicing right (MSR) valuation changes and related hedges driven by more favorable valuation adjustments in third quarter 2020 due to improving economic conditions.

Net gains on mortgage loan originations/sales decreased driven by:
- lower residential real estate held for sale (HFS) origination volumes and margins in our retail and correspondent production channels;

partially offset by:
- higher gains related to the resecuritization of loans we purchased from GNMA loan securitization pools in 2020.

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

Net gains from trading activities decreased driven by:
- lower gains on equity products compared with a third quarter 2020 that reflected higher volumes and customer activity due to volatility in the equities markets;
- lower client trading activity for credit products due to widening credit spreads; and
- lower asset-backed finance client trading activity due to a decline in demand for commercial mortgage-backed securities (CMBS) and residential mortgage-backed securities (RMBS) products.

Net gains (losses) from equity securities increased due to higher unrealized gains on nonmarketable equity securities from our affiliated venture capital and private equity businesses.

Other income decreased due to lower equity method investment income compared with a third quarter 2020 that included $228 million of equity method investment income related to a change in the accounting measurement model for certain nonmarketable equity securities from our affiliated venture capital business.

First nine months of 2021 vs. first nine months of 2020

Lending-related fees increased reflecting higher loan commitment fees.

Investment advisory and other asset-based fees increased reflecting higher market valuations on client investment assets.

For additional information on certain client investment assets, see the "Earnings Performance – Operating Segment Results – Wealth and Investment Management – WIM Advisory Assets" and "Earnings Performance – Operating Segment Results – Corporate – Wells Fargo Asset Management (WFAM) Assets Under Management" sections in this Report.

Investment banking fees increased driven by higher loan syndication fees, advisory fees, and equity underwriting fees.

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

Net servicing income increased reflecting negative MSR valuation adjustments in the first nine months of 2020 for higher expected servicing costs and higher prepayment estimates due to changes in economic conditions that improved in 2021.

Net gains on mortgage loan originations/sales increased driven by:
- a higher production margin in our retail production channel;
- higher gains related to the resecuritization of loans we purchased from GNMA loan securitization pools in 2020; and
- losses in the first nine months of 2020 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 the impact of the COVID-19 pandemic on market conditions.

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

Net gains from trading activities decreased reflecting:
- lower client trading activity for interest rate products, equities, and commodities;

partially offset by:
- higher client trading activity for asset-backed finance products.

Net gains on debt securities decreased primarily due to lower gains on sales of agency MBS and municipal bonds.

Net gains (losses) from equity securities increased driven by:
- higher unrealized gains on nonmarketable equity securities from our affiliated venture capital and private equity businesses;
- higher realized gains on the sales of equity securities;
- higher gains on deferred compensation plan investments (largely offset in personnel expense). Refer to Table 3a for the results for our deferred compensation plan and related hedges; and
- lower impairment of equity securities due to the market impact of the COVID-19 pandemic in first quarter 2020.

Other income decreased due to:
- lower gains on the sales of residential mortgage loans which were reclassified to held for sale in 2019; and
- higher valuation losses related to the retained litigation risk, including the timing and amount of final settlement, associated with shares of Visa Class B common stock that we previously sold. For additional information, see the "Risk Management – Asset/Liability Management – Market Risk – Equity Securities" section in our 2020 Form 10-K; and
- lower income from investments accounted for under the equity method;

partially offset by:
- a gain on the sale of our student loan portfolio.

Noninterest Expense

Table 3: Noninterest Expense

(in millions)		Quarter ended Sep 30, 2021	2020	$ Change	% Change		Nine months ended Sep 30, 2021	2020	$ Change	% Change
Personnel	$	**8,690**	8,624	66	1 %	$	**27,066**	25,863	1,203	5 %
Technology, telecommunications and equipment		**741**	791	(50)	(6)		**2,400**	2,261	139	6
Occupancy		**738**	851	(113)	(13)		**2,243**	2,437	(194)	(8)
Operating losses		**540**	1,219	(679)	(56)		**1,056**	2,902	(1,846)	(64)
Professional and outside services		**1,417**	1,760	(343)	(19)		**4,255**	5,042	(787)	(16)
Leases (1)		**220**	291	(71)	(24)		**672**	795	(123)	(15)
Advertising and promotion		**153**	144	9	6		**375**	462	(87)	(19)
Restructuring charges		**1**	718	(717)	(100)		**10**	718	(708)	(99)
Other		**803**	831	(28)	(3)		**2,556**	2,348	208	9
Total	$	**13,303**	15,229	(1,926)	(13)	$	**40,633**	42,828	(2,195)	(5)

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

Third quarter 2021 vs. third quarter 2020

Personnel expense increased driven by:
- higher incentive compensation expense; and
- higher revenue-related compensation expense;

partially offset by:
- lower salaries as a result of reduced headcount.

Technology, telecommunications and equipment expense decreased due to lower expense for contracts related to telecommunications, hardware, and maintenance.

Occupancy expense decreased driven by:
- lower rent expense; and
- lower cleaning fees, supplies, and equipment expenses compared with a third quarter 2020 that included higher expenses due to the COVID-19 pandemic.

Operating losses decreased driven by lower expense for customer remediation accruals and litigation accruals, partially offset by a $250 million operating loss associated with the September 2021 OCC enforcement action.

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

Restructuring charges decreased due to lower personnel-related charges related to our efficiency initiatives. For additional information on restructuring charges, see Note 19 *(*Restructuring Charges) to Financial Statements in this Report.

First nine months of 2021 vs. first nine months of 2020

Personnel expense increased driven by:
- higher incentive compensation expense, including the impact of higher market valuations on stock-based compensation;
- higher revenue-related compensation expense; and
- higher deferred compensation expense;

partially offset by:
- lower salaries as a result of reduced headcount.

Table 3a presents results for our deferred compensation plan and related hedges. In second quarter 2020, we entered into arrangements to transition our economic hedges of the deferred compensation plan liabilities from equity securities to derivative instruments. As a result of this transition, changes in fair value of derivatives used to economically hedge the deferred compensation plan are reported in personnel expense rather than in net gains (losses) from equity securities within noninterest income. For additional information on the derivatives used in the economic hedges, see Note 14 (Derivatives) to Financial Statements in this Report.

Table 3a: Deferred Compensation and Related Hedges

(in millions)		Quarter ended Sep 30, 2021	2020		Nine months ended Sep 30, 2021	2020
Net interest income	$	**—**	—	$	**—**	15
Net gains (losses) from equity securities		**—**	1		**1**	(274)
Total revenue (losses) from deferred compensation plan investments		**—**	1		**1**	(259)
Decrease (increase) in deferred compensation plan liabilities		**42**	(220)		**(380)**	(112)
Net derivative gains (losses) from economic hedges of deferred compensation		**(42)**	215		**357**	356
Decrease (increase) in personnel expense		**—**	(5)		**(23)**	244
Loss before income tax expense	$	**—**	(4)	$	**(22)**	(15)

Technology, telecommunications and equipment expense increased due to higher expense for technology contracts and the reversal of a software licensing liability accrual in second quarter 2020.

Occupancy expense decreased driven by:
- lower rent expense; and
- lower cleaning fees, supplies, and equipment expenses compared with a first nine months of 2020 that included higher expenses due to the COVID-19 pandemic.

Operating losses decreased driven by lower expense for customer remediation accruals and litigation accruals, partially offset by a $250 million operating loss associated with the September 2021 OCC enforcement action.

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

Leases expense decreased reflecting a reduction in the size of the operating lease asset portfolio.

Advertising and promotion expense decreased driven by a continued reduction in marketing and brand campaign volumes due to the impact of the COVID-19 pandemic.

Restructuring charges decreased due to lower personnel-related charges related to our efficiency initiatives that began in third quarter 2020. For additional information on restructuring charges, see Note 19 (Restructuring Charges) to Financial Statements in this Report.

Other expenses increased driven by:
- a write-down of goodwill in the first nine months of 2021 related to the sale of our student loan portfolio; and
- higher charitable donations expense driven by the donation of PPP processing fees;

partially offset by:
- a reduction in business travel and company events due to the impact of the COVID-19 pandemic.

Income Tax Expense

Income tax expense was $1.5 billion in third quarter 2021, compared with an income tax benefit of $83 million in the same period a year ago. The effective income tax rate was 22.9% for third quarter 2021, compared with (2.6)% for the same period a year ago.

Income tax expense was $3.9 billion in the first nine months of 2021, compared with an income tax benefit of $1.7 billion in the same period a year ago. The effective income tax rate was 19.7% for the first nine months of 2021, compared with 119.8% for the same period a year ago.

The increase in our income tax expense for both the third quarter and first nine months of 2021, compared with the same periods a year ago, was driven by higher pre-tax income. In addition, the third quarter and first nine months of 2020 included net discrete income tax benefits primarily related to the resolution and reevaluation of prior period matters with U.S. federal and state tax authorities.

Operating Segment Results

Our management reporting is organized into four reportable operating segments: Consumer Banking and Lending; Commercial Banking; Corporate and Investment Banking; and Wealth and Investment Management. All other business activities that are not included in the reportable operating segments have been included in Corporate. For additional information, see Table 4. We define our reportable operating segments by type of product and customer segment, and their results are based on our management reporting process. The management reporting process measures the performance of the reportable operating segments based on the Company's management structure, and the results are regularly reviewed by our Chief Executive Officer and Operating Committee. The management reporting process is based on U.S. GAAP and includes specific adjustments, such as funds transfer pricing for asset/liability management, shared revenues and expenses, and taxable-equivalent adjustments to consistently reflect income from taxable and tax-exempt sources, which allows management to assess performance consistently across the operating segments.

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

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

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

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

Allocated Capital Reportable operating segments are allocated capital under a risk-sensitive framework that is primarily based on aspects of our regulatory capital requirements, and the assumptions and methodologies used to allocate capital are periodically assessed and revised. Management believes that return on allocated capital is a useful financial measure because it enables management, investors, and others to assess a reportable operating segment's use of capital.

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

Table 4: Management Reporting Structure

Wells Fargo & Company

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

Earnings Performance *(continued)*

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

Table 5: Operating Segment Results – Highlights

(in millions)		Consumer Banking and Lending	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate (1)	Reconciling Items (2)	Consolidated Company
Quarter ended September 30, 2021								
Net interest income	**$**	**5,707**	**1,231**	**1,866**	**637**	**(427)**	**(105)**	**8,909**
Noninterest income		**3,097**	**845**	**1,519**	**2,981**	**1,752**	**(269)**	**9,925**
Total revenue		**8,804**	**2,076**	**3,385**	**3,618**	**1,325**	**(374)**	**18,834**
Provision for credit losses		**(518)**	**(335)**	**(460)**	**(73)**	**(9)**	**—**	**(1,395)**
Noninterest expense		**6,053**	**1,396**	**1,797**	**2,917**	**1,140**	**—**	**13,303**
Income (loss) before income tax expense (benefit)		**3,269**	**1,015**	**2,048**	**774**	**194**	**(374)**	**6,926**
Income tax expense (benefit)		**818**	**254**	**518**	**195**	**110**	**(374)**	**1,521**
Net income before noncontrolling interests		**2,451**	**761**	**1,530**	**579**	**84**	**—**	**5,405**
Less: Net income from noncontrolling interests		**—**	**2**	**—**	**—**	**281**	**—**	**283**
Net income (loss)	**$**	**2,451**	**759**	**1,530**	**579**	**(197)**	**—**	**5,122**
Quarter ended September 30, 2020								
Net interest income	$	5,918	1,408	1,714	717	(268)	(110)	9,379
Noninterest income		3,228	818	1,593	2,573	1,921	(196)	9,937
Total revenue		9,146	2,226	3,307	3,290	1,653	(306)	19,316
Provision for credit losses		640	339	(121)	(10)	(79)	—	769
Noninterest expense		7,345	1,623	1,991	2,742	1,528	—	15,229
Income (loss) before income tax expense (benefit)		1,161	264	1,437	558	204	(306)	3,318
Income tax expense (benefit)		290	71	355	139	(632)	(306)	(83)
Net income before noncontrolling interests		871	193	1,082	419	836	—	3,401
Less: Net income from noncontrolling interests		—	1	—	—	184	—	185
Net income	$	871	192	1,082	419	652	—	3,216
Nine months ended September 30, 2021								
Net interest income	**$**	**16,940**	**3,687**	**5,428**	**1,904**	**(1,121)**	**(321)**	**26,517**
Noninterest income		**9,204**	**2,578**	**4,899**	**8,794**	**6,496**	**(852)**	**31,119**
Total revenue		**26,144**	**6,265**	**10,327**	**10,698**	**5,375**	**(1,173)**	**57,636**
Provision for credit losses		**(1,304)**	**(1,116)**	**(1,245)**	**(92)**	**54**	**—**	**(3,703)**
Noninterest expense		**18,522**	**4,469**	**5,435**	**8,836**	**3,371**	**—**	**40,633**
Income (loss) before income tax expense (benefit)		**8,926**	**2,912**	**6,137**	**1,954**	**1,950**	**(1,173)**	**20,706**
Income tax expense (benefit)		**2,233**	**727**	**1,531**	**491**	**58**	**(1,173)**	**3,867**
Net income before noncontrolling interests		**6,693**	**2,185**	**4,606**	**1,463**	**1,892**	**—**	**16,839**
Less: Net income (loss) from noncontrolling interests		**—**	**5**	**(2)**	**—**	**1,038**	**—**	**1,041**
Net income	**$**	**6,693**	**2,180**	**4,608**	**1,463**	**854**	**—**	**15,798**
Nine months ended September 30, 2020								
Net interest income	$	17,637	4,695	5,698	2,274	671	(374)	30,601
Noninterest income		7,766	2,227	5,076	7,492	3,224	(611)	25,174
Total revenue		25,403	6,922	10,774	9,766	3,895	(985)	55,775
Provision for credit losses		5,311	3,675	4,760	253	309	—	14,308
Noninterest expense		20,535	4,776	5,905	8,142	3,470	—	42,828
Income (loss) before income tax expense (benefit)		(443)	(1,529)	109	1,371	116	(985)	(1,361)
Income tax expense (benefit)		(155)	(371)	48	343	(611)	(985)	(1,731)
Net income (loss) before noncontrolling interests		(288)	(1,158)	61	1,028	727	—	370
Less: Net income from noncontrolling interests		—	3	—	—	81	—	84
Net income (loss)	$	(288)	(1,161)	61	1,028	646	—	286

(1) All other business activities that are not included in the reportable operating segments have been included in Corporate. For additional information, see the "Corporate" section below.
(2) Taxable-equivalent adjustments related to tax-exempt income on certain loans and debt securities are included in net interest income, while taxable-equivalent adjustments related to income tax credits for low-income housing and renewable energy investments are included in noninterest income, in each case with corresponding impacts to income tax expense (benefit). Adjustments are included in Corporate, Commercial Banking, and Corporate and Investment Banking and are eliminated to reconcile to the Company's consolidated financial results.

Consumer Banking and Lending offers diversified financial products and services for consumers and small businesses with annual sales generally up to $5 million. These financial products and services include checking and savings accounts, credit and debit cards, as well as home, auto, personal, and small business lending. Table 5a and Table 5b provide additional information for Consumer Banking and Lending.

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

	Quarter ended Sep 30,				Nine months ended Sep 30,			
($ in millions, unless otherwise noted)	**2021**	2020	$ Change	% Change	**2021**	2020	$ Change	% Change
Income Statement								
Net interest income	**$ 5,707**	5,918	(211)	(4)%	**$ 16,940**	17,637	(697)	(4)%
Noninterest income:								
Deposit-related fees	**799**	708	91	13	**2,192**	2,162	30	1
Card fees	**1,014**	860	154	18	**2,923**	2,428	495	20
Mortgage banking	**1,168**	1,544	(376)	(24)	**3,585**	2,142	1,443	67
Other	**116**	116	—	—	**504**	1,034	(530)	(51)
Total noninterest income	**3,097**	3,228	(131)	(4)	**9,204**	7,766	1,438	19
Total revenue	**8,804**	9,146	(342)	(4)	**26,144**	25,403	741	3
Net charge-offs	**302**	369	(67)	(18)	**1,031**	1,543	(512)	(33)
Change in the allowance for credit losses	**(820)**	271	(1,091)	NM	**(2,335)**	3,768	(6,103)	NM
Provision for credit losses	**(518)**	640	(1,158)	NM	**(1,304)**	5,311	(6,615)	NM
Noninterest expense	**6,053**	7,345	(1,292)	(18)	**18,522**	20,535	(2,013)	(10)
Income (loss) before income tax expense (benefit)	**3,269**	1,161	2,108	182	**8,926**	(443)	9,369	NM
Income tax expense (benefit)	**818**	290	528	182	**2,233**	(155)	2,388	NM
Net income (loss)	**$ 2,451**	871	1,580	181	**$ 6,693**	(288)	6,981	NM
Revenue by Line of Business								
Consumer and Small Business Banking	**$ 4,822**	4,721	101	2	**$ 14,086**	13,983	103	1
Consumer Lending:								
Home Lending	**2,012**	2,527	(515)	(20)	**6,311**	5,880	431	7
Credit Card	**1,399**	1,345	54	4	**4,108**	3,916	192	5
Auto	**445**	404	41	10	**1,263**	1,172	91	8
Personal Lending	**126**	149	(23)	(15)	**376**	452	(76)	(17)
Total revenue	**$ 8,804**	9,146	(342)	(4)	**$ 26,144**	25,403	741	3
Selected Metrics								
Consumer Banking and Lending:								
Return on allocated capital (1)	**19.7%**	6.6			**18.1%**	(1.4)		
Efficiency ratio (2)	**69**	80			**71**	81		
Headcount (#) (period-end)	**114,334**	131,516		(13)	**114,334**	131,516		(13)
Retail bank branches (#)	**4,796**	5,229		(8)	**4,796**	5,229		(8)
Digital active customers (# in millions) (3)	**32.7**	32.0		2	**32.7**	32.0		2
Mobile active customers (# in millions) (3)	**27.0**	25.9		4	**27.0**	25.9		4
Consumer and Small Business Banking:								
Deposit spread (4)	**1.5%**	1.8			**1.5%**	1.9		
Debit card purchase volume ($ in billions) (5)	**$ 118.6**	102.9	15.7	15	**$ 349.1**	286.6	62.5	22
Debit card purchase transactions (# in millions) (5)	**2,515**	2,273		11	**7,285**	6,495		12

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($ in millions, unless otherwise noted)	Quarter ended Sep 30, 2021	2020	$ Change	% Change	Nine months ended Sep 30, 2021	2020	$ Change	% Change
Home Lending:								
Mortgage banking:								
Net servicing income	$ **109**	331	(222)	(67)%	$ **(90)**	(78)	(12)	(15)%
Net gains on mortgage loan originations/sales	**1,059**	1,213	(154)	(13)	**3,675**	2,220	1,455	66
Total mortgage banking	$ **1,168**	1,544	(376)	(24)	$ **3,585**	2,142	1,443	67
Originations ($ in billions):								
Retail	$ **35.2**	32.8	2.4	7	$ **105.7**	86.4	19.3	22
Correspondent	**16.7**	28.8	(12.1)	(42)	**51.2**	82.4	(31.2)	(38)
Total originations	$ **51.9**	61.6	(9.7)	(16)	$ **156.9**	168.8	(11.9)	(7)
% of originations held for sale (HFS)	**60.6 %**	78.1			**67.3 %**	73.2		
Third-party mortgage loans serviced (period-end) ($ in billions) (6)	$ **739.5**	917.6	(178.1)	(19)	$ **739.5**	917.6	(178.1)	(19)
Mortgage servicing rights (MSR) carrying value (period-end)	**6,862**	6,355	507	8	**6,862**	6,355	507	8
Ratio of MSR carrying value (period-end) to third-party mortgage loans serviced (period-end) (6)	**0.93 %**	0.69			**0.93 %**	0.69		
Home lending loans 30+ days or more delinquency rate (7)(8)	**0.45**	0.56			**0.45**	0.56		
Credit Card:								
Point of sale (POS) volume ($ in billions)	$ **26.5**	21.3	5.2	24	$ **73.1**	58.7	14.4	25
New accounts (# in thousands) (9)	**526**	212		148	**1,115**	782		43
Credit card loans 30+ days or more delinquency rate (8)	**1.40 %**	1.76			**1.40 %**	1.76		
Auto:								
Auto originations ($ in billions)	$ **9.2**	5.4	3.8	70	$ **24.5**	17.5	7.0	40
Auto loans 30+ days or more delinquency rate (8)	**1.46 %**	1.67			**1.46 %**	1.67		
Personal Lending:								
New funded balances	$ **731**	323	408	126	$ **1,709**	1,305	404	31

NM – Not meaningful
(1) Return on allocated capital is segment net income (loss) applicable to common stock divided by segment average allocated capital. Segment net income (loss) applicable to common stock is segment net income (loss) less allocated preferred stock dividends.
(2) Efficiency ratio is segment noninterest expense divided by segment total revenue (net interest income and noninterest income).
(3) Digital and mobile active customers is the number of consumer and small business customers who have logged on via a digital or mobile device, respectively, in the prior 90 days. Digital active customers includes both online and mobile customers.
(4) Deposit spread is (i) the internal funds transfer pricing credit on segment deposits minus interest paid to customers for segment deposits, divided by (ii) average segment deposits.
(5) Debit card purchase volume and transactions reflect combined activity for both consumer and business debit card purchases.
(6) Excludes residential mortgage loans subserviced for others.
(7) Excludes residential mortgage loans insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA) and loans held for sale.
(8) Beginning in second quarter 2020, customer payment deferral activities instituted in response to the COVID-19 pandemic may have delayed the recognition of delinquencies for those customers who would have otherwise moved into past due status.
(9) Excludes certain private label new account openings.

Third quarter 2021 vs. third quarter 2020

Revenue decreased driven by:
- lower mortgage banking noninterest income due to lower HFS origination volumes and margins, as well as lower income from MSR valuation changes and related hedges, partially offset by higher gains related to the resecuritization of loans we purchased from GNMA loan securitization pools in 2020; and
- lower net interest income reflecting the lower interest rate environment and lower loan balances, partially offset by higher deposit balances;

partially offset by:
- higher card fees reflecting higher interchange fees, net of rewards, driven by increased purchase and transaction volumes; and
- higher deposit-related fees driven by higher consumer transaction volumes compared with a third quarter 2020 that included reduced volumes due to the economic slowdown associated with the COVID-19 pandemic, and lower fee waivers and reversals compared with a third quarter 2020 that included elevated fee waivers due to our actions to support customers during the COVID-19 pandemic.

Provision for credit losses decreased driven by an improving economic environment.

Noninterest expense decreased driven by:
- lower operating losses due to lower expense for litigation accruals and customer remediation accruals;
- lower personnel expense driven by lower branch staffing expense related to efficiency initiatives in Consumer and Small Business Banking;
- lower occupancy expense related to lower cleaning fees, supplies, and equipment expenses compared with a third quarter 2020 that included higher expenses due to the COVID-19 pandemic; and
- lower advertising and promotion expense.

First nine months of 2021 vs. first nine months of 2020

Revenue increased driven by:
- higher mortgage banking noninterest income due to a higher production margin in our retail production channel, higher gains related to the resecuritization of loans we purchased from GNMA loan securitization pools in 2020, and losses in the first nine months of 2020 driven by the impact of interest rate volatility on hedging activities and valuation losses due to the impact of the COVID-19 pandemic on market conditions; and
- higher card fees reflecting higher interchange fees, net of rewards, driven by increased purchase and transaction volumes;

partially offset by:
- lower net interest income reflecting the lower interest rate environment and lower loan balances, partially offset by higher deposit balances; and
- lower other income driven by lower gains on the sales of residential mortgage loans which were reclassified to held for sale in 2019.

Provision for credit losses decreased driven by an improving economic environment.

Noninterest expense decreased driven by:
- lower operating losses due to lower expense for litigation accruals and customer remediation accruals;
- lower personnel expense reflecting additional payments made in the first nine months of 2020 to certain customer-facing and support employees and for back-up child care services, as well as lower branch staffing expense in the first nine months of 2021 related to efficiency initiatives in Consumer and Small Business Banking, partially offset by higher revenue-related compensation in Home Lending;
- lower advertising and promotion expense; and
- lower occupancy expense related to lower cleaning fees, supplies, and equipment expenses compared with a first nine months of 2020 that included higher expenses due to the COVID-19 pandemic;

partially offset by:
- higher charitable donations expense driven by the donation of PPP processing fees.

Table 5b: Consumer Banking and Lending – Balance Sheet

	Quarter ended Sep 30,				Nine months ended Sep 30,			
(in millions)	**2021**	2020	$ Change	% Change	**2021**	2020	$ Change	% Change
Selected Balance Sheet Data (average)								
Loans by Line of Business:								
Home Lending	$ **217,011**	270,036	(53,025)	(20)%	$ **227,663**	269,692	(42,029)	(16)%
Auto	**53,043**	49,770	3,273	7	**51,121**	49,625	1,496	3
Credit Card	**35,407**	35,965	(558)	(2)	**34,942**	37,415	(2,473)	(7)
Small Business	**15,122**	18,100	(2,978)	(16)	**17,991**	14,248	3,743	26
Personal Lending	**4,974**	5,912	(938)	(16)	**5,026**	6,354	(1,328)	(21)
Total loans	$ **325,557**	379,783	(54,226)	(14)	$ **336,743**	377,334	(40,591)	(11)
Total deposits	**848,419**	756,485	91,934	12	**824,752**	708,288	116,464	16
Allocated capital	**48,000**	48,000	—	—	**48,000**	48,000	—	—
Selected Balance Sheet Data (period-end)								
Loans by Line of Business:								
Home Lending	$ **216,649**	273,635	(56,986)	(21)	$ **216,649**	273,635	(56,986)	(21)
Auto	**54,472**	49,442	5,030	10	**54,472**	49,442	5,030	10
Credit Card	**36,061**	36,021	40	—	**36,061**	36,021	40	—
Small Business	**13,686**	17,993	(4,307)	(24)	**13,686**	17,993	(4,307)	(24)
Personal Lending	**5,050**	5,724	(674)	(12)	**5,050**	5,724	(674)	(12)
Total loans	$ **325,918**	382,815	(56,897)	(15)	$ **325,918**	382,815	(56,897)	(15)
Total deposits	**858,424**	759,425	98,999	13	**858,424**	759,425	98,999	13

Third quarter 2021 vs. third quarter 2020

Total loans (average) decreased as paydowns exceeded originations. Home Lending loan balances were also impacted by actions taken to temporarily curtail certain non-conforming residential mortgage originations and suspend home equity originations, as well as the resecuritization of loans we purchased from GNMA loan securitization pools. Small Business loan balances were also impacted by a decline in PPP loans.

Total deposits (average) increased driven by higher levels of liquidity and savings for consumer customers reflecting government stimulus programs and payment deferral programs, as well as continued economic uncertainty associated with the COVID-19 pandemic.

First nine months of 2021 vs. first nine months of 2020

Total loans (average and period-end) decreased as paydowns exceeded originations. Home Lending loan balances were also impacted by actions taken to temporarily curtail certain non-conforming residential mortgage originations and suspend home equity originations. Small Business period-end loan balances were also impacted by a decline in PPP loans.

Total deposits (average and period-end) increased driven by higher levels of liquidity and savings for consumer customers reflecting government stimulus programs and payment deferral programs, as well as continued economic uncertainty associated with the COVID-19 pandemic.

Commercial Banking provides financial solutions to private, family owned and certain public companies. Products and services include banking and credit products across multiple industry sectors and municipalities, secured lending and lease products, and treasury management. Table 5c and Table 5d provide additional information for Commercial Banking.

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

	Quarter ended Sep 30,				Nine months ended Sep 30,			
($ in millions)	2021	2020	$ Change	% Change	2021	2020	$ Change	% Change
Income Statement								
Net interest income	$ 1,231	1,408	(177)	(13)%	$ 3,687	4,695	(1,008)	(21)%
Noninterest income:								
Deposit-related fees	323	309	14	5	965	908	57	6
Lending-related fees	132	140	(8)	(6)	403	393	10	3
Lease income	165	186	(21)	(11)	512	573	(61)	(11)
Other	225	183	42	23	698	353	345	98
Total noninterest income	845	818	27	3	2,578	2,227	351	16
Total revenue	2,076	2,226	(150)	(7)	6,265	6,922	(657)	(9)
Net charge-offs	16	219	(203)	(93)	108	509	(401)	(79)
Change in the allowance for credit losses	(351)	120	(471)	NM	(1,224)	3,166	(4,390)	NM
Provision for credit losses	(335)	339	(674)	NM	(1,116)	3,675	(4,791)	NM
Noninterest expense	1,396	1,623	(227)	(14)	4,469	4,776	(307)	(6)
Income (loss) before income tax expense (benefit)	1,015	264	751	284	2,912	(1,529)	4,441	290
Income tax expense (benefit)	254	71	183	258	727	(371)	1,098	296
Less: Net income from noncontrolling interests	2	1	1	100	5	3	2	67
Net income (loss)	$ 759	192	567	295	$ 2,180	(1,161)	3,341	288
Revenue by Line of Business								
Middle Market Banking	$ 1,165	1,196	(31)	(3)	$ 3,475	3,918	(443)	(11)
Asset-Based Lending and Leasing	911	1,030	(119)	(12)	2,790	3,004	(214)	(7)
Total revenue	$ 2,076	2,226	(150)	(7)	$ 6,265	6,922	(657)	(9)
Revenue by Product								
Lending and leasing	$ 1,190	1,335	(145)	(11)	$ 3,599	4,170	(571)	(14)
Treasury management and payments	713	749	(36)	(5)	2,114	2,472	(358)	(14)
Other	173	142	31	22	552	280	272	97
Total revenue	$ 2,076	2,226	(150)	(7)	$ 6,265	6,922	(657)	(9)
Selected Metrics								
Return on allocated capital	14.5 %	2.9			14.0 %	(9.0)		
Efficiency ratio	67	73			71	69		
Headcount (#) (period-end)	18,638	21,900		(15)	18,638	21,900		(15)

NM – Not meaningful

Third quarter 2021 vs. third quarter 2020

Revenue decreased driven by:
- lower net interest income reflecting lower loan balances and the lower interest rate environment; and
- lower lease income reflecting a reduction in the size of the operating lease asset portfolio;

partially offset by:
- higher income from renewable energy investments; and
- higher deposit-related fees due to higher treasury management fees, driven by an increase in transaction service volumes and repricing.

Provision for credit losses decreased driven by an improving economic environment.

Noninterest expense decreased driven by:
- lower spending related to efficiency initiatives, including lower personnel expense from reduced headcount;
- lower lease expense reflecting a reduction in the size of the operating lease asset portfolio;
- lower professional and outside services expense reflecting decreased project-related expense;
- lower occupancy expense; and
- lower expenses allocated from enterprise functions, including lower technology expenses.

First nine months of 2021 vs. first nine months of 2020

Revenue decreased driven by:
- lower net interest income reflecting lower loan balances and the lower interest rate environment; and
- lower lease income reflecting a reduction in the size of the operating lease asset portfolio;

partially offset by:
- higher other noninterest income due to gains on equity securities and higher income from renewable energy investments; and
- higher deposit-related fees due to higher treasury management fees, driven by a lower earnings credit rate due to the lower interest rate environment and repricing.

Provision for credit losses decreased driven by an improving economic environment.

Noninterest expense decreased driven by:
- lower spending related to efficiency initiatives, including lower personnel expense from reduced headcount;
- lower lease expense reflecting a reduction in the size of the operating lease asset portfolio; and
- lower professional and outside services expense reflecting decreased project-related expense;

partially offset by:
- higher expenses due to lower allocations of shared expenses with other lines of business.

Table 5d: Commercial Banking – Balance Sheet

	Quarter ended Sep 30,				Nine months ended Sep 30,			
(in millions)	**2021**	2020	$ Change	% Change	**2021**	2020	$ Change	% Change
Selected Balance Sheet Data (average)								
Loans:								
Commercial and industrial	$ **118,039**	134,531	(16,492)	(12)%	$ **118,840**	149,220	(30,380)	(20)%
Commercial real estate	**46,576**	52,017	(5,441)	(10)	**47,444**	52,818	(5,374)	(10)
Lease financing and other	**14,007**	15,345	(1,338)	(9)	**13,812**	16,293	(2,481)	(15)
Total loans	$ **178,622**	201,893	(23,271)	(12)	$ **180,096**	218,331	(38,235)	(18)
Loans by Line of Business:								
Middle Market Banking	$ **101,523**	110,289	(8,766)	(8)	$ **102,642**	116,258	(13,616)	(12)
Asset-Based Lending and Leasing	**77,099**	91,604	(14,505)	(16)	**77,454**	102,073	(24,619)	(24)
Total loans	$ **178,622**	201,893	(23,271)	(12)	$ **180,096**	218,331	(38,235)	(18)
Total deposits	**199,226**	178,997	20,229	11	**193,761**	176,959	16,802	9
Allocated capital	**19,500**	19,500	—	—	**19,500**	19,500	—	—
Selected Balance Sheet Data (period-end)								
Loans:								
Commercial and industrial	$ **120,203**	128,270	(8,067)	(6)	$ **120,203**	128,270	(8,067)	(6)
Commercial real estate	**46,318**	51,297	(4,979)	(10)	**46,318**	51,297	(4,979)	(10)
Lease financing and other	**14,018**	15,180	(1,162)	(8)	**14,018**	15,180	(1,162)	(8)
Total loans	$ **180,539**	194,747	(14,208)	(7)	$ **180,539**	194,747	(14,208)	(7)
Loans by Line of Business:								
Middle Market Banking	$ **102,279**	105,851	(3,572)	(3)	$ **102,279**	105,851	(3,572)	(3)
Asset-Based Lending and Leasing	**78,260**	88,896	(10,636)	(12)	**78,260**	88,896	(10,636)	(12)
Total loans	$ **180,539**	194,747	(14,208)	(7)	$ **180,539**	194,747	(14,208)	(7)
Total deposits	**204,853**	180,948	23,905	13	**204,853**	180,948	23,905	13

Third quarter 2021 vs. third quarter 2020

Total loans (average) decreased driven by lower loan demand, including lower line utilization, and higher paydowns reflecting continued high levels of client liquidity and strength in the capital markets.

Total deposits (average) increased due to higher levels of liquidity and lower investment spending reflecting government stimulus programs and continued economic uncertainty associated with the COVID-19 pandemic.

First nine months of 2021 vs. first nine months of 2020

Total loans (average and period-end) decreased driven by lower loan demand, including lower line utilization, and higher paydowns reflecting continued high levels of client liquidity and strength in the capital markets.

Total deposits (average and period-end) increased due to higher levels of liquidity and lower investment spending reflecting government stimulus programs and continued economic uncertainty associated with the COVID-19 pandemic.

Corporate and Investment Banking delivers a suite of capital markets, banking, and financial products and services to corporate, commercial real estate, government and institutional clients globally. Products and services include corporate banking, investment banking, treasury management, commercial real estate lending and servicing, equity and fixed income solutions, as well as sales, trading, and research capabilities. Table 5e and Table 5f provide additional information for Corporate and Investment Banking.

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

	Quarter ended Sep 30,				Nine months ended Sep 30,			
($ in millions)	**2021**	2020	$ Change	% Change	**2021**	2020	$ Change	% Change
Income Statement								
Net interest income	**$ 1,866**	1,714	152	9 %	**$ 5,428**	5,698	(270)	(5)%
Noninterest income:								
Deposit-related fees	**286**	272	14	5	**829**	790	39	5
Lending-related fees	**196**	171	25	15	**569**	506	63	12
Investment banking fees	**536**	428	108	25	**1,727**	1,493	234	16
Net gains from trading activities	**85**	374	(289)	(77)	**446**	1,218	(772)	(63)
Other	**416**	348	68	20	**1,328**	1,069	259	24
Total noninterest income	**1,519**	1,593	(74)	(5)	**4,899**	5,076	(177)	(3)
Total revenue	**3,385**	3,307	78	2	**10,327**	10,774	(447)	(4)
Net charge-offs	**(48)**	117	(165)	NM	**(30)**	565	(595)	NM
Change in the allowance for credit losses	**(412)**	(238)	(174)	(73)	**(1,215)**	4,195	(5,410)	NM
Provision for credit losses	**(460)**	(121)	(339)	NM	**(1,245)**	4,760	(6,005)	NM
Noninterest expense	**1,797**	1,991	(194)	(10)	**5,435**	5,905	(470)	(8)
Income before income tax expense	**2,048**	1,437	611	43	**6,137**	109	6,028	NM
Income tax expense	**518**	355	163	46	**1,531**	48	1,483	NM
Less: Net loss from noncontrolling interests	**—**	—	—	NM	**(2)**	—	(2)	NM
Net income	**$ 1,530**	1,082	448	41	**$ 4,608**	61	4,547	NM
Revenue by Line of Business								
Banking:								
Lending	**$ 502**	422	80	19	**$ 1,429**	1,343	86	6
Treasury Management and Payments	**372**	395	(23)	(6)	**1,095**	1,296	(201)	(16)
Investment Banking	**367**	295	72	24	**1,190**	1,100	90	8
Total Banking	**1,241**	1,112	129	12	**3,714**	3,739	(25)	(1)
Commercial Real Estate	**942**	855	87	10	**2,868**	2,595	273	11
Markets:								
Fixed Income, Currencies, and Commodities (FICC)	**884**	1,005	(121)	(12)	**2,916**	3,425	(509)	(15)
Equities	**234**	312	(78)	(25)	**692**	1,010	(318)	(31)
Credit Adjustment (CVA/DVA) and Other	**58**	62	(4)	(6)	**78**	93	(15)	(16)
Total Markets	**1,176**	1,379	(203)	(15)	**3,686**	4,528	(842)	(19)
Other	**26**	(39)	65	167	**59**	(88)	147	167
Total revenue	**$ 3,385**	3,307	78	2	**$ 10,327**	10,774	(447)	(4)
Selected Metrics								
Return on allocated capital	**16.9 %**	11.6			**17.2 %**	(0.8)		
Efficiency ratio	**53**	60			**53**	55		
Headcount (#) (period-end)	**8,459**	8,205		3	**8,459**	8,205		3

NM – Not meaningful

Third quarter 2021 vs. third quarter 2020

Revenue increased driven by:
- higher net interest income reflecting higher loan balances and higher trading assets, partially offset by lower deposit balances and margins;
- higher investment banking fees due to higher loan syndication fees, advisory fees, and equity underwriting fees; and
- higher other noninterest income due to higher gains from equity securities and higher mortgage banking income related to higher servicing income and higher gains on the sales of mortgage loans;

partially offset by:
- lower net gains from trading activities due to lower gains on equity products compared with a third quarter 2020 that reflected higher volumes and customer activity due to volatility in the equities markets, lower client trading activity for credit products due to widening credit spreads, and lower asset-backed finance client trading activity due to a decline in demand for CMBS and RMBS products.

Provision for credit losses decreased driven by an improving economic environment.

Noninterest expense decreased driven by:
- lower personnel expense driven by lower incentive compensation; and
- lower expenses allocated from enterprise functions reflecting lower spending due to efficiency initiatives.

First nine months of 2021 vs. first nine months of 2020

Revenue decreased driven by:
- lower net gains from trading activities driven by lower client trading activity for interest rate products, equities, and commodities, partially offset by higher client trading activity for asset-backed finance products; and
- lower net interest income reflecting the lower interest rate environment, lower deposit balances, and lower average trading-related assets;

partially offset by:
- higher investment banking fees due to higher loan syndication fees, advisory fees, and equity underwriting fees;
- higher other noninterest income driven by higher mortgage banking income due to higher servicing income and gains on the sales of mortgage loans, as well as higher income from low income housing investments; and
- higher lending-related fees reflecting increased loan commitment fees.

Provision for credit losses decreased driven by an improving economic environment.

Noninterest expense decreased driven by:
- lower operating losses due to lower expense for litigation accruals and customer remediation accruals;
- lower expenses allocated from enterprise functions reflecting lower spending due to efficiency initiatives;
- lower professional and outside services expense reflecting decreased project-related expense; and
- a reduction in business travel and company events due to the impact of the COVID-19 pandemic;

partially offset by:
- higher personnel expense driven by higher incentive compensation.

Table 5f: Corporate and Investment Banking – Balance Sheet

(in millions)	Quarter ended Sep 30, 2021	2020	$ Change	% Change	Nine months ended Sep 30, 2021	2020	$ Change	% Change
Selected Balance Sheet Data (average)								
Loans:								
Commercial and industrial	**$ 170,486**	165,445	5,041	3 %	**$ 166,647**	178,140	(11,493)	(6)%
Commercial real estate	**86,809**	84,408	2,401	3	**85,349**	82,382	2,967	4
Total loans	**$ 257,295**	249,853	7,442	3	**$ 251,996**	260,522	(8,526)	(3)
Loans by Line of Business:								
Banking	**$ 95,911**	88,936	6,975	8	**$ 91,130**	97,224	(6,094)	(6)
Commercial Real Estate	**110,683**	109,482	1,201	1	**109,073**	108,428	645	1
Markets	**50,701**	51,435	(734)	(1)	**51,793**	54,870	(3,077)	(6)
Total loans	**$ 257,295**	249,853	7,442	3	**$ 251,996**	260,522	(8,526)	(3)
Trading-related assets:								
Trading account securities	**$ 112,148**	100,193	11,955	12	**$ 107,771**	110,082	(2,311)	(2)
Reverse repurchase agreements/securities borrowed	**56,758**	68,818	(12,060)	(18)	**60,903**	76,069	(15,166)	(20)
Derivative assets	**25,191**	23,640	1,551	7	**25,668**	21,443	4,225	20
Total trading-related assets	**$ 194,097**	192,651	1,446	1	**$ 194,342**	207,594	(13,252)	(6)
Total assets	**524,124**	503,627	20,497	4	**516,401**	530,082	(13,681)	(3)
Total deposits	**189,424**	226,129	(36,705)	(16)	**191,560**	243,913	(52,353)	(21)
Allocated capital	**34,000**	34,000	—	—	**34,000**	34,000	—	—
Selected Balance Sheet Data (period-end)								
Loans:								
Commercial and industrial	**$ 177,002**	157,193	19,809	13	**$ 177,002**	157,193	19,809	13
Commercial real estate	**86,955**	83,920	3,035	4	**86,955**	83,920	3,035	4
Total loans	**$ 263,957**	241,113	22,844	9	**$ 263,957**	241,113	22,844	9
Loans by Line of Business:								
Banking	**$ 99,683**	83,128	16,555	20	**$ 99,683**	83,128	16,555	20
Commercial Real Estate	**112,050**	108,240	3,810	4	**112,050**	108,240	3,810	4
Markets	**52,224**	49,745	2,479	5	**52,224**	49,745	2,479	5
Total loans	**$ 263,957**	241,113	22,844	9	**$ 263,957**	241,113	22,844	9
Trading-related assets:								
Trading account securities	**$ 114,187**	100,157	14,030	14	**$ 114,187**	100,157	14,030	14
Reverse repurchase agreements/securities borrowed	**55,123**	61,027	(5,904)	(10)	**55,123**	61,027	(5,904)	(10)
Derivative assets	**27,096**	23,844	3,252	14	**27,096**	23,844	3,252	14
Total trading-related assets	**$ 196,406**	185,028	11,378	6	**$ 196,406**	185,028	11,378	6
Total assets	**535,385**	490,373	45,012	9	**535,385**	490,373	45,012	9
Total deposits	**191,786**	212,532	(20,746)	(10)	**191,786**	212,532	(20,746)	(10)

Third quarter 2021 vs. third quarter 2020

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

First nine months of 2021 vs. first nine months of 2020

Total assets (period-end) increased reflecting higher loan balances driven by customer usage of lines due to increased corporate spending, and higher trading-related asset balances due to increased customer activity.

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

Wealth and Investment Management provides personalized wealth management, investment and retirement products and services to clients across U.S.-based businesses including Wells Fargo Advisors and The Private Bank. We serve clients' brokerage needs, and deliver financial planning, private banking, credit, and fiduciary services to high-net worth and ultra-high-net worth individuals and families. Table 5g and Table 5h provide additional information for Wealth and Investment Management.

Table 5g: Wealth and Investment Management

	Quarter ended Sep 30,				Nine months ended Sep 30,			
($ in millions, unless otherwise noted)	**2021**	2020	$ Change	% Change	**2021**	2020	$ Change	% Change
Income Statement								
Net interest income	**$ 637**	717	(80)	(11)%	**$ 1,904**	2,274	(370)	(16)%
Noninterest income:								
Investment advisory and other asset-based fees	**2,457**	2,043	414	20	**7,145**	5,951	1,194	20
Commissions and brokerage services fees	**458**	497	(39)	(8)	**1,526**	1,560	(34)	(2)
Other	**66**	33	33	100	**123**	(19)	142	747
Total noninterest income	**2,981**	2,573	408	16	**8,794**	7,492	1,302	17
Total revenue	**3,618**	3,290	328	10	**10,698**	9,766	932	10
Net charge-offs	**(3)**	(2)	(1)	(50)	**(9)**	—	(9)	NM
Change in the allowance for credit losses	**(70)**	(8)	(62)	NM	**(83)**	253	(336)	NM
Provision for credit losses	**(73)**	(10)	(63)	NM	**(92)**	253	(345)	NM
Noninterest expense	**2,917**	2,742	175	6	**8,836**	8,142	694	9
Income before income tax expense	**774**	558	216	39	**1,954**	1,371	583	43
Income tax expense	**195**	139	56	40	**491**	343	148	43
Net income	**$ 579**	419	160	38	**$ 1,463**	1,028	435	42
Selected Metrics								
Return on allocated capital	**25.7 %**	18.4			**21.8 %**	15.1		
Efficiency ratio	**81**	83			**83**	83		
Headcount (#) (period-end)	**26,112**	28,996		(10)	**26,112**	28,996		(10)
Advisory assets ($ in billions)	**$ 920**	779	141	18	**$ 920**	779	141	18
Other brokerage assets and deposits ($ in billions)	**1,171**	1,076	95	9	**1,171**	1,076	95	9
Total client assets ($ in billions)	**$ 2,091**	1,855	236	13	**$ 2,091**	1,855	236	13
Annualized revenue per advisor ($ in thousands) (1)	**1,141**	940	201	21	**1,094**	916	178	19
Total financial and wealth advisors (#) (period-end)	**12,552**	13,793		(9)	**12,552**	13,793		(9)
Selected Balance Sheet Data (average)								
Total loans	**$ 82,785**	79,001	3,784	5	**$ 81,810**	78,327	3,483	4
Total deposits	**176,570**	169,441	7,129	4	**175,087**	160,012	15,075	9
Allocated capital	**8,750**	8,750	—	—	**8,750**	8,750	—	—
Selected Balance Sheet Data (period-end)								
Total loans	**$ 82,824**	79,472	3,352	4	**$ 82,824**	79,472	3,352	4
Total deposits	**177,809**	168,132	9,677	6	**177,809**	168,132	9,677	6

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

Third quarter 2021 vs. third quarter 2020

Revenue increased driven by:
- higher investment advisory and other asset-based fees due to higher market valuations on WIM advisory assets;

partially offset by:
- lower net interest income reflecting the lower interest rate environment, partially offset by higher deposit balances.

Provision for credit losses decreased driven by an improving economic environment.

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

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

First nine months of 2021 vs. first nine months of 2020

Revenue increased driven by:
- higher investment advisory and other asset-based fees due to higher market valuations on WIM advisory assets; and
- higher deferred compensation plan investment results included in other noninterest income (largely offset by personnel expense);

partially offset by:
- lower net interest income reflecting the lower interest rate environment, partially offset by higher deposit balances.

Provision for credit losses decreased driven by an improving economic environment.

Noninterest expense increased due to:
- higher personnel expense driven by higher revenue-related compensation and higher deferred compensation expense; and
- the reversal of a software licensing liability accrual in the first nine months of 2020;

partially offset by:
- lower professional and outside services expense driven by efficiency initiatives to reduce our spending on consultants and contractors.

Total deposits (average and period-end) increased primarily due to growth in customer balances in both The Private Bank and Wells Fargo Advisors.

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

WIM also manages personal trust and other assets for high net worth clients, with fee income earned based on a percentage of the market value of these assets. Table 5h presents advisory assets activity by WIM line of business for the third quarter and first nine months of 2021 and 2020. Management believes that advisory assets is a useful metric because it allows management, investors, and others to assess how changes in asset amounts may impact the generation of certain asset-based fees.

For third quarter 2021 and 2020, the average fee rate by account type ranged from 50 to 120 basis points.

Table 5h: WIM Advisory Assets

	Quarter ended					Nine months ended				
(in billions)	Balance, beginning of period	Inflows (1)	Outflows (2)	Market impact (3)	Balance, end of period	Balance, beginning of period	Inflows (1)	Outflows (2)	Market impact (3)	Balance, end of period
September 30, 2021										
Client-directed (4)	**$ 201.3**	**9.4**	**(11.7)**	**(2.1)**	**196.9**	**$ 186.3**	**31.1**	**(33.7)**	**13.2**	**196.9**
Financial advisor-directed (5)	**238.0**	**11.0**	**(9.0)**	**(0.7)**	**239.3**	**211.0**	**35.6**	**(28.9)**	**21.6**	**239.3**
Separate accounts (6)	**192.9**	**7.5**	**(8.7)**	**(0.8)**	**190.9**	**174.6**	**24.0**	**(23.4)**	**15.7**	**190.9**
Mutual fund advisory (7)	**100.1**	**3.9**	**(4.0)**	**(0.8)**	**99.2**	**91.4**	**12.2**	**(11.1)**	**6.7**	**99.2**
Total Wells Fargo Advisors	**$ 732.3**	**31.8**	**(33.4)**	**(4.4)**	**726.3**	**$ 663.3**	**102.9**	**(97.1)**	**57.2**	**726.3**
The Private Bank (8)	**198.4**	**9.6**	**(13.1)**	**(1.3)**	**193.6**	**189.4**	**27.8**	**(36.7)**	**13.1**	**193.6**
Total WIM advisory assets	**$ 930.7**	**41.4**	**(46.5)**	**(5.7)**	**919.9**	**$ 852.7**	**130.7**	**(133.8)**	**70.3**	**919.9**
September 30, 2020										
Client directed (4)	$ 162.2	8.8	(10.2)	9.5	170.3	$ 169.4	26.2	(27.6)	2.3	170.3
Financial advisor directed (5)	176.8	9.9	(9.0)	11.6	189.3	176.3	29.0	(24.2)	8.2	189.3
Separate accounts (6)	151.5	5.9	(6.0)	8.0	159.4	160.1	17.7	(20.3)	1.9	159.4
Mutual fund advisory (7)	78.9	2.9	(3.3)	4.2	82.7	83.7	8.3	(10.5)	1.2	82.7
Total Wells Fargo Advisors	$ 569.4	27.5	(28.5)	33.3	601.7	$ 589.5	81.2	(82.6)	13.6	601.7
The Private Bank (8)	173.2	7.0	(10.8)	7.7	177.1	188.0	22.7	(33.6)	—	177.1
Total WIM advisory assets	$ 742.6	34.5	(39.3)	41.0	778.8	$ 777.5	103.9	(116.2)	13.6	778.8

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

Corporate includes corporate treasury and enterprise functions, net of allocations (including funds transfer pricing, capital, liquidity and certain expenses), in support of the reportable operating segments, as well as our investment portfolio and affiliated venture capital and private equity businesses. In addition, Corporate includes all restructuring charges related to our efficiency initiatives. See Note 19 (Restructuring Charges) to Financial Statements in this Report for additional information on restructuring charges. Corporate also includes certain lines of business that management has determined are no longer consistent with the long-term strategic goals of the Company, as well as results for previously divested businesses. Table 5i, Table 5j, and Table 5k provide additional information for Corporate.

Table 5i: Corporate – Income Statement and Selected Metrics

($ in millions, unless otherwise noted)	Quarter ended Sep 30, 2021	2020	$ Change	% Change	Nine months ended Sep 30, 2021	2020	$ Change	% Change
Income Statement								
Net interest income	$ **(427)**	(268)	(159)	(59)%	$ **(1,121)**	671	(1,792)	NM
Noninterest income	**1,752**	1,921	(169)	(9)	**6,496**	3,224	3,272	101 %
Total revenue	**1,325**	1,653	(328)	(20)	**5,375**	3,895	1,480	38
Net charge-offs	**(10)**	28	(38)	NM	**59**	169	(110)	(65)
Change in the allowance for credit losses	**1**	(107)	108	101	**(5)**	140	(145)	NM
Provision for credit losses	**(9)**	(79)	70	89	**54**	309	(255)	(83)
Noninterest expense	**1,140**	1,528	(388)	(25)	**3,371**	3,470	(99)	(3)
Income before income tax expense (benefit)	**194**	204	(10)	(5)	**1,950**	116	1,834	NM
Income tax expense (benefit)	**110**	(632)	742	117	**58**	(611)	669	109
Less: Net income from noncontrolling interests (1)	**281**	184	97	53	**1,038**	81	957	NM
Net income (loss)	$ **(197)**	652	(849)	NM	$ **854**	646	208	32
Selected Metrics								
Headcount (#) (period-end) (2)	**86,328**	84,314		2	**86,328**	84,314		2
Wells Fargo Asset Management assets under management ($ in billions)	$ **588**	607	(19)	(3)	$ **588**	607	(19)	(3)

NM – Not meaningful
(1) Reflects results attributable to noncontrolling interests predominantly associated with the Company's consolidated venture capital investments.
(2) Beginning in first quarter 2021, employees who were notified of displacement remained as headcount in their respective operating segment rather than included in Corporate.

Third quarter 2021 vs. third quarter 2020

Revenue decreased driven by:
- lower equity method investment income compared with a third quarter 2020 that included $228 million of equity method investment income related to a change in the accounting measurement model for certain nonmarketable equity securities from our affiliated venture capital business;
- lower net interest income driven by lower loan balances; and
- lower gains on debt securities in our investment portfolio;

partially offset by:
- higher realized and unrealized gains on securities in our affiliated venture capital and private equity businesses.

Noninterest expense decreased due to:
- lower restructuring charges;

partially offset by:
- higher incentive compensation expense; and
- higher operating losses driven by a $250 million operating loss associated with the September 2021 OCC enforcement action.

First nine months of 2021 vs. first nine months of 2020

Revenue increased driven by:
- higher unrealized gains on nonmarketable equity securities in our affiliated venture capital and private equity businesses, higher realized gains on the sales of equity securities, as well as impairment of equity securities in first quarter 2020 due to the market impact of the COVID-19 pandemic;
- higher gains on deferred compensation plan investments (largely offset by personnel expense); and
- a gain on the sale of our student loan portfolio and a modest gain on the sale of our Canadian equipment finance business;

partially offset by:
- lower net interest income reflecting the lower interest rate environment, unfavorable hedge ineffectiveness accounting results, and lower loan balances;
- higher valuation losses related to the retained litigation risk, including the timing and amount of final settlement, associated with shares of Visa Class B common stock that we previously sold; and
- lower gains on debt securities in our investment portfolio.

Provision for credit losses decreased driven by an improving economic environment and lower provision associated with the sale of our student loan portfolio.

Noninterest expense decreased due to:
- lower restructuring charges;

partially offset by:
- higher incentive compensation expense, including the impact of higher market valuations on stock-based compensation;
- higher deferred compensation expense; and
- a write-down of goodwill in 2021 related to the sale of our student loan portfolio.

Corporate includes our rail car leasing business, which had long-lived operating lease assets (as a lessor) of $5.4 billion, which was net of $1.9 billion of accumulated depreciation, as of

September 30, 2021. The average age of our rail cars is 21 years and the rail cars are typically leased under short-term leases of 3 to 5 years. Our three largest concentrations, which represented 55% of our rail car fleet as of September 30, 2021, were rail cars used for the transportation of agricultural grain, coal, and cement/sand products. Impairment may result in the future based on changing economic and market conditions affecting the long-term demand and utility of specific types of rail cars. Our assumptions for impairment are sensitive to estimated utilization and rental rates, as well as the estimated economic life of the leased asset. For additional information on the accounting for impairment of operating lease assets, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2020 Form 10-K.

In addition, Corporate includes assets under management (AUM) and assets under administration (AUA) for Institutional Retirement and Trust (IRT) client assets of $20 billion and $565 billion, respectively, at September 30, 2021, which we continue to administer at the direction of the buyer pursuant to a transition services agreement. The transition services agreement terminates in February 2022.

Table 5j: Corporate – Balance Sheet

	Quarter ended Sep 30,				Nine months ended Sep 30,			
(in millions)	**2021**	2020	$ Change	% Change	**2021**	2020	$ Change	% Change
Selected Balance Sheet Data (average)								
Cash, cash equivalents, and restricted cash	$ **250,414**	215,342	35,072	16 %	$ **242,853**	170,682	72,171	42 %
Available-for-sale debt securities	**172,035**	211,180	(39,145)	(19)	**185,847**	226,356	(40,509)	(18)
Held-to-maturity debt securities	**260,167**	175,748	84,419	48	**238,591**	166,588	72,003	43
Equity securities	**13,254**	12,034	1,220	10	**11,894**	13,198	(1,304)	(10)
Total loans	**9,765**	21,178	(11,413)	(54)	**10,021**	21,404	(11,383)	(53)
Total assets	**762,067**	702,662	59,405	8	**748,236**	662,709	85,527	13
Total deposits	**37,302**	67,976	(30,674)	(45)	**41,796**	85,466	(43,670)	(51)
Selected Balance Sheet Data (period-end)								
Cash, cash equivalents, and restricted cash	$ **241,423**	220,026	21,397	10	$ **241,423**	220,026	21,397	10
Available-for-sale debt securities	**173,237**	208,543	(35,306)	(17)	**173,237**	208,543	(35,306)	(17)
Held-to-maturity debt securities	**261,583**	181,744	79,839	44	**261,583**	181,744	79,839	44
Equity securities	**14,022**	11,010	3,012	27	**14,022**	11,010	3,012	27
Total loans	**9,589**	21,935	(12,346)	(56)	**9,589**	21,935	(12,346)	(56)
Total assets	**751,155**	696,424	54,731	8	**751,155**	696,424	54,731	8
Total deposits	**37,507**	62,178	(24,671)	(40)	**37,507**	62,178	(24,671)	(40)

Third quarter 2021 vs. third quarter 2020

Total assets (average) increased due to:
- an increase in cash, cash equivalents, and restricted cash managed by corporate treasury as a result of an increase in deposits from the reportable operating segments;
- an increase in held-to-maturity debt securities related to portfolio rebalancing to manage liquidity and interest rate risk; and
- an increase in equity securities related to our affiliated venture capital business;

partially offset by:
- a decline in available-for-sale debt securities related to portfolio rebalancing to manage liquidity and interest rate risk; and
- a decline in loans due to the sale of our student loan portfolio.

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

First nine months of 2021 vs. first nine months of 2020

Total assets (average and period-end) increased due to:
- an increase in cash, cash equivalents, and restricted cash managed by corporate treasury as a result of an increase in deposits from the reportable operating segments;
- an increase in held-to-maturity debt securities related to portfolio rebalancing to manage liquidity and interest rate risk; and
- in increase in period-end equity securities related to our affiliated venture capital business;

partially offset by:
- a decline in available-for-sale debt securities related to portfolio rebalancing to manage liquidity and interest rate risk;
- a decline in average equity securities due to the transition from equity securities to derivative instruments for economic hedges of the deferred compensation plan liabilities in second quarter 2020 and a reduction in Federal Home Loan Bank stock, partially offset by higher balances in our affiliated venture capital business; and
- a decline in loans due to the sale of our student loan portfolio.

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

Wells Fargo Asset Management (WFAM) Assets Under Management We earn investment advisory and other asset-based fees from managing and administering assets through WFAM, which offers Wells Fargo proprietary mutual funds and manages institutional separate accounts. Generally, we earn fees from AUM where we have discretionary management authority over the investments and generate fees as a percentage of the market value of the AUM. WFAM assets under management 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. Table 5k presents WFAM AUM activity for the third quarter and first nine months of 2021 and 2020. Management believes that AUM is a useful metric because it allows management, investors, and others to assess how changes in asset amounts may impact the generation of certain asset-based fees.

Table 5k: WFAM Assets Under Management

	Quarter ended					Nine months ended				
(in billions)	Balance, beginning of period	Inflows (1)	Outflows (2)	Market impact (3)	Balance, end of period	Balance, beginning of period	Inflows (1)	Outflows (2)	Market impact (3)	Balance, end of period
September 30, 2021										
Money market funds (4)	**$ 199.7**	**—**	**(6.0)**	**—**	**193.7**	**$ 197.4**	**—**	**(3.7)**	**—**	**193.7**
Other assets managed	**403.8**	**18.3**	**(26.1)**	**(2.2)**	**393.8**	**405.6**	**64.2**	**(84.9)**	**8.9**	**393.8**
Total WFAM assets under management	**$ 603.5**	**18.3**	**(32.1)**	**(2.2)**	**587.5**	**$ 603.0**	**64.2**	**(88.6)**	**8.9**	**587.5**
September 30, 2020										
Money market funds (4)	$ 201.9	19.2	—	—	221.1	$ 130.6	90.5	—	—	221.1
Other assets managed	376.4	23.2	(24.1)	10.3	385.8	378.2	76.3	(79.2)	10.5	385.8
Total WFAM assets under management	$ 578.3	42.4	(24.1)	10.3	606.9	$ 508.8	166.8	(79.2)	10.5	606.9

(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) 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.

Balance Sheet Analysis

At September 30, 2021, our assets totaled $1.95 trillion, up $2.0 billion from December 31, 2020.

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

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

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

	September 30, 2021				December 31, 2020			
($ in millions)	Amortized cost, net (1)	Net unrealized gains	Fair value	Weighted average expected maturity (yrs)	Amortized cost, net (1)	Net unrealized gains	Fair value	Weighted average expected maturity (yrs)
Available-for-sale (2)	**182,699**	**2,858**	**185,557**	**5.1**	215,533	4,859	220,392	4.5
Held-to-maturity (3)	**262,493**	**1,529**	**264,022**	**6.4**	205,720	6,587	212,307	4.5
Total	**$ 445,192**	**4,387**	**449,579**	**n/a**	421,253	11,446	432,699	n/a

(1) Represents amortized cost of the securities, net of the allowance for credit losses of $21 million and $28 million related to available-for-sale debt securities and $75 million and $41 million related to held-to-maturity debt securities at September 30, 2021, and December 31, 2020.
(2) Available-for-sale debt securities are carried on the consolidated balance sheet at fair value.
(3) Held-to-maturity debt securities are carried on the consolidated balance sheet at amortized cost, net of the allowance for credit losses.

Table 6 presents a summary of our portfolio of investments in available-for-sale (AFS) and held-to-maturity (HTM) debt securities. See the "Balance Sheet Analysis – Available-for-Sale and Held-to-Maturity Debt Securities" section in our 2020 Form 10-K for information on our investment management objectives and practices and the "Risk Management – Asset/Liability Management" section in this Report for information on liquidity and interest rate risk.

The amortized cost, net of the allowance for credit losses, of AFS and HTM debt securities increased from December 31, 2020. Purchases of AFS debt securities were partially offset by runoff and sales. Purchases of HTM debt securities, including securitizations of LHFS, were partially offset by runoff. In addition, we transferred $41.3 billion of AFS debt securities to HTM debt securities in the first nine months of 2021 due to actions taken to reposition the overall portfolio for capital management purposes.

The total net unrealized gains on AFS and HTM debt securities decreased from December 31, 2020, driven by higher interest rates.

At September 30, 2021, 96% of the combined AFS and HTM debt securities portfolio was rated AA- or above. Ratings are based on external ratings where available and, where not available, based on internal credit grades. See Note 3 (Available-for-Sale and Held-to-Maturity Debt Securities) to Financial Statements in this Report for additional information on AFS and HTM debt securities, including a summary of debt securities by security type.

Loan Portfolios

Table 7 provides a summary of total outstanding loans by portfolio segment. Commercial loans increased compared with December 31, 2020, predominantly due to an increase in the commercial and industrial loan portfolio, driven by higher loan demand resulting in increased originations and loan draws, partially offset by paydowns and PPP loan forgiveness. Consumer loans decreased from December 31, 2020, predominantly driven by a decrease in the residential mortgage – first lien portfolio due to loan paydowns as a result of the low interest rate environment and the transfer of $13.5 billion of first lien mortgage loans to loans held for sale (LHFS) substantially all of which related to the sales of loans purchased from GNMA loan securitization pools in prior periods, partially offset by originations of $51.3 billion.

Table 7: Loan Portfolios

(in millions)	September 30, 2021	December 31, 2020
Commercial	**$ 484,937**	478,417
Consumer	**377,890**	409,220
Total loans	**$ 862,827**	887,637
Change from prior year-end	**$ (24,810)**	(74,628)

Average loan balances and a comparative detail of average loan balances is included in Table 1 under "Earnings Performance – Net Interest Income" earlier in this Report. Additional information on total loans outstanding by portfolio segment and class of financing receivable is included in the "Risk Management – Credit Risk Management" section in this Report. Period-end balances and other loan related information are in Note 4 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

See the "Balance Sheet Analysis – Loan Portfolios" section in our 2020 Form 10-K for additional information regarding contractual loan maturities and the distribution of loans to changes in interest rates.

Deposits

Deposits increased from December 31, 2020, reflecting:

- higher levels of liquidity and savings for consumer customers reflecting government stimulus programs and payment deferral programs, as well as continued economic uncertainty associated with the COVID-19 pandemic;

partially offset by:

- actions taken to manage under the asset cap resulting in declines in time deposits, such as brokered certificates of deposit (CDs), and interest-bearing 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)		Sep 30, 2021	% of total deposits		Dec 31, 2020	% of total deposits	% Change
Noninterest-bearing demand deposits	$	529,051	36 %	$	467,068	33 %	13
Interest-bearing demand deposits		454,170	31		447,446	32	2
Savings deposits		426,535	29		404,935	29	5
Time deposits		32,291	2		49,775	4	(35)
Interest-bearing deposits in non-U.S. offices		28,332	2		35,157	2	(19)
Total deposits	$	1,470,379	100 %	$	1,404,381	100 %	5

Off-Balance Sheet Arrangements

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

Commitments to Lend

We enter into commitments to lend to customers, which are usually at a stated interest rate, if funded, and for specific purposes and time periods. When we enter into commitments, we are exposed to credit risk. The maximum credit risk for these commitments will generally be lower than the contractual amount because a significant portion of these commitments are not funded. For additional information, see Note 4 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

Transactions with Unconsolidated Entities

In the normal course of business, we enter into various types of on- and off-balance sheet transactions with special purpose entities (SPEs), which are corporations, trusts, limited liability companies or partnerships that are established for a limited purpose. Generally, SPEs are formed in connection with securitization transactions and are considered variable interest entities (VIEs). For additional information, see Note 8 (Securitizations and Variable Interest Entities) to Financial Statements in this Report.

Guarantees and Other Arrangements

Guarantees are contracts that contingently require us to make payments to a guaranteed party based on an event or a change in an underlying asset, liability, rate or index. Guarantees are generally in the form of standby and direct pay letters of credit, written options, recourse obligations, exchange and clearing house guarantees, indemnifications, and other types of similar arrangements. For additional information, see Note 11 (Guarantees and Other Commitments) to Financial Statements in this Report.

Commitments to Purchase Debt and Equity Securities

We enter into commitments to purchase securities under resale agreements. We also may enter into commitments to purchase debt and equity securities to provide capital for customers' funding, liquidity or other future needs. For additional information, see Note 11 (Guarantees and Other Commitments) to Financial Statements in this Report.

Derivatives

We use derivatives to manage exposure to market risk, including interest rate risk, credit risk and foreign currency risk, and to assist customers with their risk management objectives. Derivatives are recorded on the consolidated balance sheet at fair value, and volume can be measured in terms of the notional amount, which is generally not exchanged, but is used only as the basis on which interest and other payments are determined. The notional amount is not recorded on the consolidated balance sheet and is not, when viewed in isolation, a meaningful measure of the risk profile of the instruments. For additional information, see Note 14 (Derivatives) to Financial Statements in this Report.

Wells Fargo manages a variety of risks that can significantly affect our financial performance and our ability to meet the expectations of our customers, shareholders, regulators and other stakeholders. For additional information about how we manage risk, see the "Risk Management" section in our 2020 Form 10-K. The discussion that follows supplements our discussion of the management of certain risks contained in the "Risk Management" section in our 2020 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 Risk Committee has primary oversight responsibility for credit risk. A Credit Subcommittee of the Risk Committee assists the Risk Committee in providing oversight of credit risk. At the management level, Credit Risk, which is part of IRM, has oversight responsibility for credit risk. Credit Risk reports to the CRO and supports periodic reports related to credit risk provided to the Board's Risk Committee or its Credit Subcommittee.

Loan Portfolio

Our loan portfolios represent the largest component of assets on our consolidated balance sheet for which we have credit risk. Table 9 presents our total loans outstanding by portfolio segment and class of financing receivable.

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

(in millions)	Sep 30, 2021	Dec 31, 2020
Commercial:		
Commercial and industrial	$ 326,425	318,805
Real estate mortgage	121,985	121,720
Real estate construction	21,129	21,805
Lease financing	15,398	16,087
Total commercial	484,937	478,417
Consumer:		
Residential mortgage – first lien	242,935	276,674
Residential mortgage – junior lien	18,026	23,286
Credit card	36,061	36,664
Auto	53,827	48,187
Other consumer	27,041	24,409
Total consumer	377,890	409,220
Total loans	$ 862,827	887,637

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

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

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

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

Credit Quality Overview Credit quality in third quarter 2021 reflected continued improvement in the economic environment. In particular:

- Nonaccrual loans were $7.0 billion at September 30, 2021, down from $8.7 billion at December 31, 2020. Commercial nonaccrual loans decreased to $3.0 billion at September 30, 2021, compared with $4.8 billion at December 31, 2020, and consumer nonaccrual loans increased slightly to $4.0 billion at September 30, 2021, compared with $3.9 billion at December 31, 2020. Nonaccrual loans represented 0.82% of total loans at September 30, 2021, compared with 0.98% at December 31, 2020.
- Net loan charge-offs as a percentage of our average commercial and consumer loan portfolios were 0.03% and 0.23% in the third quarter and 0.07% and 0.31% in the first nine months of 2021, respectively, compared with 0.29% and 0.30% in the third quarter and 0.33% and 0.44% in the first nine months of 2020.
- Loans that are not government insured/guaranteed and 90 days or more past due and still accruing were $121 million and $394 million in our commercial and consumer portfolios, respectively, at September 30, 2021, compared with $78 million and $612 million at December 31, 2020.
- Our provision for credit losses for loans was $(1.4) billion and $(3.7) billion in the third quarter and first nine months of 2021, respectively, compared with $751 million and $14.1 billion for the same periods a year ago.
- The ACL for loans decreased to $14.7 billion, or 1.70% of total loans, at September 30, 2021, compared with $19.7 billion, or 2.22%, at December 31, 2020.

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

COVID-Related Lending Accommodations During 2020, we provided accommodations to customers in response to the COVID-19 pandemic, including payment deferrals, and other expanded assistance for mortgage, credit card, auto, small business, personal and commercial lending customers. With the exception of residential mortgage-related accommodation programs, the COVID-related lending accommodations instituted during 2020 were no longer offered as of December 31, 2020. Residential mortgage accommodation programs, which continued during the first nine months of 2021, offered payment deferrals for up to a total of 18 months. Table 10 summarizes the unpaid principal balance (UPB) of consumer loans that received accommodations under loan modification programs established to assist customers with the economic impact of the COVID-19 pandemic (COVID-related modifications) and that remained in a deferral period as of September 30, 2021.

Based on guidance in the CARES Act and the *Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus (Revised)* issued by federal banking regulators in April 2020 (the Interagency Statement), both of which we elected to apply, loan modifications related to COVID-19 and that meet certain other criteria are exempt from troubled debt restructuring (TDR) classification. 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. At September 30, 2021, substantially all residential mortgage loans that were in a deferral period, excluding those that were government insured/guaranteed, met the criteria for TDR relief and were therefore not classified as TDRs. 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 our 2020 Form 10-K.

Customer payment deferral activities instituted in response to the COVID-19 pandemic could continue to delay the recognition of charge-offs, delinquencies, and nonaccrual status for those customers who would have otherwise moved into past due or nonaccrual status. Customer loans that are not further modified upon exit from the deferral period may be placed on nonaccrual status or charged-off in accordance with our policies if customers are unable to resume making payments in accordance with the contractual terms of their agreement. As of September 30, 2021, substantially all of our consumer loans were current after exiting the deferral period. For additional information about our COVID-related modifications, see the “Risk Management – Credit Risk Management – COVID-Related Lending Accommodations” section and Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2020 Form 10-K.

Table 10: Consumer Loan Modifications Related to COVID-19

($ in millions)	Unpaid principal balance of modified loans still in deferral period at Sep 30, 2021	% of loan class (1)	% current at Sep 30, 2021 after exit from deferral period (2)
Consumer:			
Residential mortgage – first lien (3)	$ 5,042	2 %	93
Residential mortgage – junior lien (3)	789	4	88
All other consumer (4)	65	*	92
Subtotal	5,896	2	
Residential mortgage – first lien (government insured/guaranteed) (5)	7,265	3	
Total consumer	$ 13,161		

* Less than 1%.
(1) Based on total loans outstanding at September 30, 2021.
(2) Represents the UPB of loans that exited the deferral period and had a balance that was less than 30 days past due as of September 30, 2021.
(3) For residential mortgage loans still in active COVID-related accommodation programs as of September 30, 2021, 97% of first lien and 89% of junior lien mortgage loans had a loan-to-value ratio that was 80% or lower.
(4) Includes credit card, auto, and other consumer loans (including personal lines/loans).
(5) Represents residential mortgage – first lien loans insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA) that were primarily repurchased from GNMA loan securitization pools. For additional information on GNMA loan securitization pools, see the “Risk Management – Credit Risk Management – Risks Relating to Servicing Activities” section in this Report. FHA/VA loans are entitled to payment deferrals of scheduled principal and interest up to a total of 18 months.

Significant Loan Portfolio Reviews Measuring and monitoring our credit risk is an ongoing process that tracks delinquencies, collateral values, Fair Isaac Corporation (FICO) scores, economic trends by geographic areas, loan-level risk grading for certain portfolios (typically commercial) and other indications of credit risk. Our credit risk monitoring process is designed to enable early identification of developing risk and to support our determination of an appropriate allowance for credit losses. The following discussion provides additional characteristics and analysis of our significant portfolios. See Note 4 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report for more analysis and credit metric information for each of the following portfolios.

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

We had $13.5 billion of the commercial and industrial loans and lease financing portfolio internally classified as criticized in accordance with regulatory guidance at September 30, 2021, compared with $19.3 billion at December 31, 2020. The change was driven by decreases in the oil, gas and pipelines, retail, transportation services, and entertainment and recreation industries, as these industries continue to recover from the effects of the COVID-19 pandemic.

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

Generally, the primary source of repayment for this portfolio is the operating cash flows of customers, with the collateral securing this portfolio representing a secondary source of repayment.

The portfolio increased at September 30, 2021, compared with December 31, 2020, driven by higher loan demand resulting in increased originations and loan draws, partially offset by paydowns and PPP loan forgiveness. Table 11 provides our commercial and industrial loans and lease financing by industry. The industry categories are based on the North American Industry Classification System.

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

	September 30, 2021				December 31, 2020			
($ in millions)	Nonaccrual loans	Total portfolio	% of total loans	Total commitments (1)	Nonaccrual loans	Total portfolio	% of total loans	Total commitments (1)
Financials except banks	$ 140	134,060	16%	$ 227,615	$ 160	117,726	13%	$ 206,999
Technology, telecom and media	75	21,226	2	60,607	144	23,061	3	56,500
Real estate and construction	87	20,900	2	51,882	133	23,113	3	51,526
Equipment, machinery and parts manufacturing	29	17,503	2	43,111	81	18,158	2	41,332
Retail	36	17,181	2	40,071	94	17,393	2	41,669
Materials and commodities	40	13,225	2	35,454	39	12,071	1	33,879
Food and beverage manufacturing	7	12,637	1	30,898	17	12,401	1	28,908
Health care and pharmaceuticals	28	12,821	1	29,960	145	15,322	2	32,154
Oil, gas and pipelines	280	8,725	1	28,988	953	10,471	1	30,055
Auto related	56	9,290	1	24,881	79	11,817	1	25,034
Commercial services	77	9,537	1	24,328	107	10,284	1	24,442
Utilities	67	7,025	*	21,972	2	5,031	*	18,564
Diversified or miscellaneous	4	6,792	*	18,608	7	5,437	*	14,717
Insurance and fiduciaries	1	4,071	*	18,105	2	3,297	*	14,334
Entertainment and recreation	26	8,451	*	16,764	263	9,884	1	17,551
Transportation services	431	8,319	*	15,951	573	9,236	1	15,531
Banks	—	15,444	2	15,815	—	12,789	1	13,842
Agribusiness	51	5,333	*	11,082	81	6,314	*	11,642
Government and education	4	5,303	*	10,941	9	5,464	*	11,065
Other (2)	23	3,980	*	19,050	68	5,623	*	23,315
Total	$ 1,462	341,823	40%	$ 746,083	$ 2,957	334,892	33%	$ 713,059

* Less than 1%.
(1) Total commitments consist of loans outstanding plus unfunded credit commitments, excluding issued letters of credit.
(2) No other single industry had total loans in excess of $3.3 billion and $3.8 billion at September 30, 2021, and December 31, 2020, respectively.

Loans to financials except banks, our largest industry concentration, is predominantly comprised of loans to investment firms, financial vehicles, and nonbank creditors. We had $94.7 billion and $80.0 billion of loans originated by our Asset Backed Finance (ABF) and Financial Institution Group (FIG) lines of business at September 30, 2021, and December 31, 2020, respectively. These loans include: (i) loans to customers related to their subscription or capital calls, (ii) loans to nonbank lenders collateralized by commercial loans, and (iii) loans to originators or servicers of financial assets collateralized by residential real estate or other consumer loans such as credit cards, auto loans and leases, student loans and other financial assets eligible for the securitization market. These ABF and FIG 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 and FIG 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. In addition, loans to financials except banks included collateralized loan obligations (CLOs) in loan form, all of which were rated AA or above, of $7.7 billion and $7.9 billion at September 30, 2021, and December 31, 2020, respectively.

Oil, gas and pipelines loans included $6.1 billion and $7.5 billion of senior secured loans outstanding at September 30, 2021, and December 31, 2020, respectively. Oil, gas and pipelines nonaccrual loans decreased at September 30, 2021, compared with December 31, 2020, driven by loan paydowns.

We continue to perform escalated credit monitoring for certain industries that we consider to be directly and most adversely affected by the COVID-19 pandemic.

Our commercial and industrial loans and lease financing portfolio also includes non-U.S. loans of $74.7 billion and $63.8 billion at September 30, 2021, and December 31, 2020, respectively. Significant industry concentrations of non-U.S. loans at September 30, 2021, and December 31, 2020, respectively, included:

- $45.6 billion and $36.2 billion in the financials except banks category;
- $15.2 billion and $12.8 billion in the banks category; and
- $1.5 billion and $1.6 billion in the oil, gas and pipelines category.

COMMERCIAL REAL ESTATE (CRE) We generally subject CRE loans to individual risk assessment using our internal borrower and collateral quality ratings. Our ratings are aligned to regulatory definitions of pass and criticized categories with criticized segmented among special mention, substandard, doubtful and loss categories. We had $15.2 billion of CRE mortgage loans classified as criticized at September 30, 2021, compared with $12.0 billion at December 31, 2020, and $2.3 billion of CRE construction loans classified as criticized at September 30, 2021, compared with $1.6 billion at December 31, 2020. The increase in criticized CRE mortgage and construction loans was driven by the hotel/motel, apartment, institutional, and office property types and reflected the economic impact of the COVID-19 pandemic. Due to uncertainty in the recovery from the economic impacts of the COVID-19 pandemic, the credit quality of certain property types within our CRE loan portfolio, such as retail, hotel/motel, office buildings, and shopping centers, could continue to be adversely affected.

The total CRE loan portfolio decreased $411 million from December 31, 2020, driven by a decrease in CRE construction loans predominantly related to hotel/motel and apartments property types, partially offset by an increase in CRE mortgage loans. The CRE loan portfolio included $8.5 billion of non-U.S. CRE loans at September 30, 2021. 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. The largest property type concentrations are office buildings at 25% and apartments at 20% of the portfolio.

Table 12 summarizes CRE loans by state and property type with the related nonaccrual totals at September 30, 2021.

Table 12: CRE Loans by State and Property Type

							September 30, 2021
	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	$ 239	30,706	3	4,158	242	34,864	4 %
New York	156	12,903	2	2,106	158	15,009	2
Florida	117	8,790	1	1,582	118	10,372	1
Texas	305	8,628	—	1,080	305	9,708	1
Washington	88	3,776	5	1,059	93	4,835	*
Arizona	52	4,259	—	320	52	4,579	*
Georgia	15	4,184	—	333	15	4,517	*
North Carolina	10	3,386	—	869	10	4,255	*
New Jersey	47	2,643	—	1,110	47	3,753	*
Illinois	16	3,155	—	460	16	3,615	*
Other (1)	493	39,555	9	8,052	502	47,607	6
Total	$ 1,538	121,985	20	21,129	1,558	143,114	17 %
By property:							
Office buildings	$ 166	32,987	1	3,219	167	36,206	4 %
Apartments	14	21,095	—	7,853	14	28,948	3
Industrial/warehouse	96	16,005	1	1,753	97	17,758	2
Retail (excluding shopping center)	138	13,026	3	90	141	13,116	2
Hotel/motel	297	10,559	—	1,554	297	12,113	1
Shopping center	593	9,810	—	902	593	10,712	1
Institutional	63	4,558	1	2,626	64	7,184	*
Mixed use properties	94	5,440	—	793	94	6,233	*
Collateral pool	—	2,904	—	191	—	3,095	*
1-4 family structure	—	8	—	1,328	—	1,336	*
Other	77	5,593	14	820	91	6,413	*
Total	$ 1,538	121,985	20	21,129	1,558	143,114	17 %

* Less than 1%.
(1) Includes 40 states; no state in Other 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 September 30, 2021, non-U.S. loans totaled $83.2 billion, representing approximately 10% of our total consolidated loans outstanding, compared with $72.9 billion, or approximately 8% of our total consolidated loans outstanding, at December 31, 2020. Non-U.S. loans were approximately 4% of our total consolidated assets at both September 30, 2021, and December 31, 2020.

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

Our largest single country exposure outside the U.S. at September 30, 2021, was the United Kingdom, which totaled $36.4 billion, or approximately 2% of our total assets, and included $9.7 billion of sovereign claims. Our United Kingdom sovereign claims arise from deposits we have placed with the Bank of England pursuant to regulatory requirements in support of our London branch.

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

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

Table 13: Select Country Exposures

									September 30, 2021
	Lending and deposits		Securities		Derivatives and other		Total exposure		
($ in millions)	Sovereign	Non-sovereign	Sovereign	Non-sovereign	Sovereign	Non-sovereign	Sovereign	Non-sovereign (1)	Total
Top 20 country exposures:									
United Kingdom	$ 9,704	23,643	—	867	—	2,219	9,704	26,729	36,433
Canada	2	17,052	(8)	480	4	715	(2)	18,247	18,245
Cayman Islands	—	6,881	—	—	—	103	—	6,984	6,984
Japan	19	927	5,761	81	—	10	5,780	1,018	6,798
Ireland	305	5,165	—	155	—	63	305	5,383	5,688
Luxembourg	—	4,747	—	131	—	74	—	4,952	4,952
Guernsey	—	4,145	—	—	—	37	—	4,182	4,182
China	—	3,296	(8)	443	5	28	(3)	3,767	3,764
Germany	—	3,093	4	424	—	222	4	3,739	3,743
Bermuda	—	3,438	—	64	(1)	99	(1)	3,601	3,600
South Korea	—	2,105	—	252	2	14	2	2,371	2,373
Netherlands	—	1,996	54	219	—	96	54	2,311	2,365
France	128	1,876	—	256	80	10	208	2,142	2,350
Australia	—	1,178	—	302	—	2	—	1,482	1,482
Switzerland	—	1,191	—	12	1	209	1	1,412	1,413
Chile	—	1,200	—	164	—	1	—	1,365	1,365
India	—	1,258	—	105	—	1	—	1,364	1,364
Brazil	—	1,313	—	—	8	1	8	1,314	1,322
Singapore	—	958	—	54	—	99	—	1,111	1,111
Qatar	—	904	—	—	—	—	—	904	904
Total top 20 country exposures	$ 10,158	86,366	5,803	4,009	99	4,003	16,060	94,378	110,438

(1) Total non-sovereign exposure comprised $51.4 billion exposure to financial institutions and $43.0 billion to non-financial corporations at September 30, 2021.

RESIDENTIAL MORTGAGE LOANS Our residential mortgage loan portfolio is comprised of 1-4 family first and junior lien mortgage loans. Residential mortgage – first lien loans comprised 93% of the total residential mortgage loan portfolio at September 30, 2021, compared with 92% at December 31, 2020.

The residential mortgage loan portfolio includes some loans with adjustable-rate features and some with an interest-only feature as part of the loan terms. Interest-only loans were approximately 3% of total loans at both September 30, 2021, and December 31, 2020. We believe our origination process appropriately addresses our adjustable-rate mortgage (ARM) reset risk across our residential mortgage loans and our ACL for loans considers this risk. We do not offer option ARM products, nor do we offer variable-rate mortgage products with fixed payment amounts, commonly referred to within the financial services industry as negative amortizing mortgage loans.

The residential mortgage – junior lien portfolio consists of residential mortgage lines of credit and loans that are subordinate in rights to an existing lien on the same property. 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 primarily amortizing payment loans with fixed interest rates and repayment periods between five to 30 years. We continuously monitor the credit performance of our residential mortgage – junior lien portfolio for trends and factors that influence the frequency and severity of losses, such as junior lien performance when the first lien loan is delinquent.

Our residential mortgage lines of credit (both first and junior lien) 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 September 30, 2021, lines of credit in a draw period primarily used the interest-only option. 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 risk in our ACL estimate.

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.

In anticipation of our residential mortgage line of credit 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.

We monitor changes in real estate values and underlying economic or market conditions for all geographic areas of our residential mortgage portfolio as part of our credit risk management process. Our underwriting and periodic review of this portfolio includes original appraisals adjusted for the change in Home Price Index (HPI) or estimates from automated valuation models (AVMs) to support property values. Additional information about appraisals, AVMs, and our policy for their use can be found in Note 4 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report and the "Risk Management – Credit Risk Management – Residential Mortgage Loans" section in our 2020 Form 10-K.

Part of our credit monitoring includes tracking delinquency, current FICO scores and loan/combined loan to collateral values (LTV/CLTV) on the entire residential mortgage loan portfolio. CLTV represents the ratio of the total loan balance of first and junior lien mortgages (including unused line amounts for credit line products) to property collateral value. Excluding government insured/guaranteed loans, these credit risk indicators on the residential mortgage portfolio were:

- Loans 30 days or more delinquent at September 30, 2021, totaled $3.5 billion, or 1% of residential mortgage loans, compared with $4.7 billion, or 2%, at December 31, 2020;
- Lines of credit in their draw period that were 30 days or more past due were $329 million, or 2% of such lines, at September 30, 2021, and $381 million, or 2%, at December 31, 2020, compared with amortizing lines of credit that were 30 days or more past due of $337 million, or 6% of such lines, at September 30, 2021, and $378 million, or 5%, at December 31, 2020;
- Loans with FICO scores lower than 640 totaled $4.1 billion, or 2% of residential mortgage loans, at September 30, 2021, compared with $5.6 billion, or 2%, at December 31, 2020; and
- Loans with a LTV/CLTV greater than 100% totaled $583 million at September 30, 2021, or less than 1% of residential mortgage loans, compared with $1.6 billion, or 1%, at December 31, 2020.

With respect to residential mortgage – junior lien loans that had a CLTV greater than 100%:

- Such loans totaled 2% of the junior lien portfolio at September 30, 2021, compared with 3% at December 31, 2020; and
- 3% were 30 days or more delinquent at both September 30, 2021, and December 31, 2020.

Customer payment deferral activities instituted in response to the COVID-19 pandemic could continue to delay the recognition of delinquencies. For additional information regarding credit quality indicators, see Note 4 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

We continue to modify residential mortgage loans to assist homeowners and other borrowers experiencing financial difficulties. For additional information on our modification programs, see the "Risk Management – Credit Risk Management – Residential Mortgage Loans" section in our 2020 Form 10-K. For additional information on customer accommodations, including loan modifications, in response to the COVID-19 pandemic, see the "Risk Management – Credit Risk Management – COVID-Related Lending Accommodations" section in this Report.

Residential Mortgage – First Lien Portfolio Our residential mortgage – first lien portfolio decreased $33.7 billion from December 31, 2020, driven by loan paydowns as a result of the low interest rate environment and the transfer of $13.5 billion of first lien mortgage loans to loans held for sale (LHFS) substantially all of which related to the sales of loans purchased from GNMA loan securitization pools in prior periods, partially offset by originations of $51.3 billion.

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

Table 14: Residential Mortgage – First Lien Portfolio Performance

	Outstanding balance		% of total loans		% of loans 30 days or more past due		Net loan charge-off rate quarter ended (1)	
($ in millions)	**Sep 30, 2021**	Dec 31, 2020	**Sep 30, 2021**	Dec 31, 2020	**Sep 30, 2021**	Dec 31, 2020	**Sep 30, 2021**	Dec 31, 2020
California (2)	**$ 98,513**	104,260	**11.42 %**	11.75	**0.83**	1.00	**(0.02)**	(0.03)
New York	**29,835**	31,028	**3.46**	3.50	**1.19**	1.40	**(0.02)**	0.01
New Jersey	**10,315**	12,073	**1.20**	1.36	**1.79**	1.92	**(0.03)**	(0.03)
Florida	**9,843**	10,623	**1.14**	1.20	**1.90**	2.56	**(0.02)**	0.01
Washington	**8,310**	9,094	**0.96**	1.02	**0.49**	0.66	**(0.02)**	(0.01)
Other (3)	**68,774**	79,356	**7.97**	8.94	**1.48**	1.60	**(0.03)**	0.02
Total	**225,590**	246,434	**26.15**	27.77	**1.16**	1.34	**(0.02)**	—
Government insured/guaranteed loans (4)	**17,345**	30,240	**2.01**	3.41				
Total first lien mortgage portfolio	**$ 242,935**	276,674	**28.16**	31.18				

(1) Quarterly net charge-offs as a percentage of average respective loans are annualized.
(2) Our residential mortgage loans to borrowers in California are located predominantly within the larger metropolitan areas, with no single California metropolitan area consisting of more than 4% of total loans.
(3) Consists of 45 states; no state in Other had loans in excess of $7.1 billion and $7.8 billion at September 30, 2021, and December 31, 2020, respectively.
(4) Represents loans, substantially all of which were repurchased from GNMA loan securitization pools, where the repayment of the loans is predominantly insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA). For additional information on GNMA loan securitization pools, see the "Risk Management – Credit Risk Management – Risks Relating to Servicing Activities" section in this Report.

Residential Mortgage – Junior Lien Portfolio Our residential mortgage – junior lien portfolio decreased $5.3 billion from December 31, 2020, driven by loan paydowns.

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

Table 15: Residential Mortgage – Junior Lien Portfolio Performance

	Outstanding balance		% of total loans		% of loans 30 days or more past due		Net loan charge-off rate quarter ended (1)	
($ in millions)	**Sep 30, 2021**	Dec 31, 2020	**Sep 30, 2021**	Dec 31, 2020	**Sep 30, 2021**	Dec 31, 2020	**Sep 30, 2021**	Dec 31, 2020
California	**$ 4,687**	6,237	**0.54 %**	0.70	**2.62**	2.20	**(0.70)**	(0.46)
New Jersey	**1,846**	2,258	**0.21**	0.25	**2.92**	2.84	**(0.33)**	(0.06)
Florida	**1,634**	2,119	**0.19**	0.24	**2.69**	3.06	**(0.36)**	(0.35)
Pennsylvania	**1,116**	1,377	**0.13**	0.16	**2.20**	2.30	**(0.24)**	(0.62)
Virginia	**1,050**	1,355	**0.12**	0.15	**2.36**	2.41	**(0.23)**	(0.15)
Other (2)	**7,693**	9,940	**0.89**	1.12	**2.55**	2.31	**(0.77)**	(0.43)
Total junior lien mortgage portfolio	**$ 18,026**	23,286	**2.08 %**	2.62	**2.59**	2.41	**(0.61)**	(0.39)

(1) Quarterly net charge-offs as a percentage of average respective loans are annualized.
(2) Consists of 45 states; no state in Other had loans in excess of $1.1 billion and $1.3 billion at September 30, 2021, and December 31, 2020, respectively.

The outstanding balance of residential mortgage lines of credit was $24.5 billion at September 30, 2021. The unfunded credit commitments for these lines of credit totaled $47.9 billion at September 30, 2021.

On a monthly basis, we monitor the payment characteristics of borrowers in our residential mortgage – first and junior lien lines of credit portfolios. In September 2021, excluding borrowers with COVID-related loan modification payment deferrals:

- Approximately 44% of these borrowers paid only the minimum amount due and approximately 51% 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 29% paid only the minimum amount due and approximately 66% paid more than the minimum amount due.

CREDIT CARD, AUTO and OTHER CONSUMER LOANS Table 16 shows the outstanding balance of our credit card, auto and other consumer loan portfolios. For information regarding credit quality indicators for these portfolios, see Note 4 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

Table 16: Credit Card, Auto, and Other Consumer Loans

	September 30, 2021		December 31, 2020	
($ in millions)	**Outstanding balance**	**% of total loans**	Outstanding balance	% of total loans
Credit card	**$ 36,061**	**4.18%**	$ 36,664	4.13%
Auto	**53,827**	**6.24**	48,187	5.43
Other consumer (1)	**27,041**	**3.13**	24,409	2.75
Total	**$ 116,929**	**13.55%**	$ 109,260	12.31%

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

Credit Card Our credit card portfolio totaled $36.1 billion at September 30, 2021, compared with $36.7 billion at December 31, 2020.

Auto Our auto portfolio totaled $53.8 billion at September 30, 2021, compared with $48.2 billion at December 31, 2020. The increase in the outstanding balance at September 30, 2021, compared with December 31, 2020, was driven by strong consumer demand for automobiles.

Other Consumer Other consumer loans, which include revolving credit and installment loans, totaled $27.0 billion at September 30, 2021, compared with $24.4 billion at December 31, 2020, driven by an increase in margin loans.

NONPERFORMING ASSETS (NONACCRUAL LOANS AND FORECLOSED ASSETS) For information about when we generally place loans on nonaccrual status, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2020 Form 10-K. Customer payment deferral activities instituted in response to the COVID-19 pandemic could continue to delay the recognition of nonaccrual loans for those customers who would have otherwise moved into nonaccrual status. For additional information on customer accommodations, including loan modifications, in response to the COVID-19 pandemic, see the "Risk Management – Credit Risk Management – COVID-Related Lending Accommodations" section in this Report.

Table 17 summarizes nonperforming assets (NPAs) for each of the last four quarters.

Table 17: Nonperforming Assets (Nonaccrual Loans and Foreclosed Assets)

	September 30, 2021		June 30, 2021		March 31, 2021		December 31, 2020	
($ in millions)	**Balance**	**% of total loans**	Balance	% of total loans	Balance	% of total loans	Balance	% of total loans
Nonaccrual loans:								
Commercial:								
Commercial and industrial	**$ 1,274**	**0.39 %**	$ 1,691	0.53 %	$ 2,223	0.70 %	$ 2,698	0.85 %
Real estate mortgage	**1,538**	**1.26**	1,598	1.32	1,703	1.41	1,774	1.46
Real estate construction	**20**	**0.09**	45	0.20	55	0.26	48	0.22
Lease financing	**188**	**1.22**	215	1.37	249	1.58	259	1.61
Total commercial	**3,020**	**0.62**	3,549	0.74	4,230	0.89	4,779	1.00
Consumer:								
Residential mortgage – first lien (1)	**3,093**	**1.27**	2,852	1.17	2,859	1.12	2,957	1.07
Residential mortgage – junior lien (1)	**702**	**3.89**	713	3.63	747	3.51	754	3.24
Auto	**206**	**0.38**	221	0.43	181	0.37	202	0.42
Other consumer	**37**	**0.14**	36	0.14	38	0.15	36	0.15
Total consumer	**4,038**	**1.07**	3,822	1.02	3,825	1.00	3,949	0.97
Total nonaccrual loans	**7,058**	**0.82**	7,371	0.86	8,055	0.93	8,728	0.98
Foreclosed assets:								
Government insured/guaranteed (2)	**15**		15		16		18	
Non-government insured/guaranteed	**106**		114		124		141	
Total foreclosed assets	**121**		129		140		159	
Total nonperforming assets	**$ 7,179**	**0.83 %**	$ 7,500	0.88 %	$ 8,195	0.95 %	$ 8,887	1.00 %
Change in NPAs from prior quarter	**$ (321)**		$ (695)		$ (692)		$ 709	

(1) Residential mortgage loans predominantly insured by the FHA or guaranteed by the VA are not placed on nonaccrual status because they are insured or guaranteed.
(2) Consistent with regulatory reporting requirements, foreclosed real estate resulting from government insured/guaranteed loans are classified as nonperforming. Both principal and interest related to these foreclosed real estate assets are collectible because the loans were predominantly insured by the FHA or guaranteed by the VA. Receivables related to the foreclosure of certain government guaranteed real estate mortgage loans are excluded from this table and included in Accounts Receivable in Other Assets. For additional information on foreclosed assets, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2020 Form 10-K.

Commercial nonaccrual loans decreased $1.8 billion from December 31, 2020, predominantly due to a decline in commercial and industrial nonaccrual loans, driven by a decrease in oil, gas, and pipeline nonaccrual loans, primarily as a result of paydowns. For additional information on commercial and industrial nonaccrual loans, see the "Risk Management – Credit Risk Management – Commercial and Industrial Loans and Lease Financing" section in this Report.

Consumer nonaccrual loans increased $89 million from December 31, 2020, predominantly driven by an increase in residential mortgage – first lien nonaccrual loans as customers exited from accommodation programs provided in response to the COVID-19 pandemic. Customers requiring further payment assistance after exiting from these programs may have been modified or may be eligible to receive modifications.

Table 18 provides an analysis of the changes in nonaccrual loans. Typically, changes to nonaccrual loans period-over-period represent inflows for loans that are placed on nonaccrual status in accordance with our policies, offset by reductions for loans that are paid down, charged off, sold, foreclosed, or are no longer classified as nonaccrual as a result of continued performance and an improvement in the borrower's financial condition and loan repayment capabilities.

Table 18: Analysis of Changes in Nonaccrual Loans

					Quarter ended
(in millions)	**Sep 30, 2021**	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020
Commercial nonaccrual loans					
Balance, beginning of period	**$ 3,549**	4,230	4,779	4,398	4,285
Inflows	**481**	560	773	1,696	1,316
Outflows:					
Returned to accruing	**(203)**	(287)	(177)	(99)	(166)
Foreclosures	**(4)**	(3)	(6)	(37)	—
Charge-offs	**(105)**	(145)	(202)	(367)	(382)
Payments, sales and other	**(698)**	(806)	(937)	(812)	(655)
Total outflows	**(1,010)**	(1,241)	(1,322)	(1,315)	(1,203)
Balance, end of period	**3,020**	3,549	4,230	4,779	4,398
Consumer nonaccrual loans					
Balance, beginning of period	**3,822**	3,825	3,949	3,624	3,320
Inflows	**745**	563	454	792	696
Outflows:					
Returned to accruing	**(222)**	(200)	(152)	(208)	(160)
Foreclosures	**(18)**	(16)	(19)	(5)	(4)
Charge-offs	**(21)**	(17)	(26)	(36)	(36)
Payments, sales and other	**(268)**	(333)	(381)	(218)	(192)
Total outflows	**(529)**	(566)	(578)	(467)	(392)
Balance, end of period	**4,038**	3,822	3,825	3,949	3,624
Total nonaccrual loans	**$ 7,058**	7,371	8,055	8,728	8,022

We believe exposure to loss on nonaccrual loans is mitigated by the following factors at September 30, 2021:

- 96% of total commercial nonaccrual loans and 99% of total consumer nonaccrual loans are secured. Of the consumer nonaccrual loans, 94% are secured by real estate and 95% have a combined LTV (CLTV) ratio of 80% or less.
- 77% of commercial nonaccrual loans were current on interest and 75% 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 $1.0 billion of consumer loans in bankruptcy or discharged in bankruptcy, and classified as nonaccrual, $685 million were current.
- the remaining risk of loss of all nonaccrual loans has been considered in developing our allowance for loan losses.

We continue to work with our customers experiencing financial difficulty to determine if they can qualify for a loan modification. 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 19 provides a summary of foreclosed assets and an analysis of changes in foreclosed assets.

Table 19: Foreclosed Assets

					Quarter ended
(in millions)	**Sep 30, 2021**	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020
Summary by loan segment					
Government insured/guaranteed	**$ 15**	15	16	18	22
Commercial	**61**	63	64	70	39
Consumer	**45**	51	60	71	95
Total foreclosed assets	**$ 121**	129	140	159	156
Analysis of changes in foreclosed assets					
Balance, beginning of period	**$ 129**	140	159	156	195
Net change in government insured/guaranteed (1)	**—**	(1)	(2)	(4)	(9)
Additions to foreclosed assets (2)	**101**	96	88	114	60
Reductions:					
Sales	**(123)**	(104)	(107)	(104)	(88)
Write-downs and gains (losses) on sales	**14**	(2)	2	(3)	(2)
Total reductions	**(109)**	(106)	(105)	(107)	(90)
Balance, end of period	**$ 121**	129	140	159	156

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

Foreclosed assets at September 30, 2021, included $47 million of foreclosed residential real estate, of which 33% 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 $121 million in foreclosed assets at September 30, 2021, 66% have been in the foreclosed assets portfolio for one year or less.

As part of our actions to support customers during the COVID-19 pandemic, we have temporarily suspended certain mortgage foreclosure activities, which has affected the amount of our foreclosed assets. For additional information on loans in process of foreclosure, see Note 4 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

TROUBLED DEBT RESTRUCTURINGS (TDRs) Table 20 provides information regarding the recorded investment of loans modified in TDRs. TDRs decreased from December 31, 2020, predominantly related to commercial and industrial loans and residential mortgage – first lien loans. The decrease in commercial and industrial loans was primarily due to paydowns in the oil, gas, and pipelines industry. The decrease in residential mortgage – first lien loans was due to paydowns and a $773 million transfer from residential mortgage – first lien loans to LHFS, substantially all of which related to the sales of loans purchased from GNMA loan securitization pools in 2020. The amount of our TDRs at September 30, 2021, would have otherwise been higher without the TDR relief provided by the CARES Act and Interagency Statement.

Table 20: TDR Balances

(in millions)		Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020
Commercial:						
Commercial and industrial	$	**917**	1,225	1,331	1,933	2,082
Real estate mortgage		**604**	645	652	774	805
Real estate construction		**4**	15	21	15	21
Lease financing		**11**	9	9	9	9
Total commercial TDRs		**1,536**	1,894	2,013	2,731	2,917
Consumer:						
Residential mortgage – first lien		**8,280**	8,841	9,446	9,764	9,420
Residential mortgage – junior lien		**1,021**	1,097	1,174	1,237	1,298
Credit card		**336**	368	411	458	494
Auto		**182**	196	156	176	156
Other consumer		**60**	63	67	67	190
Trial modifications		**89**	77	81	90	91
Total consumer TDRs		**9,968**	10,642	11,335	11,792	11,649
Total TDRs	$	**11,504**	12,536	13,348	14,523	14,566
TDRs on nonaccrual status	$	**3,233**	3,711	3,800	4,456	4,163
TDRs on accrual status:						
Government insured/guaranteed		**3,145**	3,431	3,708	3,721	3,467
Non-government insured/guaranteed		**5,126**	5,394	5,840	6,346	6,936
Total TDRs	$	**11,504**	12,536	13,348	14,523	14,566

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. The allowance for loan losses for TDRs was $301 million and $565 million at September 30, 2021, and December 31, 2020, respectively. 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 additional information on the CARES Act and the Interagency Statement, see the “Risk Management – Credit Risk Management – Credit Quality Overview – COVID-Related Lending Accommodations” section in this Report.

For information on our nonaccrual policies when a restructuring is involved, see the “Risk Management – Credit Risk Management – Troubled Debt Restructurings (TDRs)” section in our 2020 Form 10-K.

Table 21 provides an analysis of the changes in TDRs. Loans modified more than once as a TDR are reported as inflows only in the period they are first modified. In addition to foreclosures, sales and transfers to held for sale, we may remove loans from TDR classification, but only if they have been refinanced or restructured at market terms and qualify as a new loan.

Table 21: Analysis of Changes in TDRs

					Quarter ended
(in millions)	**Sep 30, 2021**	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020
Commercial TDRs					
Balance, beginning of period	**$ 1,894**	2,013	2,731	2,917	2,629
Inflows (1)	**104**	336	155	486	866
Outflows					
Charge-offs	**(46)**	(45)	(49)	(72)	(77)
Foreclosure	**—**	—	(5)	—	—
Payments, sales and other (2)	**(416)**	(410)	(819)	(600)	(501)
Balance, end of period	**1,536**	1,894	2,013	2,731	2,917
Consumer TDRs					
Balance, beginning of period	**10,642**	11,335	11,792	11,649	9,367
Inflows (1)	**267**	495	633	1,226	2,805
Outflows					
Charge-offs	**(30)**	(36)	(43)	(57)	(58)
Foreclosure	**(17)**	(15)	(14)	(5)	(7)
Payments, sales and other (2)	**(906)**	(1,133)	(1,024)	(1,020)	(458)
Net change in trial modifications (3)	**12**	(4)	(9)	(1)	—
Balance, end of period	**9,968**	10,642	11,335	11,792	11,649
Total TDRs	**$ 11,504**	12,536	13,348	14,523	14,566

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

(2) Other outflows include normal amortization/accretion of loan basis adjustments and loans transferred to 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) residential mortgage loans or consumer loans exempt under regulatory rules from being classified as nonaccrual until later delinquency, usually 120 days past due.

Table 22 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 4 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

Table 22: Loans 90 Days or More Past Due and Still Accruing

(in millions)		Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020
Total:	$	**5,598**	4,703	6,273	7,041	11,698
Less: FHA insured/VA guaranteed (1)		**5,083**	3,966	5,406	6,351	11,041
Total, not government insured/guaranteed	$	**515**	737	867	690	657
By segment and class, not government insured/guaranteed:						
Commercial:						
Commercial and industrial	$	**46**	165	55	39	61
Real estate mortgage		**75**	105	128	38	47
Real estate construction		**—**	7	86	1	—
Total commercial		**121**	277	269	78	108
Consumer:						
Residential mortgage – first lien		**68**	73	85	135	97
Residential mortgage – junior lien		**13**	12	15	19	28
Credit card		**238**	271	394	365	297
Auto		**60**	43	46	65	50
Other consumer		**15**	61	58	28	77
Total consumer		**394**	460	598	612	549
Total, not government insured/guaranteed	$	**515**	737	867	690	657

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

Loans 90 days or more past due and still accruing, excluding government insured/guaranteed loans, at September 30, 2021, were down from December 31, 2020, due to decreases in delinquent consumer loans driven by strong payment performance, partially offset by increases in delinquent commercial real estate mortgage loans. Customer payment deferral activities instituted in response to the COVID-19 pandemic could continue to delay the recognition of delinquencies for customers who would have otherwise moved into past due status.

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 at September 30, 2021, were down from December 31, 2020, due to the sales of loans purchased from GNMA loan securitization pools in prior periods.

NET CHARGE-OFFS Table 23 presents net loan charge-offs for third quarter 2021 and the previous four quarters.

Table 23: Net Loan Charge-offs

										Quarter ended
	Sep 30, 2021		Jun 30, 2021		Mar 31, 2021		Dec 31, 2020		Sep 30, 2020	
($ 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	**$ 46**	**0.06 %**	$ 81	0.10 %	$ 88	0.11 %	$ 111	0.14 %	$ 274	0.33%
Real estate mortgage	**(10)**	**(0.03)**	(5)	(0.02)	46	0.16	162	0.53	56	0.18
Real estate construction	**1**	**—**	(1)	—	—	—	—	—	(2)	(0.03)
Lease financing	**1**	**0.03**	5	0.12	15	0.40	35	0.83	28	0.66
Total commercial	**38**	**0.03**	80	0.07	149	0.13	308	0.26	356	0.29
Consumer:										
Residential mortgage – first lien	**(14)**	**(0.02)**	(19)	(0.03)	(24)	(0.04)	(3)	—	(1)	—
Residential mortgage – junior lien	**(28)**	**(0.61)**	(31)	(0.60)	(19)	(0.35)	(24)	(0.39)	(14)	(0.22)
Credit card	**158**	**1.77**	256	3.01	236	2.71	190	2.09	245	2.71
Auto	**26**	**0.20**	45	0.35	52	0.44	51	0.43	31	0.25
Other consumer	**79**	**1.22**	50	0.80	119	1.97	62	0.88	66	0.80
Total consumer	**221**	**0.23**	301	0.32	364	0.37	276	0.26	327	0.30
Total	**$ 259**	**0.12 %**	$ 381	0.18 %	$ 513	0.24 %	$ 584	0.26 %	$ 683	0.29%

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

The decrease in commercial net loan charge-offs in third quarter 2021, compared with the prior quarter, was due to higher recoveries in the commercial and industrial portfolio driven by the oil, gas, and pipeline industry.

The decrease in consumer net loan charge-offs in third quarter 2021, compared with the prior quarter, was driven by lower losses in credit card and auto, partially offset by an increase in other consumer losses.

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

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

We apply a disciplined process and methodology to establish our ACL each quarter. The process for establishing the ACL for loans takes into consideration many factors, including historical and forecasted loss trends, loan-level credit quality ratings and loan grade-specific characteristics. The process involves subjective and complex judgments. In addition, we review a variety of credit metrics and trends. These credit metrics and trends, however, do not solely determine the amount of the allowance as we use several analytical tools. For additional information on our ACL, see the “Critical Accounting Policies – Allowance for Credit Losses” section and Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2020 Form 10-K. For additional information on our ACL for loans, see Note 4 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report, and for additional information on our ACL for debt securities, see the “Balance Sheet Analysis – Available-For-Sale and Held-To-Maturity Debt Securities” section and Note 3 (Available-for-Sale and Held-to-Maturity Debt Securities) to Financial Statements in this Report.

Table 24 presents the allocation of the ACL for loans by loan portfolio segment and class for the most recent quarter and last four year ends.

Table 24: Allocation of the ACL for Loans (1)

	Sep 30, 2021		Dec 31, 2020		Dec 31, 2019		Dec 31, 2018		Dec 31, 2017	
($ 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	$ 5,193	38 %	$ 7,230	36 %	$ 3,600	37 %	$ 3,628	37 %	$ 3,752	35 %
Real estate mortgage	2,422	14	3,167	14	1,236	13	1,282	13	1,374	13
Real estate construction	470	2	410	2	1,079	2	1,200	2	1,238	3
Lease financing	480	2	709	2	330	2	307	2	268	2
Total commercial	8,565	56	11,516	54	6,245	54	6,417	54	6,632	53
Consumer:										
Residential mortgage – first lien	1,197	29	1,600	31	692	30	750	30	1,085	30
Residential mortgage – junior lien	201	2	653	3	247	3	431	3	608	4
Credit card	3,356	4	4,082	4	2,252	4	2,064	4	1,944	4
Auto	901	6	1,230	5	459	5	475	5	1,039	5
Other consumer	485	3	632	3	561	4	570	4	652	4
Total consumer	6,140	44	8,197	46	4,211	46	4,290	46	5,328	47
Total	$ 14,705	100 %	$ 19,713	100 %	$ 10,456	100 %	$ 10,707	100 %	$ 11,960	100 %

	Sep 30, 2021	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
Components:					
Allowance for loan losses	$ 13,517	18,516	9,551	9,775	11,004
Allowance for unfunded credit commitments	1,188	1,197	905	932	956
Allowance for credit losses	$ 14,705	19,713	10,456	10,707	11,960
Ratio of allowance for loan losses to total net loan charge-offs (2)	13.14x	5.63	3.46	3.56	3.76
Allowance for loan losses as a percentage of total loans	1.57 %	2.09	0.99	1.03	1.15
Allowance for credit losses for loans as a percentage of total loans	1.70	2.22	1.09	1.12	1.25
Allowance for credit losses for loans as a percentage of total nonaccrual loans	208	226	196	165	156

(1) Disclosure is not comparative due to our adoption of Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (CECL) on January 1, 2020. For additional information, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2020 Form 10-K.
(2) Total net loan charge-offs are annualized for the quarter ended September 30, 2021.

The ratios for the allowance for loan losses and the ACL for loans presented in Table 24 may fluctuate from period to period due to such factors as the mix of loan types in the portfolio, borrower credit strength, and the value and marketability of collateral.

The ACL for loans decreased $5.0 billion, or 25%, from December 31, 2020, reflecting better portfolio credit quality and improvements in current and forecasted economic conditions. Total provision for credit losses for loans was $(1.4) billion in third quarter 2021, compared with $751 million in the same period a year ago, reflecting lower net charge-offs and improvements in current and forecasted economic conditions. The detail of the changes in the ACL for loans by portfolio segment (including charge-offs and recoveries by loan class) is included in Note 4 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

We consider multiple economic scenarios to develop our estimate of the ACL for loans. The scenarios generally include a base scenario, along with an optimistic (upside) and one or more pessimistic (downside) scenarios. In our estimate of the ACL for loans at September 30, 2021, we weighted the base scenario and the downside scenarios. The base scenario assumed economic improvements in the near term with a return to normalized levels near the end of 2022. The downside scenarios assumed economic conditions ranging from a mild recession to a more severe recession, reflecting continued economic impacts from the COVID-19 pandemic.

Additionally, we consider qualitative factors that represent risks inherent in our processes and assumptions such as economic environmental factors, modeling assumptions and performance, and other subjective factors, including industry trends and emerging risk assessments. We also considered the significant uncertainty related to the duration and severity of the economic impacts from the COVID-19 pandemic and the incremental risks to our loan portfolio.

The forecasted key economic variables used in our estimate of the ACL for loans at September 30 and June 30, 2021, are presented in Table 25.

Table 25: Forecasted Key Economic Variables

	4Q 2021	2Q 2022	4Q 2022
Weighted blend of economic scenarios:			
U.S. unemployment rate (1):			
June 30, 2021	5.6 %	6.2	6.9
September 30, 2021	5.2	6.2	6.6
U.S. real GDP (2):			
June 30, 2021	1.0	(0.4)	0.6
September 30, 2021	3.1	(0.2)	0.6
Home price index (3):			
June 30, 2021	2.8	(6.5)	(5.2)
September 30, 2021	10.1	(1.2)	(6.5)
Commercial real estate asset prices (3):			
June 30, 2021	7.8	(11.9)	(10.4)
September 30, 2021	4.1	(3.3)	(7.7)

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

Future amounts of the ACL for loans will be based on a variety of factors, including loan balance changes, portfolio credit quality and mix changes, and changes in general economic conditions and expectations (including for unemployment and GDP), among other factors. We observed economic improvements in the first nine months of 2021; however, there remained significant uncertainty related to the length and severity of the economic impact of 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 ACL, including the impact of economic stimulus programs and customer accommodation activity. The COVID-19 pandemic could continue to impact the recognition of credit losses in our loan portfolios and may result in increases or decreases in our ACL.

We believe the ACL for loans of $14.7 billion at September 30, 2021, was appropriate to cover expected credit losses, including unfunded credit commitments, at that date. The entire allowance is available to absorb credit losses from the total loan portfolio. The ACL for loans is subject to change and reflects existing factors as of the date of determination, including economic or market conditions and ongoing internal and external examination processes. Due to the sensitivity of the ACL for loans to changes in the economic and business environment, it is possible that we will incur incremental credit losses not anticipated as of the balance sheet date. Our process for determining the ACL is discussed in the “Critical Accounting Policies – Allowance for Credit Losses” section and Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2020 Form 10-K.

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 2020 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.

As a servicer, we are required to advance certain delinquent payments of principal and interest on mortgage loans we service. The amount and timing of reimbursement of advances of delinquent payments vary by investor and the applicable servicing agreements. Due to payment deferrals provided as a result of the COVID-19 pandemic, the amount of our servicing advances of principal and interest remained elevated. The amount of these advances may increase if additional payment deferrals are provided. Payment deferrals also delay the collection of contractually specified servicing fees, resulting in lower net servicing income.

Upon transfer as servicer, we retain the option to repurchase loans from GNMA loan securitization pools, which becomes exercisable when three scheduled loan payments remain unpaid by the borrower. We generally repurchase these loans for cash and as a result, our total consolidated assets do not change. As a result of the COVID-19 pandemic, our repurchases of these loans were elevated in 2020 but returned to more normalized levels in the first nine months of 2021. These repurchased loan balances were $20.4 billion and $34.8 billion at September 30, 2021, and December 31, 2020, respectively, which included $17.0 billion and $29.9 billion, respectively, in our held for investment loan portfolio, with the remainder in loans held for sale.

Repurchased loans that regain current status or are otherwise modified in accordance with applicable servicing guidelines may be included in future GNMA loan securitization pools. However, in accordance with guidance issued by GNMA, certain loans repurchased after June 30, 2020, are ineligible for inclusion in future GNMA loan securitization pools until the borrower has timely made six consecutive payments. This requirement may delay our ability to resell loans into the securitization market.

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 2020 Form 10-K. For additional information on mortgage banking activities, see Note 9 (Mortgage Banking Activities) to Financial Statements in this Report.

Asset/Liability Management

Asset/liability management involves evaluating, monitoring and managing interest rate risk, market risk, liquidity and funding. For information on our oversight of asset/liability risks, see the “Risk Management – Asset/Liability Management” section in our 2020 Form 10-K.

INTEREST RATE RISK Interest rate risk is created in our role as a financial intermediary for customers based on investments such as loans and other extensions of credit and debt securities. Interest rate risk can have a significant impact to our earnings. We are subject to interest rate risk because:

- assets and liabilities may mature or reprice at different times. If assets reprice faster than liabilities and interest rates are generally rising, earnings will initially increase;
- assets and liabilities may reprice at the same time but by different amounts;
- short-term and long-term market interest rates may change by different amounts. For example, the shape of the yield curve may affect yield for new loans and funding costs differently;
- the remaining maturity for various assets or liabilities may shorten or lengthen as interest rates change. For example, if long-term mortgage interest rates increase sharply, MBS held in the debt securities portfolio may pay down at a

slower rate than anticipated, which could impact portfolio income; or
- interest rates may have a direct or indirect effect on loan demand, collateral values, credit losses, mortgage origination volume, and the fair value of MSRs and other financial instruments.

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

Our most recent simulations, as presented in Table 26, estimate net interest income sensitivity over the next 12 months using instantaneous movements across the yield curve with both lower and higher interest rates relative to our base scenario. Steeper and flatter scenarios measure non-parallel changes in the yield curve, with long-term interest rates defined as all tenors three years and longer (e.g., 10-year U.S. Treasury securities) and short-term interest rates defined as all tenors less than three years. Where applicable, U.S. dollar interest rates are floored at 0.00%. The following describes the simulation assumptions for the scenarios presented in Table 26:
- Simulations are dynamic and reflect anticipated changes to our assets and liabilities.
- Other macroeconomic variables that could be correlated with the changes in interest rates are held constant.
- Mortgage prepayment and origination assumptions vary across scenarios and reflect only the impact of the higher or lower interest rates.
- Our base scenario deposit forecast incorporates mix changes consistent with the base interest rate trajectory. Deposit mix is modeled to be the same as in the base scenario across the alternative scenarios. In higher interest rate scenarios, customer 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 26: Net Interest Income Sensitivity

($ in billions)		Sep 30, 2021	Dec 31, 2020
Parallel Shift:			
+100 bps shift in interest rates	$	**7.4**	6.7
-100 bps shift in interest rates		**(2.9)**	(2.7)
Steeper yield curve:			
+50 bps shift in long-term interest rates		**1.2**	1.3
Flatter yield curve:			
+50 bps shift in short-term interest rates		**2.7**	2.2
-50 bps shift in long-term interest rates		**(1.2)**	(1.4)

The interest rate sensitivity included in Table 26 indicates that we would expect to benefit from higher interest rates as our assets would reprice faster and to a greater degree than our liabilities, while in the case of lower interest rates, our assets would reprice downward and to a greater degree than our liabilities resulting in lower net interest income.

The sensitivity results above do not capture noninterest income or expense impacts. Our interest rate sensitive noninterest income and expense are predominantly driven by mortgage banking activities, and may move in the opposite direction of our net interest income. See the "Risk Management – Asset/Liability Management – Mortgage Banking Interest Rate and Market Risk" section in our 2020 Form 10-K for additional information. For additional information on our trading assets and liabilities, see Note 2 (Trading Activities) to Financial Statements in this Report.

We use the debt securities portfolio and exchange-traded and over-the-counter (OTC) interest rate derivatives to manage our interest rate exposures. See Note 1 (Summary of Significant Accounting Policies), Note 3 (Available-for-Sale and Held-to-Maturity Debt Securities) and Note 14 (Derivatives) to Financial Statements in our 2020 Form 10-K for additional information.

MORTGAGE BANKING INTEREST RATE AND MARKET RISK We originate, fund and service mortgage loans, which subjects us to various risks, including credit, liquidity and interest rate risks. For additional information on mortgage banking interest rate and market risk, see Note 9 (Mortgage Banking Activities) to Financial Statements in this Report and the "Risk Management – Asset/Liability Management – Mortgage Banking Interest Rate and Market Risk" section in our 2020 Form 10-K.

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

MARKET RISK Market risk is the risk of possible economic loss from adverse changes in market risk factors such as interest rates, credit spreads, foreign exchange rates, equity and commodity prices, and the risk of possible loss due to counterparty exposure. This applies to implied volatility risk, basis risk, and market liquidity risk. It also includes price risk in the trading book, mortgage servicing rights and the hedge effectiveness risk associated with the mortgage book, and impairment of private equity investments. For information on our oversight of market risk, see the "Risk Management – Asset/Liability Management – Market Risk" section in our 2020 Form 10-K.

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

Value-at-risk (VaR) is a statistical risk measure used to estimate the potential loss from adverse moves in the financial markets. The Company uses VaR metrics complemented with sensitivity analysis and stress testing in measuring and monitoring market risk. For additional information on our monitoring activities, sensitivity analysis and stress testing, see the “Risk Management – Asset/Liability Management – Market Risk – Trading Activities” section in our 2020 Form 10-K.

Trading VaR is the measure used to provide insight into the market risk exhibited by the Company’s trading positions. The Company calculates Trading VaR for risk management purposes to establish line of business and Company-wide risk limits.

Trading VaR is calculated based on all trading positions on our consolidated balance sheet.

Table 27 shows the Company’s Trading General VaR by risk category. The decrease in average Company Trading General VaR for the quarter ended September 30, 2021, compared with the same period a year ago, was driven by a greater presence of market volatility dropping out of the 12-month historical lookback window used to calculate average Company Trading General VaR for the quarter ended September 30, 2021. Market volatility present in average Company Trading General VaR for the quarter ended September 30, 2020, was driven by the impact of the COVID-19 pandemic, in particular, changes in interest rate curves and a significant widening of credit spreads.

Table 27: Trading 1-Day 99% General VaR by Risk Category

												Quarter ended
	September 30, 2021				June 30, 2021				September 30, 2020			
(in millions)	**Period end**	**Average**	**Low**	**High**	Period end	Average	Low	High	Period end	Average	Low	High
Company Trading General VaR Risk Categories												
Credit	**$ 19**	**18**	**13**	**26**	14	21	12	30	98	85	59	104
Interest rate	**12**	**9**	**5**	**15**	7	7	4	22	145	155	114	201
Equity	**27**	**28**	**22**	**39**	29	37	25	56	21	17	9	24
Commodity	**6**	**6**	**2**	**20**	28	7	2	28	5	5	2	8
Foreign exchange	**1**	**0**	**0**	**1**	0	1	0	1	1	1	1	2
Diversification benefit (1)	**(35)**	**(28)**			(38)	(30)			(121)	(110)		
Company Trading General VaR	**30**	**33**			40	43			149	153		

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

MARKET RISK – EQUITY SECURITIES We are directly and indirectly affected by changes in the equity markets. We make and manage direct investments in start-up businesses, emerging growth companies, management buy-outs, acquisitions and corporate recapitalizations. We also invest in non-affiliated funds that make similar private equity investments. For additional information, see the “Risk Management – Asset/Liability Management – Market Risk – Equity Securities” section in our 2020 Form 10-K.

We also have marketable equity securities that include investments relating to our venture capital activities. The fair value changes in these marketable equity securities are recognized in net income. For additional information, see Note 6 (Equity Securities) to Financial Statements in this Report.

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

LIQUIDITY RISK AND FUNDING In the ordinary course of business, we enter into contractual obligations that may require future cash payments, including funding for customer loan requests, customer deposit maturities and withdrawals, debt service, leases for premises and equipment, and other cash commitments. The objective of effective liquidity management is to ensure that we can meet our contractual obligations and other cash commitments efficiently under both normal operating conditions and under periods of Wells Fargo-specific and/or market stress. To help achieve this objective, we monitor both the consolidated company and the Parent on a stand-alone basis to ensure that the Parent is a source of strength for its regulated, deposit-taking banking subsidiaries. The Parent acts as a source of funding for the Company through the issuance of long-term debt and equity, and WFC Holdings, LLC, an intermediate holding company and subsidiary of the Parent (the “IHC”), provides funding support for the ongoing operational requirements of the Parent and certain of its direct and indirect subsidiaries. For additional information on liquidity risk and funding management, see the “Risk Management – Liquidity Risk and Funding” section in our 2020 Form 10-K. For additional information on the IHC, see the “Regulatory Matters – ‘Living Will’ Requirements and Related Matters” section in our 2021 Second Quarter Report on Form 10-Q.

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

The FRB, OCC and FDIC have also issued a rule implementing a stable funding requirement, known as the net stable funding ratio (NSFR), which requires a covered banking organization, such as Wells Fargo, to maintain a minimum amount of stable funding, including common equity, long-term debt and most types of deposits, in relation to its assets, derivative exposures and commitments over a one-year horizon period. The NSFR applies to the Company on a consolidated basis and to our IDIs with total assets of $10 billion or more. As of September 30, 2021, we were compliant with the NSFR requirement.

Liquidity Coverage Ratio As of September 30, 2021, the consolidated Company, Wells Fargo Bank, N.A., and Wells Fargo National Bank West exceeded the minimum LCR requirement of 100%, which is calculated as HQLA divided by projected net cash outflows, as each is defined under the LCR rule. Table 28 presents the Company's quarterly average values for the daily-calculated LCR and its components calculated pursuant to the LCR rule requirements.

Table 28: Liquidity Coverage Ratio

		Average for Quarter ended	
(in millions, except ratio)	**Sep 30, 2021**	Jun 30, 2021	Sep 30, 2020
HQLA (1):			
Eligible cash	**$ 244,260**	248,404	210,715
Eligible securities (2)	**138,525**	137,718	213,358
Total HQLA	**382,785**	386,122	424,073
Projected net cash outflows	**320,782**	314,678	317,064
LCR	**119%**	123	134

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

Liquidity Sources We maintain liquidity in the form of cash, cash equivalents and unencumbered high-quality, liquid debt securities. These assets make up our primary sources of liquidity. Our primary sources of liquidity are substantially the same in composition as HQLA under the LCR rule; however, our primary sources of liquidity will generally exceed HQLA calculated under the LCR rule due to the applicable haircuts to HQLA and the exclusion of excess HQLA at our subsidiary IDIs required under the LCR rule. Our primary sources of liquidity are presented in Table 29, which also includes encumbered securities that are not included as available HQLA in the calculation of the LCR.

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

Table 29: Primary Sources of Liquidity

			September 30, 2021			December 31, 2020
(in millions)	**Total**	**Encumbered**	**Unencumbered**	Total	Encumbered	Unencumbered
Interest-earning deposits with banks	**$ 241,178**	**—**	**241,178**	236,376	—	236,376
Debt securities of U.S. Treasury and federal agencies	**62,565**	**3,326**	**59,239**	70,756	5,370	65,386
Federal agency mortgage-backed securities (1)	**281,492**	**47,348**	**234,144**	258,668	49,156	209,512
Total	**$ 585,235**	**50,674**	**534,561**	565,800	54,526	511,274

(1) Included in encumbered securities at September 30, 2021, were securities with a fair value of $2.0 billion, which were purchased in September 2021, but settled in October 2021.

In addition to our primary sources of liquidity shown in Table 29, liquidity is also available through the sale or financing of other debt securities including trading and/or AFS debt securities, as well as through the sale, securitization or financing of loans, to the extent such debt securities and loans are not encumbered. As of September 30, 2021, we also maintained approximately $208.3 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 170% and 158% of total loans at September 30, 2021, and December 31, 2020, respectively. Additional funding is provided by long-term debt and short-term borrowings. Table 30 shows selected information for short-term borrowings, which generally mature in less than 30 days. We pledge certain financial instruments that we own to collateralize repurchase agreements and other securities financings. For additional information, see the "Pledged Assets" section of Note 12 (Pledged Assets and Collateral) to Financial Statements in this Report.

Table 30: Short-Term Borrowings

(in millions)		Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020
						Quarter ended
Balance, period end						
Federal funds purchased and securities sold under agreements to repurchase	$	**29,445**	33,708	46,871	46,362	44,055
Other short-term borrowings		**12,535**	11,927	12,049	12,637	11,169
Total	$	**41,980**	45,635	58,920	58,999	55,224
Average daily balance for period						
Federal funds purchased and securities sold under agreements to repurchase	$	**32,489**	36,526	47,358	46,069	46,504
Other short-term borrowings		**11,410**	11,979	11,724	11,235	10,788
Total	$	**43,899**	48,505	59,082	57,304	57,292
Maximum month-end balance for period						
Federal funds purchased and securities sold under agreements to repurchase (1)	$	**33,247**	33,708	47,050	46,879	49,148
Other short-term borrowings (2)		**12,535**	12,563	12,049	12,637	11,169

(1) Maximum month-end balance in each of the last five quarters was in August, June and February 2021, and November and July 2020.
(2) Maximum month-end balance in each of the last five quarters was in September, April and March 2021, and December and September 2020.

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. Depending on market conditions and our liquidity position, we may redeem or repurchase, and subsequently retire, our outstanding debt securities in privately negotiated or open market transactions, by tender offer, or otherwise. Table 31 provides the aggregate carrying value of long-term debt maturities (based on contractual payment dates) for the remainder of 2021 and the following years thereafter, as of September 30, 2021.

Table 31: Maturity of Long-Term Debt

(in millions)		Remaining 2021	2022	2023	2024	2025	Thereafter	Total
								September 30, 2021
Wells Fargo & Company (Parent Only)								
Senior notes	$	1,524	13,197	8,092	12,062	14,797	70,046	119,718
Subordinated notes		—	—	3,689	750	1,094	22,347	27,880
Junior subordinated notes		—	—	—	—	—	1,373	1,373
Total long-term debt – Parent		1,524	13,197	11,781	12,812	15,891	93,766	148,971
Wells Fargo Bank, N.A. and other bank entities (Bank)								
Senior notes		1	28	4	3	189	228	453
Subordinated notes		—	—	1,056	—	166	4,169	5,391
Junior subordinated notes		—	—	—	—	—	385	385
Securitizations and other bank debt		1,211	1,553	1,088	643	146	1,468	6,109
Total long-term debt – Bank		1,212	1,581	2,148	646	501	6,250	12,338
Other consolidated subsidiaries								
Senior notes		114	189	503	106	427	334	1,673
Total long-term debt – Other consolidated subsidiaries		114	189	503	106	427	334	1,673
Total long-term debt	$	2,850	14,967	14,432	13,564	16,819	100,350	162,982

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

On July 12, 2021, Moody's Investors Service (Moody's) upgraded the senior debt rating of the Company to A1 from A2 as a result of revisions to its bank ratings methodology. On September 28, 2021, S&P Global Ratings affirmed the Company's ratings and retained the stable ratings outlook.

See the "Risk Factors" section in our 2020 Form 10-K for additional information regarding our credit ratings and the potential impact a credit rating downgrade would have on our liquidity and operations, as well as Note 14 (Derivatives) to Financial Statements in this Report for information regarding additional collateral and funding obligations required for certain derivative instruments in the event our credit ratings were to fall below investment grade.

The credit ratings of the Parent and Wells Fargo Bank, N.A., as of September 30, 2021, are presented in Table 32.

Table 32: Credit Ratings as of September 30, 2021

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

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

Capital Management

We have an active program for managing capital through a comprehensive process for assessing the Company’s overall capital adequacy. Our objective is to maintain capital at an amount commensurate with our risk profile and risk tolerance objectives, and to meet both regulatory and market expectations. We primarily fund our capital needs through the retention of earnings net of both dividends and share repurchases, as well as through the issuance of preferred stock and long- and short-term debt. Retained earnings at September 30, 2021, increased $13.0 billion from December 31, 2020, predominantly as a result of $15.8 billion of Wells Fargo net income, partially offset by $2.6 billion of common and preferred stock dividends. During the first nine months of 2021, we issued $957 million of common stock, substantially all of which was issued in connection with employee compensation and benefits. During the first nine months of 2021, we repurchased 167 million shares of common stock at a cost of $7.5 billion. For additional information about capital planning, see the “Capital Planning and Stress Testing” section below.

In the first nine months of 2021, we issued $5.8 billion of preferred stock and redeemed $6.7 billion of preferred stock. For additional information, see Note 16 (Preferred Stock) to Financial Statements in this Report.

Regulatory Capital Requirements

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

RISK-BASED CAPITAL AND RISK-WEIGHTED ASSETS The Company is subject to rules issued by federal banking regulators to implement Basel III capital requirements for U.S. banking organizations. The rules contain two frameworks for calculating capital requirements, a Standardized Approach and an Advanced Approach applicable to certain institutions, including Wells Fargo. Our capital adequacy is assessed based on the lower of our risk-based capital ratios calculated under the two approaches. The Company is required to satisfy the risk-based capital ratio requirements to avoid restrictions on capital distributions and discretionary bonus payments. Table 33 and Table 34 present the risk-based capital requirements applicable to the Company on a fully phased-in basis under the Standardized Approach and Advanced Approach, respectively, as of September 30, 2021.

Table 33: Risk-Based Capital Requirements – Standardized Approach

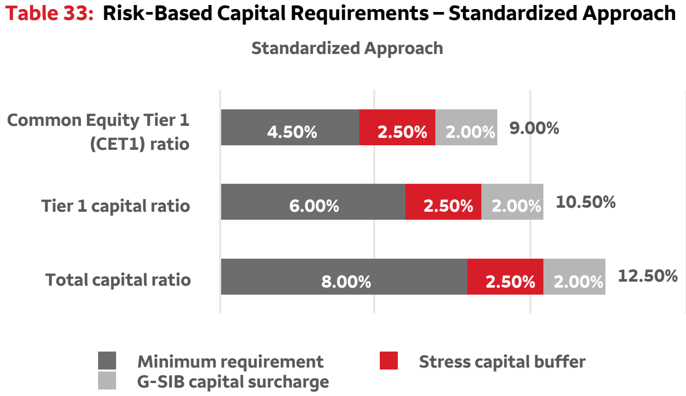
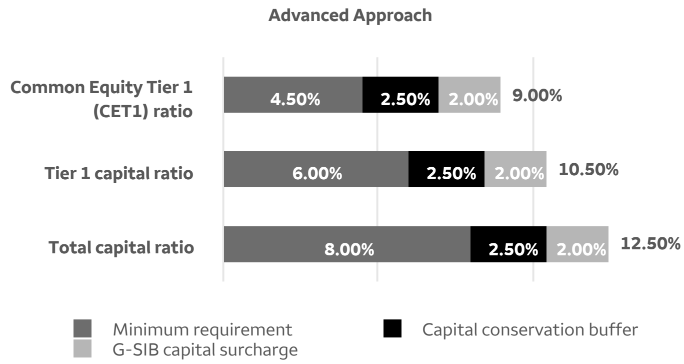


Table 34: Risk-Based Capital Requirements – Advanced Approach



In addition to the risk-based capital requirements described in Table 33 and Table 34, if the FRB determines that a period of excessive credit growth is contributing to an increase in systemic risk, a countercyclical buffer of up to 2.50% could be added to the risk-based capital ratio requirements under federal banking regulations.

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

The stress capital buffer is calculated based on the decrease in a BHC’s risk-based capital ratios under the severely adverse scenario in the FRB’s annual supervisory stress test and related Comprehensive Capital Analysis and Review (CCAR), plus four quarters of planned common stock dividends. Because the stress capital buffer is calculated annually based on data that can differ over time, our stress capital buffer, and thus our risk-based capital ratio requirements under the Standardized Approach, are subject to change in future periods. The Company’s stress capital buffer for the period October 1, 2020, through September 30, 2021, was 2.50%. On August 5, 2021, the FRB confirmed that the Company's stress capital buffer for the period October 1, 2021, through September 30, 2022, is 3.10%.

As a global systemically important bank (G-SIB), we are also subject to the FRB’s rule implementing an additional capital surcharge of between 1.00-4.50% on the risk-based capital ratio requirements of G-SIBs. Under the rule, we must annually calculate our surcharge under two methods and use the higher of the two surcharges. The first method (method one) considers our size, interconnectedness, cross-jurisdictional activity, substitutability, and complexity, consistent with the methodology developed by the BCBS and the Financial Stability Board (FSB). The second method (method two) uses similar inputs, but replaces substitutability with use of short-term wholesale funding and will generally result in higher surcharges than under method one. Because the G-SIB capital surcharge is calculated annually based on data that can differ over time, the amount of the surcharge is subject to change in future years. We expect our G-SIB capital surcharge to decrease by 50 basis points to 1.50% beginning in first quarter 2022, subject to finalization in fourth quarter 2021.

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 beginning January 1, 2022.

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

The tables that follow provide information about our risk-based capital and related ratios as calculated under Basel III capital rules. Although we report certain capital amounts and ratios in accordance with transition requirements for bank regulatory reporting purposes, we manage our capital on a fully phased-in basis. For information about our capital requirements calculated in accordance with transition requirements, see Note 23 (Regulatory Capital Requirements and Other Restrictions) to Financial Statements in this Report.

Table 35 summarizes our CET1, tier 1 capital, total capital, RWAs and capital ratios on a fully phased-in basis at September 30, 2021, and December 31, 2020. 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 36 for information regarding the calculation and components of our CET1, tier 1 capital, total capital and RWAs, as well as a corresponding reconciliation to GAAP financial measures for our fully phased-in total capital amounts.

Table 35: Capital Components and Ratios (Fully Phased-In)

			September 30, 2021		December 31, 2020	
(in millions, except ratios)		**Required Capital Ratios (1)**	**Advanced Approach**	**Standardized Approach**	Advanced Approach	Standardized Approach
Common Equity Tier 1	(A)		**$ 141,585**	**141,585**	138,297	138,297
Tier 1 Capital	(B)		**160,615**	**160,615**	158,196	158,196
Total Capital	(C)		**187,416**	**197,613**	186,803	196,529
Risk-Weighted Assets	(D)		**1,138,635**	**1,218,911**	1,158,355	1,193,744
Common Equity Tier 1 Capital Ratio	(A)/(D)	**9.00 %**	**12.43**	**11.62 ***	11.94	11.59 *
Tier 1 Capital Ratio	(B)/(D)	**10.50**	**14.11**	**13.18 ***	13.66	13.25 *
Total Capital Ratio	(C)/(D)	**12.50**	**16.46**	**16.21 ***	16.14 *	16.47

* Denotes the binding ratio based on the lower calculation under the Advanced and Standardized Approaches.

(1) Represents the minimum ratios required to avoid restrictions on capital distributions and discretionary bonus payments. The required ratios were the same under both the Standardized and Advanced Approaches at September 30, 2021.

Table 36 provides information regarding the calculation and composition of our risk-based capital under the Advanced and Standardized Approaches at September 30, 2021, and December 31, 2020.

Table 36: Risk-Based Capital Calculation and Components

			September 30, 2021		December 31, 2020	
(in millions)			**Advanced Approach**	**Standardized Approach**	Advanced Approach	Standardized Approach
Total equity (1)		$	**191,071**	**191,071**	185,712	185,712
Effect of accounting policy changes (1)			**—**	**—**	208	208
Total equity (as reported)			**191,071**	**191,071**	185,920	185,920
Adjustments:						
Preferred stock			**(20,270)**	**(20,270)**	(21,136)	(21,136)
Additional paid-in capital on preferred stock			**120**	**120**	152	152
Unearned ESOP shares			**875**	**875**	875	875
Noncontrolling interests			**(2,043)**	**(2,043)**	(1,033)	(1,033)
Total common stockholders' equity		$	**169,753**	**169,753**	164,778	164,778
Adjustments:						
Goodwill			**(26,191)**	**(26,191)**	(26,392)	(26,392)
Certain identifiable intangible assets (other than MSRs)			**(281)**	**(281)**	(342)	(342)
Goodwill and other intangibles on nonmarketable equity securities (included in other assets)			**(2,120)**	**(2,120)**	(1,965)	(1,965)
Applicable deferred taxes related to goodwill and other intangible assets (2)			**886**	**886**	856	856
CECL transition provision (3)			**463**	**463**	1,720	1,720
Other			**(925)**	**(925)**	(358)	(358)
Common Equity Tier 1		$	**141,585**	**141,585**	138,297	138,297
Preferred stock			**20,270**	**20,270**	21,136	21,136
Additional paid-in capital on preferred stock			**(120)**	**(120)**	(152)	(152)
Unearned ESOP shares			**(875)**	**(875)**	(875)	(875)
Other			**(245)**	**(245)**	(210)	(210)
Total Tier 1 capital	(A)	$	**160,615**	**160,615**	158,196	158,196
Long-term debt and other instruments qualifying as Tier 2			**22,753**	**22,753**	24,387	24,387
Qualifying allowance for credit losses (4)			**4,368**	**14,565**	4,408	14,134
Other			**(320)**	**(320)**	(188)	(188)
Total Tier 2 capital (fully phased-in)	(B)	$	**26,801**	**36,998**	28,607	38,333
Effect of Basel III transition requirements			**26**	**26**	131	131
Total Tier 2 capital (Basel III transition requirements)		$	**26,827**	**37,024**	28,738	38,464
Total qualifying capital (fully phased-in)	(A)+(B)	$	**187,416**	**197,613**	186,803	196,529
Total Effect of Basel III transition requirements			**26**	**26**	131	131
Total qualifying capital (Basel III transition requirements)		$	**187,442**	**197,639**	186,934	196,660
Risk-Weighted Assets (RWAs)(5):						
Credit risk (6)		$	**742,147**	**1,164,248**	752,999	1,125,813
Market risk			**54,663**	**54,663**	67,931	67,931
Operational risk			**341,825**	**—**	337,425	—
Total RWAs		$	**1,138,635**	**1,218,911**	1,158,355	1,193,744

(1) In second quarter 2021, we elected to change our accounting method for low-income housing tax credit investments and elected to change the presentation of investment tax credits related to solar energy investments. Prior period total equity was revised to conform with the current period presentation. Prior period risk-based capital and certain other regulatory related metrics were not revised.

(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.

(3) At September 30, 2021, the impact of the CECL transition provision issued by federal banking regulators on our regulatory capital was an increase in capital of $463 million, reflecting a $991 million (post-tax) increase in capital recognized upon our initial adoption of CECL, offset by 25% of the $5.8 billion increase in our ACL under CECL from January 1, 2020, through September 30, 2021.

(4) 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, in each case with any excess allowance for credit losses being deducted from the respective total RWAs.

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

(6) Includes an increase of $132 million under the Standardized Approach and a decrease of $1.4 billion under the Advanced Approach related to the impact of the CECL transition provision on our excess allowance for credit losses as of September 30, 2021. See footnote (4) to this table.

Capital Management *(continued)*

Table 37 presents the changes in CET1 for the nine months ended September 30, 2021.

Table 37: Analysis of Changes in Common Equity Tier 1

(in millions)		
Common Equity Tier 1 at December 31, 2020	$	138,297
Net income applicable to common stock		14,786
Common stock dividends		(1,637)
Common stock issued, repurchased, and stock compensation-related items		(6,614)
Changes in cumulative other comprehensive income		(1,371)
Goodwill		201
Certain identifiable intangible assets (other than MSRs)		61
Goodwill and other intangibles on nonmarketable equity securities (included in other assets)		(155)
Applicable deferred taxes related to goodwill and other intangible assets (1)		30
CECL transition provision (2)		(1,257)
Other		(756)
Change in Common Equity Tier 1		3,288
Common Equity Tier 1 at September 30, 2021	**$**	**141,585**

(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) At September 30, 2021, the impact of the CECL transition provision issued by federal banking regulators on our regulatory capital was an increase in capital of $463 million, reflecting a $991 million (post-tax) increase in capital recognized upon our initial adoption of CECL, offset by 25% of the $5.8 billion increase in our ACL under CECL from January 1, 2020, through September 30, 2021.

Table 38 presents net changes in the components of RWAs under the Advanced and Standardized Approaches for the nine months ended September 30, 2021.

Table 38: Analysis of Changes in RWAs

(in millions)		Advanced Approach	Standardized Approach
RWAs at December 31, 2020	$	1,158,355	1,193,744
Net change in credit risk RWAs (1)		(10,852)	38,435
Net change in market risk RWAs		(13,268)	(13,268)
Net change in operational risk RWAs		4,400	—
Total change in RWAs		(19,720)	25,167
RWAs at September 30, 2021	**$**	**1,138,635**	**1,218,911**

(1) Includes an increase of $132 million under the Standardized Approach and a decrease of $1.4 billion under the Advanced Approach related to the impact of the CECL transition provision on our excess allowance for credit losses. See Table 36 for additional information.

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

Table 39 provides a reconciliation of these non-GAAP financial measures to GAAP financial measures.

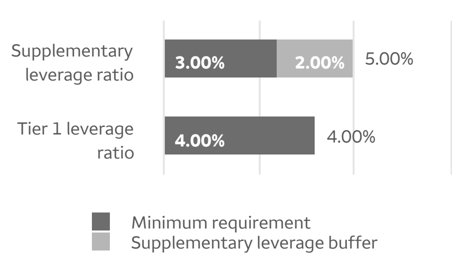
Table 39: Tangible Common Equity

		Balance at period end			Average balance				
		Quarter ended			Quarter ended			Nine months ended	
(in millions, except ratios)		**Sep 30, 2021**	Jun 30, 2021	Sep 30, 2020	**Sep 30, 2021**	Jun 30, 2021	Sep 30, 2020	**Sep 30, 2021**	Sep 30, 2020
Total equity		**$ 191,071**	193,127	181,727	**194,041**	190,968	181,377	**191,379**	184,435
Adjustments:									
Preferred stock		**(20,270)**	(20,820)	(21,098)	**(21,403)**	(21,108)	(21,098)	**(21,449)**	(21,411)
Additional paid-in capital on preferred stock		**120**	136	159	**145**	138	158	**143**	145
Unearned ESOP shares		**875**	875	875	**875**	875	875	**875**	1,052
Noncontrolling interests		**(2,043)**	(1,865)	(859)	**(1,845)**	(1,313)	(761)	**(1,427)**	(730)
Total common stockholders' equity	(A)	**169,753**	171,453	160,804	**171,813**	169,560	160,551	**169,521**	163,491
Adjustments:									
Goodwill		**(26,191)**	(26,194)	(26,387)	**(26,192)**	(26,213)	(26,388)	**(26,262)**	(26,386)
Certain identifiable intangible assets (other than MSRs)		**(281)**	(301)	(366)	**(290)**	(310)	(378)	**(310)**	(401)
Goodwill and other intangibles on nonmarketable equity securities (included in other assets)		**(2,120)**	(2,256)	(2,019)	**(2,169)**	(2,208)	(2,045)	**(2,198)**	(2,040)
Applicable deferred taxes related to goodwill and other intangible assets (1)		**886**	875	842	**882**	873	838	**873**	828
Tangible common equity	(B)	**$ 142,047**	143,577	132,874	**144,044**	141,702	132,578	**141,624**	135,492
Common shares outstanding	(C)	**3,996.9**	4,108.0	4,132.5	**N/A**	N/A	N/A	**N/A**	N/A
Net income applicable to common stock	(D)	**N/A**	N/A	N/A	**$ 4,787**	5,743	2,901	**$ 14,786**	(955)
Book value per common share	(A)/(C)	**$ 42.47**	41.74	38.91	**N/A**	N/A	N/A	**N/A**	N/A
Tangible book value per common share	(B)/(C)	**35.54**	34.95	32.15	**N/A**	N/A	N/A	**N/A**	N/A
Return on average common stockholders' equity (ROE) (annualized)	(D)/(A)	**N/A**	N/A	N/A	**11.05 %**	13.59	7.19	**11.66 %**	(0.78)
Return on average tangible common equity (ROTCE) (annualized)	(D)/(B)	**N/A**	N/A	N/A	**13.18**	16.26	8.71	**13.96**	(0.94)

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

LEVERAGE REQUIREMENTS As a BHC, we are required to maintain a supplementary leverage ratio (SLR) to avoid restrictions on capital distributions and discretionary bonus payments and maintain a minimum tier 1 leverage ratio. Table 40 presents the leverage requirements applicable to the Company as of September 30, 2021.

Table 40: Leverage Requirements Applicable to the Company



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

The FRB and OCC have proposed amendments to the SLR rules. For information regarding the proposed amendments to the SLR rules, see the "Capital Management – Leverage Requirements" section in our 2020 Form 10-K.

At September 30, 2021, the Company's SLR was 6.94%, and each of our IDIs exceeded their applicable SLR requirements. Table 41 presents information regarding the calculation and components of the Company's SLR and tier 1 leverage ratio.

Table 41: Leverage Ratios for the Company

(in millions, except ratios)			Quarter ended September 30, 2021
Tier 1 capital	(A)	$	160,615
Total average assets			1,950,164
Less: Goodwill and other permitted Tier 1 capital deductions (net of deferred tax liabilities)			28,814
Total adjusted average assets			1,921,350
Plus adjustments for off-balance sheet exposures:			
Derivatives (1)			70,638
Repo-style transactions (2)			3,668
Other (3)			317,978
Total off-balance sheet exposures			392,284
Total leverage exposure	(B)	$	2,313,634
Supplementary leverage ratio	(A)/(B)		6.94%
Tier 1 leverage ratio (4)			8.36%

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

TOTAL LOSS ABSORBING CAPACITY As a G-SIB, we are required to have a minimum amount of equity and unsecured long-term debt for purposes of resolvability and resiliency, often referred to as Total Loss Absorbing Capacity (TLAC). U.S. G-SIBs are required to have a minimum amount of TLAC (consisting of CET1 capital and additional tier 1 capital issued directly by the top-tier or covered BHC plus eligible external long-term debt) to avoid restrictions on capital distributions and discretionary bonus payments, as well as a minimum amount of eligible unsecured long-term debt. The components used to calculate our minimum TLAC and eligible unsecured long-term debt requirements as of September 30, 2021, are presented in Table 42.

Table 42: Components Used to Calculate TLAC and Eligible Unsecured Long-Term Debt Requirements

TLAC requirement

Greater of:

18.00% of RWAs + TLAC buffer (equal to 2.50% of RWAs + method one G-SIB capital surcharge + any countercyclical buffer)	7.50% of total leverage exposure (the denominator of the SLR calculation) + External TLAC leverage buffer (equal to 2.00% of total leverage exposure)

Minimum amount of eligible unsecured long-term debt

Greater of:

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

The FRB and OCC have proposed amendments to the TLAC and eligible unsecured long-term debt requirements. For information regarding these proposed amendments, see the "Capital Management – Total Loss Absorbing Capacity" section in our 2020 Form 10-K.

Table 43 provides our TLAC and eligible unsecured long-term debt and related ratios as of September 30, 2021, and December 31, 2020.

Table 43: TLAC and Eligible Unsecured Long-Term Debt

($ in millions)	TLAC (1)	Regulatory Minimum (2)	Eligible Unsecured Long-term Debt	Regulatory Minimum
				September 30, 2021
Total eligible amount	**$ 288,605**		**124,338**	
Percentage of RWAs (3)	**23.68 %**	**21.50**	**10.20**	**8.00**
Percentage of total leverage exposure	**12.47**	**9.50**	**5.37**	**4.50**
				December 31, 2020
Total eligible amount	$ 307,226		140,703	
Percentage of RWAs (3)	25.74 %	22.00	11.79	8.00
Percentage of total leverage exposure (4)	15.64	9.50	7.16	4.50

(1) TLAC ratios are calculated using the CECL transition provision issued by federal banking regulators.
(2) Represents the minimum required to avoid restrictions on capital distributions and discretionary bonus payments.
(3) Our minimum TLAC and eligible unsecured long-term debt requirements are calculated based on the greater of RWAs determined under the Standardized and Advanced Approaches.
(4) Total leverage exposure at December 31, 2020, reflected an interim final rule issued by the FRB that temporarily allowed a bank holding company 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.

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

Capital Planning and Stress Testing

Our planned long-term capital structure is designed to meet regulatory and market expectations. We believe that our long-term targeted capital structure enables us to invest in and grow our business, satisfy our customers' financial needs in varying environments, access markets, and maintain flexibility to return capital to our shareholders. Our long-term targeted capital structure also considers capital levels sufficient to exceed capital requirements including the G-SIB capital surcharge. Accordingly, we currently target a long-term CET1 capital ratio that is 100 basis points above our regulatory requirement plus an incremental buffer of 25 to 50 basis points. Our capital targets are subject to change based on various factors, including changes to the regulatory capital framework and expectations for large banks promulgated by bank regulatory agencies, changes to the regulatory requirements for our capital ratios, planned capital actions, changes in our risk profile and other factors.

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

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

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

At September 30, 2021, we had remaining Board authority to repurchase approximately 500 million shares, subject to regulatory and legal conditions. For additional information about share repurchases during third quarter 2021, see Part II, Item 2 in this Report.

Regulatory Matters

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

For a discussion of certain consent orders applicable to the Company, see the "Overview" section in this Report. For a discussion of other significant regulations and regulatory oversight initiatives that have affected or may affect our business, see the "Regulatory Matters" and "Risk Factors" sections in our 2020 Form 10-K and the "Regulatory Matters" section in our 2021 First and Second Quarter Reports on Form 10-Q.

Critical Accounting Policies

Our significant accounting policies (see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2020 Form 10-K) are fundamental to understanding our results of operations and financial condition because they require that we use estimates and assumptions that may affect the value of our assets or liabilities and financial results. Six of these policies are critical because they require management to make difficult, subjective and complex judgments about matters that are inherently uncertain and because it is likely that materially different amounts would be reported under different conditions or using different assumptions. These policies govern:

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

Management has discussed these critical accounting policies and the related estimates and judgments with the Board's Audit Committee. For additional information on these policies, see the "Critical Accounting Policies" section and Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2020 Form 10-K.

Current Accounting Developments

The following significant accounting update has been issued by the Financial Accounting Standards Board (FASB) and is applicable to us, but is not yet effective:

- Accounting Standards Update (ASU or Update) 2018-12 – Financial Services – Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts* and subsequent related updates

ASU 2018-12 See the "Current Accounting Developments" section in our 2020 Form 10-K for information on the effective date and our assessment of the expected financial statement impact upon adoption.

Other Accounting Developments

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

- ASU 2020-06 – Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*
- ASU 2021-05 – Leases (Topic 842): *Lessors – Certain Leases with Variable Lease Payments*
- ASU 2021-08 – Business Combinations (Topic 805): *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*

Forward-Looking Statements

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

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

- current and future economic and market conditions, including the effects of declines in housing prices, high unemployment rates, U.S. fiscal debt, budget and tax matters, geopolitical matters, and any slowdown in global economic growth;
- the effect of the COVID-19 pandemic, including on our credit quality and business operations, as well as its impact on general economic and financial market conditions;
- our capital and liquidity requirements (including under regulatory capital standards, such as the Basel III capital standards) and our ability to generate capital internally or raise capital on favorable terms;
- current, pending or future legislation or regulation that could have a negative effect on our revenue and businesses, including rules and regulations relating to bank products and financial services;
- developments in our mortgage banking business, including the extent of the success of our mortgage loan modification efforts, the amount of mortgage loan repurchase demands that we receive, any negative effects relating to our mortgage servicing, loan modification or foreclosure practices, and the effects of regulatory or judicial requirements or guidance impacting our mortgage banking business and any changes in industry standards;
- our ability to realize any efficiency ratio or expense target as part of our expense management initiatives, including as a result of business and economic cyclicality, seasonality, changes in our business composition and operating environment, growth in our businesses and/or acquisitions, and unexpected expenses relating to, among other things, litigation and regulatory matters;
- the effect of the current interest rate environment or changes in interest rates or in the level or composition of our assets or liabilities on our net interest income, net interest margin and our mortgage originations, mortgage servicing rights and mortgage loans held for sale;
- significant turbulence or a disruption in the capital or financial markets, which could result in, among other things, reduced investor demand for mortgage loans, a reduction in the availability of funding or increased funding costs, and declines in asset values and/or recognition of impairments of securities held in our debt securities and equity securities portfolios;
- the effect of a fall in stock market prices on our investment banking business and our fee income from our brokerage and wealth management businesses;
- negative effects from the retail banking sales practices matter and from other instances where customers may have experienced financial harm, including on our legal, operational and compliance costs, our ability to engage in certain business activities or offer certain products or services, our ability to keep and attract customers, our ability to attract and retain qualified employees, and our reputation;
- resolution of regulatory matters, litigation, or other legal actions, which may result in, among other things, additional costs, fines, penalties, restrictions on our business activities, reputational harm, or other adverse consequences;
- a failure in or breach of our operational or security systems or infrastructure, or those of our third-party vendors or other service providers, including as a result of cyber attacks;
- the effect of changes in the level of checking or savings account deposits on our funding costs and net interest margin;
- fiscal and monetary policies of the Federal Reserve Board;
- changes to U.S. tax guidance and regulations, as well as the effect of discrete items on our effective income tax rate;
- our ability to develop and execute effective business plans and strategies; and
- the other risk factors and uncertainties described under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020.

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

For additional information about factors that could cause actual results to differ materially from our expectations, refer to our reports filed with the Securities and Exchange Commission, including the discussion under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020, as filed with the Securities and Exchange Commission and available on its website at www.sec.gov.[1]

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

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

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

Risk Factors

An investment in the Company involves risk, including the possibility that the value of the investment could fall substantially and that dividends or other distributions on the investment could be reduced or eliminated. For a discussion of risk factors that could adversely affect our financial results and condition, and the value of, and return on, an investment in the Company, we refer you to the “Risk Factors” section in our 2020 Form 10-K.