



2022

Annual Report

Wells Fargo & Company

CEO Letter

Dear Shareholders,

I'm proud to report that Wells Fargo continued to make progress on our priorities in 2022. Our underlying financial performance is improving, we are moving forward on our risk, control and regulatory agenda, we are focusing on businesses where we can generate appropriate risk-adjusted returns, we continue to strengthen the leadership team, and we are executing on our strategic objectives. While we have made progress, our work is not complete and we remain focused on successful and timely execution of our multi-year journey to complete our risk and control work and to move forward with our businesses.

Stronger financial performance

Our financial performance benefitted as we continued to drive improved efficiency, and it was positively impacted by both rising rates and a benign credit environment.

In 2022, Wells Fargo generated \$13.2 billion in net income, or \$3.17 per common share. Our results were significantly impacted by \$7 billion of operating losses, primarily related to putting historical issues behind us, including litigation, regulatory matters, and customer remediations. However, our performance excluding those items was solid and demonstrates the continued progress we are making to improve returns.

Our revenue decreased 6% from the previous year. The higher rate environment and good loan growth drove strong growth in net interest income, which was up 26% from a year ago. However, this growth was more than offset by lower net gains from equity securities, mortgage banking, and investment advisory and other asset-based fees reflecting market conditions, as well as the lost revenue related to businesses we sold in 2021.

Expenses increased 6% from a year ago, reflecting higher operating losses primarily related to putting historical matters behind us, as noted above. Excluding operating losses, noninterest expense declined from a year ago, reflecting continued progress on our efficiency initiatives and the impact from business sales. We achieved these efficiency gains while we made continued investments in our risk and control infrastructure and in strategic initiatives across our businesses, and in the face of continued inflationary pressures.

Credit quality remained strong, but, as expected, losses started to slowly increase in the second half of the year off their

historical lows. Our net charge-off rate declined from 18 basis points in 2021 to 17 basis points in 2022, and our allowance for credit losses declined by \$75 million in 2022, as our reserve release in the first quarter was slightly larger than the reserve builds we had in the last three quarters of the year.

Loans outstanding increased by 7% from one year ago, with growth in both our consumer and commercial portfolios. Consumer Banking and Lending grew 4%, driven by growth in residential mortgage and credit card, which offset a decline in auto loans. Both Commercial Banking and Corporate and Investment Banking had strong loan growth, with commercial loans up 9% from a year ago, driven by growth across all asset classes. Average deposits in 2022 decreased 1% to \$1.42 trillion, as higher market rates spurred customers to look for higher yielding alternatives, and consumers continued to spend savings that built up during the pandemic.

Our capital levels remained well above our required regulatory minimums plus buffers. We increased our quarterly common stock dividend in the first quarter of 2022 from \$0.20 per share to \$0.25 per share and then to \$0.30 in the third quarter of 2022. While we did not repurchase any common stock in the last three quarters of 2022, we have repurchased shares in the first quarter of 2023.

Our return on equity was 7.5% and our return on tangible common equity (ROTCE) was 9.0%¹. Both of these ratios were impacted by the operating losses I highlighted earlier.

In my shareholder letter over the past two years, I have discussed our path to higher returns. Since 2020, we have executed on a number of important items to improve our returns, including returning \$16 billion to shareholders through net common stock repurchases, increasing our common stock dividend from \$0.10 per share to \$0.30 per share, and delivering approximately \$7.5 billion of gross expense saves. Based on these actions and others that are in flight, we believe we have a clear line of sight to a sustainable ROTCE of approximately 15% in the medium term. In order to achieve that, we need to continue to optimize our capital, including returning capital to shareholders and redeploying capital to higher returning businesses; execute on efficiency initiatives; and benefit from the investments we are making in our businesses.

¹ Return on tangible common equity (ROTCE) is a non-GAAP financial measure. For additional information, including a corresponding reconciliation to GAAP financial measures, see the "Financial Review – Capital Management – Tangible Common Equity" section in this Report.

We are actively watching the economy

Consumers

After a period of strong economic growth and low unemployment, the Federal Reserve has been increasing interest rates aggressively with a goal of combatting high inflation. Increasing interest rates and a slowing economy have caused headwinds for some of our customers, but our customers have largely remained resilient over the past year, with deposit balances, consumer spending and credit quality still stronger than pre-pandemic levels.

Consumer credit card spend continued to be strong in 2022, with spending up 25% compared with 2021, which reflects the benefit of new Wells Fargo product launches. Almost all spending categories had double-digit spend growth year over year. Consumer debit card spend slowed to 3% growth in 2022 compared to 2021. Growth was driven by ticket size since transaction volume was flat year-over-year, and discretionary spend outpaced non-discretionary spend.

At the same time, we are carefully watching the impact of higher rates and we expect to see deposit balances continue to decrease and credit quality to continue to weaken. For certain cohorts of customers, average deposit balances are below pre-pandemic levels, and we are closely monitoring activity for signs of potential stress. For our borrowers, we are working to limit the risk – both to them and to us – of overextension. We have taken selective actions across our consumer lending businesses to mitigate risks associated with inflation and increased debt leverage. In our auto business, we have adjusted policies to address risk associated with collateral value declines and inflationary pressures on consumers' ability to pay. In home lending, we have tightened loan-to-value policies nationally and even more so in local markets that have elevated home value risk. Additionally, in our card business, we have tightened our lending policy to focus on applicants who may be exhibiting debt-seeking behavior.

Businesses

Commercial loans grew 9% in 2022, with most of the growth in the first half of the year. Higher inventory levels contributed to increased working capital needs, which drove higher utilization rates. However, utilization rates stabilized in the second half of the year, and current data is not pointing to additional inventory builds, which indicates most businesses are carefully managing inventory levels amid slowing demand.

We continue to closely monitor the most pandemic-impacted sectors and inflation-sensitive industries in our commercial portfolio. This includes:

- Updating underwriting guidelines to include interest-rate sensitivity to leveraged loans

- Analyzing supply chain issues, inflationary pressures, and the impact of a potential recession
- Making timely updates to our watchlist

The Commercial Real Estate office market is showing signs of weakness due to lower demand, driving higher vacancy rates and deteriorating operating performance. Challenging economic and capital market conditions are also buffeting the office market, and while we haven't seen this translate to significant loss content yet, we do expect to see stress over time and are proactively working with borrowers to manage our exposure. Specifically, we have issued underwriting guidance for navigating current conditions, including limited tolerance for new credit policy exceptions, increasing minimum debt yield thresholds, and stress testing and expansion of the watchlist process, including additional emphasis on the office market.

Looking ahead to the remainder of 2023, we are prepared for a range of scenarios. As a large lender to both consumers and businesses in the United States, we have significant credit exposure across our businesses, and as the Federal Reserve continues to take action to reduce inflation, we will continue to monitor both the markets and our own customer data and will react accordingly. If our view of economic stress deteriorates from our view at the end of 2022, we will likely add to credit loss reserves during 2023.

Moving forward on our risk, control, and regulatory agenda

We continue to move forward with the foundational work of building out a risk and control framework appropriate for our company. This multi-year journey continues to be about setting clear priorities, cultural change, and operational execution. I have been clear and consistently reinforce that this foundational work is our top priority. This should always be the case for a bank such as ours, but this has not always been the case, so reinforcement is necessary. We remain confident in our ability to complete this work and build appropriate risk, control, and operational excellence into our culture.

The Acting Comptroller of the Currency gave an important speech in January addressing the potential difficulties of managing a large bank. Given that the OCC is a key supervisor of ours, we take the speech seriously and are focused on its key messages.

The speech focused on the view that there are limits to an organization's manageability based on size and, if so, that the most efficient and effective way to fix this is to compel its simplification. I am not in a position to agree or disagree with this premise, but I am in a position to have the strong point of view that Wells Fargo is not too big or complex to manage. Our shortcomings are not structural, but they are the result of historically ineffective management and the lack of proper prioritization of building out an appropriate risk and control environment that will ultimately take multiple years to correct.

We are large but are far less complex than many with whom we compete. In fact, we have more similarities with regional banks than other global systemically important banks (GSIBs), and strong and effective risk management processes should scale to a company of our size. In addition, we have acted and will continue to act on our own to simplify our company and reduce operational complexity and risk, as I detail in the section later in this letter entitled “Executing on Strategic Objectives.”

Operating at a broad scale but with less complexity than peers

1. We are primarily a US domestic bank and we do not have the many complexities that running large-scale international businesses bring. Our legal entity structure, extent of international regulatory oversight and physical footprint are far simpler than many of our competitors. Approximately 90% of our revenues come from U.S. clients or activities of non-U.S. clients in the U.S. Our businesses outside the U.S. primarily support our U.S. customer base. We are very happy with our existing footprint and are not looking beyond for growth opportunities.
2. Our products are not complex compared with those offered by other banks and are similar to those offered by smaller institutions. We predominantly provide the same products and services as regional and smaller, more local banks. We take deposits, provide financing, move money, and provide financial advice for our customers. Our trading activities and the size of our market risk are relatively small compared to other large GSIBs.
3. Scale in each of our businesses should not make us more complex. Our distribution methods are similar to smaller institutions. We manage a branch network, have relationship managers across our markets, market through the internet, traditional advertising, direct mail, and word of mouth, and we rely on our local reputation. The controls necessary to manage a network of 4,000+ branches are similar to those necessary to manage a smaller branch network. The same is true for managing relationship managers, marketing, and protecting our reputation. Senior management should be involved at a detailed level, but all institutions should have and rely on defined control frameworks in place that are effective at risk management, regardless of individuals in a seat. These frameworks can effectively scale to a bank of our size.
4. Our customers benefit from our size and reach. Wells Fargo has nearly 4,600 retail bank branches, with a presence in 25 of the largest 30 markets in the U.S. A Wells Fargo branch or ATM is within 2 miles of over half of U.S. Census households and small businesses in our footprint. The range of banking services we provide helps us build full relationships with individuals and companies, allowing us to see a full picture of their personal, family, and/or business financial needs, and to meet these needs. We have the ability to invest in technology to make it faster, safer, and

more transparent for our customers to handle their banking needs. In addition, our resources allow us to innovate quickly, developing new products, services, and digitized experiences to meet constantly changing consumer and business expectations. These capabilities, along with our size and reach, are of tangible benefit to consumers across the country, whether they live in large cities or more rural areas, and also to the U.S. economy as a whole.

Managing the company with significantly heightened discipline

We agree that there are also traits that management should avoid as they grow. These signs are familiar to us, as we identified them as historical behaviors at Wells Fargo when I arrived. We viewed them then – as we do now – as unacceptable. Our approach today is dramatically different than it was at Wells Fargo in the past and we will continue to work so it becomes part of our culture at all levels in the organization.

1. Don't hide behind materiality – As a large institution we know we cannot let our size hide potential issues. We must think about raw numbers, not just percentages which are indexed to a large customer base, asset base, or capital base. We have built functions and processes to review customer complaints, employee allegations, and issues raised from outside the company, and aim to use them to identify issues and themes so we can address them and make changes as required.
2. Don't assume incidents are isolated – One of the advantages large institutions have is the amount of data and information we see and have, but we must use it expeditiously. Individual incidents provide data points which can help us learn and react, and we should treat each as such. We strive to make data-driven decisions and to explore whether incidents that can appear isolated can in fact have broader application elsewhere in the company.
3. Identify weaknesses ourselves and address them quickly – The Acting Comptroller stated that “the business of banking is operationally intensive. Even at banks with strong teams and robust risk management systems and controls, mistakes and problems can arise. Well-managed banks identify such problems early and often, address them quickly, and take steps to prevent their recurrence.” We agree completely. Many of the historical issues we continue to work through were identified by regulators, not by us. We are changing this, emphasizing our responsibility to self-identify more issues and address them with a heightened sense of urgency. As we implement our risk and control framework, we will likely identify more issues and move with haste to implement compensating and ultimately permanent controls. Our risk and control framework is not a project, but an ongoing set of actions, and it will be part of our culture.
4. Hubris, contempt, and indifference are unacceptable and dangerous traits – We cannot believe that we know better

than others and need to react with seriousness and urgency when issues are raised – whether from employees, customers, regulators, or others outside the company. Every issue raised has the opportunity to be a learning moment and we should also proactively look at our competitors to learn as well.

5. Integration of mergers is more than a short-term technology conversion – While we have not had a merger-related systems integration in my time at Wells Fargo, we agree that “simply stitch[ing]...systems together” can cause a proliferation of issues. It is critical to merge and simplify platforms, whether merger-related or as part of a customer service strategy, as the reduced complexity in the number of platforms should make it easier to properly serve customers. For example, asking customer-service representatives to learn multiple systems to provide the same information creates more operational risk and the possibility of a poor customer experience.

But these platform mergers should be the beginning of integration, not the end. This is true looking both from our perspective and the customer perspective. Customers think of us as one company, not as separate relationships with individual lines of business. They want to see their information seamlessly and be able to transact with us easily across all of their products. Unless we integrate our platforms, we will either not appear as one company to the customer, or we will create workarounds to try and accomplish this, which creates unneeded operational risk. A major competitive advantage of Wells Fargo is serving our customers across a broad range of products, but we can only do so effectively with common platforms.

The same is true of data platforms. Pulling customer data from multiple platforms is operationally complex and expensive. Common data platforms across our company are critical. We rely on this for financial reporting, regulatory reporting, risk reporting, and the ability to assess a customer relationship holistically.

And finally, it is a mistake to lose sight of aged platforms, to not invest in improving them and to not move to new ones. New software and hardware solutions make it easier to reduce complexity and properly serve customers, and when these solutions are part of a program with a clear target state, they should significantly reduce operational complexity.

Recognizing this, Wells Fargo is implementing a modern technology stack that is cloud-native and therefore more elastic and resilient. We are applying this stack for the various product domains that we are modernizing across our businesses. Examples include a more modern digital desktop for our financial advisors in Wealth and Investment Management, our value-at-risk models in Corporate and Investment Banking, and our payment platforms across businesses. These modernization initiatives are guided top-down by a product and platform architecture that sets

clear boundaries and expectations for teams. In addition to this, the hosting of our platforms is more and more migrating to a combination of private and public cloud, powered by our partnerships with Google and Microsoft. This also is leading to faster innovation by plugging in innovative services provided by these cloud providers into our platforms.

In parallel to these modernization efforts, we are also enhancing the way we deliver software and the developer experience. We are implementing new cloud-native tool-chains that allow our developers to have the experience that they deserve: on-demand, instant, elastic and with embedded automated controls.

Further taking stock of where we stand – why haven’t we completed our risk and regulatory work

I am frequently asked why our risk and regulatory work is not complete though we have been publicly reprimanded, have a growth constraint, and I have been leading the company for over 3 years. I wish my job was merely to complete work that was well underway, but unfortunately this was not the case. Simply said, the work to build the appropriate risk and control infrastructure and close consent orders takes years when managed effectively, and we were not as far along as I had expected when I arrived. Much work was needed to build what is necessary to properly accomplish the work.

When I arrived, we did not have the culture, effective processes, or appropriate management oversight in place to remediate weaknesses on a timely basis. Today, we approach these issues differently. This management team (the broad team – not just me) has the skills and experience and is now responsible for closing our consent orders. We have changed and implemented much to put ourselves in a position to have the confidence that we can accomplish this. The specifics of our regulatory remediation plans are confidential, and while we are not where we need to be, I believe that our position is significantly improved and that we will reach our goals. We are committed to making all necessary resources available to meet our obligations.

I have said we are a different company today, and in this sub-section, I provide some examples.

1. When I arrived at the company in 2019, we had 12 open, public enforcement actions. Given this and the other control issues we needed to assess, it took many months to understand the depth and breadth of the weaknesses and what was required to complete the work.
2. We then went about recruiting a mostly new management team with the experience and skills that we did not sufficiently have at the company. A large portion of the Operating Committee was recruited during 2020 and they then needed to do their own assessments and develop plans. They then needed several years to build out their teams.

3. For each consent order Matters Requiring Attention (MRAs), and other control gaps identified, we needed to build detailed plans that satisfied both us and our regulators. Our plans are now detailed and have hundreds of deliverables with designated delivery dates. Many of our consent orders have work that relies on work from another order, so any slippage on one plan can impact another. Our ability to assess all of this accurately for work to be done over multiple years has not been perfect, and we have missed some deliverables, but we have learned, adjusted, and continue to move forward.
4. We needed to build processes to manage these across the company. Building reporting and setting up management review structures for these activities has been critical to moving the work forward. Most of these did not exist or were ineffective, and we now believe we have much more effective reporting and processes in place to provide appropriate oversight and allow us to identify issues early so we can course-correct.
5. We did not have the resources necessary to accomplish this work when I arrived. We have added close to 10,000 people across numerous risk- and control-related groups and have spent approximately \$2 billion more in 2022 than in 2018 in these areas. We are committed to make the investments needed to complete the work.
6. And we had to build the management disciplines and culture to govern and execute such a large body of work. Our Operating Committee reviews risk and regulatory progress and escalations on a weekly basis. We provide detailed reporting to the full board and appropriate committees so they can provide oversight. These reviews are systematic and detailed, and they are helping us provide the appropriate oversight and involvement to accomplish the work.

I should add that we had to do all of this during the very worst of the COVID-19 pandemic. While we were not alone in dealing with the complexities of work from home, social distancing and meeting the needs of customers during a pandemic, we were alone in what we had to build, and doing so in a remote working environment increased the difficulty level significantly.

Some have suggested that banks view enforcement actions and fines as a cost of doing business, but I can tell you that today, nothing is further from the truth at Wells Fargo. We view any such action by our regulators as something that requires immediate management attention. We aim both to avoid the necessity of such action by doing the work ourselves and, when regulators do take enforcement action against us, we follow a disciplined process to work towards closure, again with all necessary resources available for the effort.

The negative impact on our reputation of having not fulfilled our obligations is clear. Simply put, failure to satisfy our regulatory requirements carries significant consequences for our company. On the other hand, fulfilling our obligations and building an

appropriate risk and control framework will allow us to build a strong reputation amongst a broad set of stakeholders. So why do we have so many consent orders that have been open for extended periods? Again, our historical practices were inadequate, and it has taken time to build what is necessary to change our historical inadequacies.

So as I look at our situation today, the failure of Wells Fargo to complete its work appropriately has resulted in multiple consent orders, fines, and an asset cap. But I can say confidently that we have taken significant actions including focusing and simplifying the company, refreshing the board, replacing most of the senior management team, and are now moving forward to correct past deficiencies. We have the willingness and the ability to complete the work.

And to be clear, we are committed to prioritizing this work above all else by devoting all necessary resources to the effort. Our planning is designed to ensure other activities do not interfere with this top priority. If we have a conflict, our risk and control work comes first.

I have said our progress will likely not be a straight line. We continue to resolve issues that were found years ago or are the result of the inadequate control environment that existed when we arrived at the company. This means that resolution of outstanding issues such as litigation, customer remediations or regulatory investigations have and could continue to have financial impacts. Additionally, until our work is complete, we will likely find new issues that need to be remediated, and these may result in additional regulatory actions.

Finally, as we continue to execute on our detailed plans, given the scope and complexity of our work, we may miss some interim milestones. We recognize the importance of meeting milestones that we ourselves set, but perfection is unlikely. When we discover an issue, we act quickly to course-correct and do what we can to get back on schedule. This is frustrating for us and others outside the company but is not indicative of our willingness or ability to complete our work. Rather, it is an obstacle that presents itself in nearly any large-scale, multi-year transformation.

When Wells Fargo faces criticism about where we stand, I understand the sentiment. I hope this section has provided detailed context and is helpful in providing an understanding of what we are doing to close our gaps. This team is taking decisive action to move our company past these issues.

Leadership Team

Key to transforming the company, changing our culture, and realizing the full strength of our franchise is having the best management team in place. Since I joined the company in 2019, 12 of our 17 Operating Committee members are new to Wells Fargo and 15 are new to their roles. In 2022, we put in place a new Chief Auditor, a new Chief Risk Officer, a new head of Consumer Lending, and a new head of Diverse Segments, Representation and Inclusion.

We continue to refresh our management ranks more broadly. Over 80% of our senior executive leaders – a group of approximately 150 people, most of whom report to Operating Committee members – are new to their roles since 2019, and nearly 60% are new to the company over the same time period. Over 30% of the individuals in this senior executive cohort began in new roles in 2022 or 2023. New leaders who have joined over the past several years bring important experience that is necessary for our journey.

Executing on Strategic Objectives

Simplifying our business

We continue to review the strategic positioning of the company and are focusing our efforts on building products and services that are core to serving our clients. This focus has led us to decisions to sell, downsize, or curtail multiple businesses. These decisions simplify the company, reduce operational complexity and risk, and allow us to focus on both our core risk and control buildout and ways to serve our customers in our core franchises. There are several examples since I joined the company in 2019.

In January 2023, we announced plans to simplify our Home Lending business and will primarily serve bank and wealth management customers as well as borrowers in minority communities. As part of this shift, we announced our plans to exit the Correspondent business, reduce the size of our Servicing portfolio, and optimize our Retail team so it aligns with our narrower customer focus. These actions will allow us to reduce risk in the Home Lending business while continuing making homeownership possible to thousands of Americans.

Over the past year, we have taken several additional steps to simplify the way we operate. For instance, we have:

- Implemented a cloud-native operating model which will enable us to reduce reliance on older, less stable platforms and allows us to innovate faster
- Centrally organized our Control Management teams, to enable better coordination across our businesses
- Streamlined our divisional leadership in Wells Fargo Advisors, moving from eight regional divisions to four
- Combined Treasury Services platforms across Commercial Banking and Corporate and Investment Banking

Looking further back to 2021, 2020, and 2019, we have:

- Sold Wells Fargo Asset Management
- Sold our Corporate Trust Services business
- Sold our student lending portfolio and stopped the origination of new student loans
- Exited our international wealth management segment
- Sold our Canadian direct equipment finance business

- Stopped offering new home equity lines and loans
- Exited the direct Auto business
- Stopped originating personal lines of credit
- Sold our Institutional Retirement and Trust business
- In addition, over the past several years, we have closed over a dozen representative offices globally to better focus our international business, including offices in Asia, Europe, South America, the Middle East, and elsewhere.

Going forward, we will continue to evaluate our businesses with an eye toward reducing complexity, increasing risk-adjusted returns, and focusing our resources on the most important products and services our customers require. Market dynamics change, the competitive environment changes, regulatory expectations evolve and we must adjust our business accordingly.

Focusing on customer needs and expectations

Each of our businesses is working to transform how we serve our customers by offering focused, innovative products and solutions. Many of the initiatives underway reduce risk in the company and we evaluate new initiatives to consider the potential impact on our control environment. Some examples are below.

Our Consumer Businesses: Consumer and Small Business Banking, Consumer Lending, and Wealth and Investment Management

- We rolled out our new consumer mobile app with a simpler, more intuitive user experience which has improved customer satisfaction. We also completed the development of Fargo, our new AI-powered virtual assistant, which provides a more personalized, convenient, and simple consumer banking experience. Fargo is currently live for eligible employees and is set to begin rolling out to customers during the first half of this year. Providing such digitized services directly to our customers reduces operational complexity in our service centers and increases customer satisfaction.
- We continued to improve our credit card offerings including launching two new cards – Wells Fargo Autograph and BILT. While we describe these as new products, these are actually updated products in a business we have been in for many years.
- We launched Wells Fargo Premier, our new offering dedicated to the financial needs of affluent clients by bringing together our branch-based and wealth-based businesses to provide a more comprehensive, relevant, and integrated offering for our clients.
- We also relaunched Intuitive Investor in our Wealth and Investment Management segment, making it easier for customers to invest with a streamlined account opening process and a lower minimum investment.

Our Wholesale Businesses: Commercial Banking and Corporate and Investment Banking

- We have made several hires in Corporate and Investment Banking that have received some press. These hires are in industries we currently serve and products we currently offer, but the individuals bring new expertise to Wells Fargo.
- We continued to enhance the partnership within our commercial businesses to bring Corporate and Investment Banking products such as foreign exchange and M&A advisory services to our middle-market corporate clients.
- In December we announced Vantage, an enhanced digital experience for our commercial and corporate clients. Vantage uses artificial intelligence and machine learning to provide a tailored and intuitive platform based on our clients' specific needs.
- Over the past year our industry-leading API platform team continued the development of payment APIs for commercial and corporate clients, invested in solutions to support our financial institution clients, ramped-up and grew product offerings in consumer lending, and began developing commercial lending solutions.

Evolving our approach to technology

Technology is helping us better serve our consumer and corporate clients. Our technology talent is modernizing platforms for our customers, clients and colleagues. Specific areas of focus are:

- A cross-product pricing platform
- Digitization of our lending origination platforms across Small Business, Commercial and Corporate Banking
- Continued modernization of our Treasury Services and Payments platforms
- Strengthening our technological capabilities in fraud prevention
- Modernizing key corporate risk platforms
- Refreshing our Auto loans platform

These enhanced digital capabilities are just the start of the initiatives we have planned as part of our multi-year digital transformation.

Seeing early returns from this work

Our work to build better, more customer-focused products and a more technology-enabled company is generating measurable returns. For instance:

- In Consumer and Small Business Banking, mobile active customers grew 4% from a year ago.
- The new credit cards I mentioned above helped drive a 31% increase in new credit card accounts in 2022, and we've continued to maintain strong credit profiles. The average

FICO score of our new accounts in 2022 was 773, compared to 761 for the 2019 vintage.

- In Wealth and Investment Management, total active Intuitive Investor accounts increased 56% from a year ago.
- Our U.S. investment banking market share was 3.2% in 2022, up 61 basis points versus 2021. We had the #7 ranking in this year's U.S. investment banking league tables, up two spots from 2021.
- As a company, we deliver many solutions nowadays in sprints, reducing our through-put time by as much as 60% compared to 2020.

ESG, communities and customer centricity

As I look back at 2022, I'm enthusiastic about the progress we've made in serving our communities and our customers, and I feel even better about the opportunities ahead.

Let me start with the changes we made during the year to help millions of customers avoid overdraft fees and meet short-term cash needs. These efforts included:

- The elimination of non-sufficient funds fees and transfer fees for customers enrolled in Overdraft Protection.
- Early Pay Day, making eligible direct deposits available up to two days early.
- Extra Day Grace, giving eligible customers an extra business day to make deposits to avoid overdraft fees.
- And in the fourth quarter we launched Flex Loan, a new digital-only, small-dollar loan that provides eligible customers convenient and affordable access to funds. Teams from across the company came together to roll out this new product in just a few months. Though it's still early, customer response is exceeding our expectations.

The above actions build on services we've introduced over the past several years, including Clear Access Banking, a consumer banking account with no overdraft fees. We now have over 1.7 million of those accounts, up 48% from a year ago.

Beyond our customers, we have an important responsibility to strengthen the communities we serve. We continued that work in 2022. This was true on several fronts.

Supporting homeownership

- We launched a Special Purpose Credit Program in 2022, committing \$150 million to advance racial equity in homeownership, with an additional \$100 million investment towards this racial equity effort announced in 2023.
- We established Wealth Opportunities Restored through Homeownership, or WORTH, a \$60 million national effort to address systematic barriers to homeownership for people of color. Nationally, WORTH aims to help create 40,000 new homeowners of color in eight markets by the end of 2025

- We announced an expansion of our Dream.Plan.Home closing cost credit, which provides borrowers with an income at or below 80% of the area median income where the property is located up to \$5,000 to use toward closing costs. The credit is available in 16 states and in Washington, DC.
- We announced Growing Diverse Housing Developers, a \$40 million grant initiative focused on expanding the growth and success of real estate developers of color, including Black- and Latino-owned firms.

Banking inclusion

- As part of our Banking Inclusion Initiative, we launched our first Community Connections Branch outside Atlanta, with more to come. These branches offer spaces for financial health seminars and individual consultations.
- Also as part of our Banking Inclusion Initiative, we announced plans with Operation HOPE to introduce HOPE Inside centers in 20 markets. HOPE Inside Centers feature financial coaches who will help empower community members to achieve their financial goals through financial education and free one-on-one coaching. To date, we've launched these centers in the Atlanta, Houston, Los Angeles, Oakland and Phoenix metro regions.
- Since its launch in 2022, our Small Business Resource Navigator has connected nearly 1,300 small businesses to potential credit opportunities and technical assistance services provided by CDFIs.

Climate initiatives

- We announced interim greenhouse gas reduction targets for the Oil & Gas and Power sectors.
- We issued our second Inclusive Communities and Climate Bond, a \$2 billion bond that will finance projects and programs supporting housing affordability, economic opportunity, renewable energy and clean transportation.

In addition, we have made significant progress on our Diversity, Equity and Inclusion initiatives. These are detailed in our first Diversity, Equity, and Inclusion annual report, which we published last summer. We continue to push forward on our commitment to integrating DE&I across the company, and, as part of this commitment, we have commissioned an external, third-party Racial Equity Assessment. We plan to publish the results of the assessment by the end of this year.

I'm proud of all this work. We are balanced in our approach to environmental, social and governance issues, and, as I wrote a year ago, we believe that for us to be successful as a company, we must consider a broad set of stakeholders in our decisions and actions, beyond shareholders. This is not in lieu of shareholders – in fact we believe it will enhance our returns to shareholders over time. Our history has shown this to be true. Consumers and businesses want to do business with a company that has a strong reputation. A strong reputation is achieved not

just from strong financial performance, but from actively supporting employees, customers, and communities – especially those most in need.

As we look forward

I remain confident in our company. The franchise we have is enviable and will become increasingly more so as we transform the company. We have done much and we must finish the risk and control work I've described in a timeframe and with the quality to satisfy our regulators to take advantage of the opportunities in front of us, so this will remain our top priority.

We will do this while we navigate what will likely be a tricky economic environment. 2022 was a turning point in the cycle and the impact of the Federal Reserve's interest rate increases have not been fully seen in the economy yet. Though we are starting to see the impact on consumer spend, credit, housing, and demands for goods and services, it is still early. Thus far, the impact to consumers and businesses has been manageable.

Though there will certainly be some industries and segments of consumers that are more impacted than others, the rate of impact we see in our customer base is not materially accelerating. This plus the strength with which consumers and businesses went into this slowing economy is a helpful set of facts as we look forward.

While we are not predicting a severe downturn, we must be prepared for one and we are a stronger company today than 1 and 2 years ago. We have actively managed our capital position and focused on efficiency. Our margins are wider, our returns are higher, we are better managed, and our capital position is strong. While we will be impacted by a downturn in the economic cycle, we feel prepared for a downside scenario if we see broader deterioration than we currently see or predict.

We still have clear opportunities to improve our performance as we make progress on our efficiency initiatives. We will invest as necessary in our risk and control infrastructure, we will modernize our existing platforms, and we will continue to make the investments necessary serve our customers through service, technology and product enhancements.

I want to conclude by thanking our employees across the company who are working hard each day to continue to make progress on our transformation. The pressure they feel to accomplish our work is immense and the dedication that I see is unmatched. I'm thankful for all that they do and remain committed to leading us towards the goal of being the most respected financial institution in the country.

I'm excited about all that we will accomplish in the year ahead.

Charles W. Scharf

Chief Executive Officer

Wells Fargo & Company

March 3, 2023

Our Performance

\$ and shares outstanding in millions, except per share amounts	2022	2021	2020
SELECTED INCOME STATEMENT DATA			
Total revenue	\$ 73,785	78,492	74,264
Noninterest expense	57,282	53,831	57,630
Pre-tax pre-provision profit (PTPP) ¹	16,503	24,661	16,634
Provision for credit losses	1,534	(4,155)	14,129
Wells Fargo net income	13,182	21,548	3,377
Wells Fargo net income applicable to common stock	12,067	20,256	1,786
COMMON SHARE DATA			
Diluted earnings per common share	3.14	4.95	0.43
Dividends declared per common share	1.10	0.60	1.22
Common shares outstanding	3,833.8	3,885.8	4,144.0
Average common shares outstanding	3,805.2	4,061.9	4,118.0
Diluted average common shares outstanding	3,837.0	4,096.2	4,134.2
Book value per common share ²	\$ 41.89	43.32	39.71
Tangible book value per common share ^{2,3}	34.89	36.35	32.99
SELECTED EQUITY DATA (PERIOD-END)			
Total equity	181,875	190,110	185,712
Common stockholders' equity	160,614	168,331	164,570
Tangible common equity ³	133,752	141,254	136,727
PERFORMANCE RATIOS			
Return on average assets (ROA) ⁴	0.70%	1.11	0.17
Return on average equity (ROE) ⁵	7.5	12.0	1.1
Return on average tangible common equity (ROTCE) ³	9.0	14.3	1.3
Efficiency ratio ⁶	78	69	78
SELECTED BALANCE SHEET DATA (AVERAGE)			
Loans	\$ 929,820	864,288	941,788
Assets	1,894,309	1,941,905	1,941,709
Deposits	1,424,269	1,437,812	1,376,011
SELECTED BALANCE SHEET DATA (PERIOD-END)			
Debt securities	496,808	537,531	501,207
Loans	955,871	895,394	887,637
Allowance for loan losses	12,985	12,490	18,516
Assets	1,881,016	1,948,068	1,952,911
Deposits	1,383,985	1,482,479	1,404,381
OTHER METRICS			
Common Equity Tier 1 (CET1) ratio ⁷	10.60%	11.35	11.59
Market capitalization	\$ 158,298	186,441	125,066
Headcount (#) (period-end)	238,698	249,435	268,531

1. Pre-tax pre-provision profit (PTPP) is total revenue less noninterest expense. Management believes that PTPP is a useful financial measure because it enables investors and others to assess the Company's ability to generate capital to cover credit losses through a credit cycle.
2. Book value per common share is common stockholders' equity divided by common shares outstanding. Tangible book value per common share is tangible common equity divided by common shares outstanding.
3. Tangible common equity, tangible book value per common share, and return on average tangible common equity are non-GAAP financial measures. For additional information, including a corresponding reconciliation to GAAP financial measures, see the "Financial Review – Capital Management – Tangible Common Equity" section in this Report.
4. Represents Wells Fargo net income divided by average assets.
5. Represents Wells Fargo net income applicable to common stock divided by average common stockholders' equity.
6. The efficiency ratio is noninterest expense divided by total revenue (net interest income and noninterest income).
7. Represents our Common Equity Tier 1 (CET1) ratio calculated under the Standardized Approach, which is our binding CET1 ratio. For additional information, see the "Financial Review – Capital Management" section and Note 25 (Regulatory Capital Requirements and Other Restrictions) to Financial Statements in this Report.

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Financial Review

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Glossary of Acronyms

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

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

Financial Review

Overview

Wells Fargo & Company is a leading financial services company that has approximately \$1.9 trillion in assets, proudly serves one in three U.S. households and more than 10% of small businesses in the U.S., and is a leading middle market banking provider in the U.S. We provide a diversified set of banking, investment and mortgage products and services, as well as consumer and commercial finance, through our four reportable operating segments: Consumer Banking and Lending, Commercial Banking, Corporate and Investment Banking, and Wealth and Investment Management. Wells Fargo ranked No. 41 on *Fortune’s* 2022 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 December 31, 2022.

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

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

On February 2, 2018, the Company entered into a consent order with the Board of Governors of the Federal Reserve System (FRB). As required by the consent order, the Company’s Board of Directors (Board) submitted to the FRB a plan to further enhance the Board’s governance and oversight of the Company, and the Company submitted to the FRB a plan to further improve the Company’s compliance and operational risk management program. The Company continues to engage with the FRB as the Company works to address the consent order provisions. The consent order also requires the Company, following the FRB’s acceptance and approval of the plans and the Company’s adoption and implementation of the plans, to complete an initial third-party review of the enhancements and improvements

provided for in the plans. Until this third-party review is complete and the plans are approved and implemented to the satisfaction of the FRB, the Company’s total consolidated assets as defined under the consent order will be limited to the level as of December 31, 2017. Compliance with this asset cap is measured on a two-quarter daily average basis to allow for management of temporary fluctuations. After removal of the asset cap, a second third-party review must also be conducted to assess the efficacy and sustainability of the enhancements and improvements.

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

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

Consent Order with the OCC Regarding Loss Mitigation Activities

On September 9, 2021, the Company entered into a consent order with the OCC requiring the Company to improve the execution, risk management, and oversight of loss mitigation activities in its Home Lending business. In addition, the consent order restricts the Company from acquiring certain third-party