

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K**

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2020 Commission File Number 001-2979

WELLS FARGO & COMPANY

(Exact name of registrant as specified in its charter)

Delaware **No. 41-0449260**
(State of incorporation) (I.R.S. Employer Identification No.)

420 Montgomery Street, San Francisco, California 94104

(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: **1-866-249-3302**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, par value \$1-2/3	WFC	NYSE
7.5% Non-Cumulative Perpetual Convertible Class A Preferred Stock, Series L	WFC.PRL	NYSE
Depository Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series N	WFC.PRN	NYSE
Depository Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series O	WFC.PRO	NYSE
Depository Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series P	WFC.PRQ	NYSE
Depository Shares, each representing a 1/1000th interest in a share of 5.85% Fixed-to-Floating Rate Non-Cumulative Perpetual Class A Preferred Stock, Series Q	WFC.PRQ	NYSE
Depository Shares, each representing a 1/1000th interest in a share of 6.625% Fixed-to-Floating Rate Non-Cumulative Perpetual Class A Preferred Stock, Series R	WFC.PRR	NYSE
Depository Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series W	WFC.PRW	NYSE
Depository Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series X	WFC.PRX	NYSE
Depository Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series Y	WFC.PRY	NYSE
Depository Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series Z	WFC.PRZ	NYSE
Depository Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series AA	WFC.PRA	NYSE
Depository Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series CC	WFC.PRC	NYSE
Guarantee of 5.80% Fixed-to-Floating Rate Normal Wachovia Income Trust Securities of Wachovia Capital Trust III	WFC/TP	NYSE
Guarantee of Medium-Term Notes, Series A, due October 30, 2028 of Wells Fargo Finance LLC	WFC/28A	NYSE

Securities registered pursuant to Section 12(g) of the Act:

Dividend Equalization Preferred Shares, no par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐
Non-accelerated filer ☐ Smaller reporting company ☐
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (§ 15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell Company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

At June 30, 2020, the aggregate market value of common stock held by non-affiliates was approximately \$105.2 billion, based on a closing price of \$25.60. At February 16, 2021, 4,134,106,677 shares of common stock were outstanding.

Documents Incorporated by Reference in Form 10-K

Incorporated Documents

Where incorporated in Form 10-K

1. Portions of the Company's Annual Report to Shareholders for the year ended December 31, 2020 ("2020 Annual Report to Shareholders")	Part I – Items 1, 1A, 2 and 3; Part II – Items 5, 7, 7A, 8 and 9A; and Part IV– Item 15
2. Portions of the Company's Proxy Statement for the Annual Meeting of Shareholders to be held April 27, 2021 ("2021 Proxy Statement")	Part III – Items 10, 11, 12, 13 and 14

PART I.

ITEM 1. BUSINESS

Wells Fargo & Company is a corporation organized under the laws of Delaware and a financial holding company and a bank holding company registered under the Bank Holding Company Act of 1956, as amended (BHC Act). Its principal business is to act as a holding company for its subsidiaries. References in this report to “the Parent” mean the holding company. References to “we,” “our,” “us” or “the Company” mean the holding company and its subsidiaries that are consolidated for financial reporting purposes.

At December 31, 2020, we had assets of approximately \$1.9 trillion, loans of \$887.6 billion, deposits of \$1.4 trillion and stockholders’ equity of \$185 billion. Based on assets, we were the fourth largest bank holding company in the United States. At December 31, 2020, Wells Fargo Bank, N.A. was the Company’s principal subsidiary with assets of \$1.8 trillion, or 90% of the Company’s assets.

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, are available for free at www.wellsfargo.com/about/investor-relations/filings as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission (SEC). They are also available for free on the SEC’s website at www.sec.gov¹.

DESCRIPTION OF BUSINESS

General

We are a leading financial services company that provides a diversified set of banking, investment and mortgage products and services, as well as consumer and commercial finance, through banking locations and offices, the internet (www.wellsfargo.com) and other distribution channels to individuals, businesses and institutions in all 50 states, the District of Columbia and in countries outside the U.S. We provide consumer financial products and services including checking and savings accounts, credit and debit cards, and auto, mortgage and home equity, and small business lending. In addition, we offer financial planning, private banking, investment management, and fiduciary services. We also provide financial solutions to businesses through products and services including traditional commercial loans and lines of credit, letters of credit, asset-based lending, trade financing, treasury management, and investment banking services.

As of December 31, 2020, we had four reportable operating segments for management reporting purposes: Consumer Banking and Lending; Commercial Banking; Corporate and Investment Banking; and Wealth and Investment Management. The 2020 Annual Report to Shareholders includes financial information and descriptions of these operating segments.

Human Capital

Our people are what set Wells Fargo apart and are critical to our success. Wells Fargo continues to invest in our employees by offering market competitive compensation, career-development opportunities, a broad array of benefits, and strong work-life programs.

In 2020, we introduced a new set of expectations for everyone at the Company. These expectations guide how we lead ourselves, collaborate with our colleagues, and make decisions. The following expectations apply to everyone at Wells Fargo, at every level, and in every role:

- Embrace candor
- Do what’s right
- Be great at execution
- Learn and grow
- Champion diversity and inclusion
- Build high-performing teams (for managers)

At December 31, 2020, we had an active employee headcount of 268,531, with approximately 88% of employees based in the United States. Our global workforce was 54% female and 46% male, and our U.S. workforce was 56% female and 44% male. Our U.S. workforce was 55% Caucasian/white and 45% racially/ethnically diverse.

Supporting Employees During the COVID-19 Pandemic. In response to the COVID-19 pandemic, we expanded work-from-home capabilities wherever possible, and enabled approximately 200,000 employees to work from home. For jobs that could not be done remotely, we took significant actions to enhance safety, including implementing social distancing measures, requiring employees to wear facial coverings, staggering staff and shifts, and enhancing cleaning protocols in accordance with guidance from the U.S. Centers for Disease Control and Prevention. We adjusted our child care benefits in the U.S. and Canada to provide additional resources and flexibility for employees impacted by school closures. We also enhanced our health care and time-off benefits in the U.S. to help fully cover the medical costs associated with COVID-19 and allow high-risk, exposed, or infected employees to stay home without having to take paid time off. At more than 50 of our largest U.S. sites, we launched a temporary on-site nursing service to screen for COVID-19 symptoms and refer individuals for testing. We also took a number of actions to support our employees’ financial security. We made additional cash payments to employees whose roles required them to go into the office to serve customers or other employees. For U.S. nonexempt employees, we temporarily doubled the hourly rate for time worked over 40 hours per week. We also made a \$25 million grant to the WE Care employee relief fund, which provided financial assistance to more than 23,000 U.S. and international employees facing COVID-related hardships.

Promoting Diversity, Equity and Inclusion. Meeting the increasingly diverse needs of Wells Fargo’s global customer base is critical to our company’s long-term growth and success. Wells Fargo values and promotes diversity, equity and inclusion in every aspect of our business. We are dedicated to recruitment and career development practices that support our employees and promote diversity in our workforce at all levels of our Company, including leadership positions. We have a strong record of recruiting, promoting, and rewarding women and racially/ethnically diverse employees at all levels of our Company, including a commitment to increase diverse representation in leadership roles. We use various metrics, including the actual percentage of women in our global workforce and racially/ethnically diverse individuals in senior leadership roles in the U.S. to monitor our progress. As of December 31, 2020, senior management (levels 2-4 down from the CEO) was 48% female

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.

and 25% racially/ethnically diverse, with 9% Black/African American. In November 2020, we appointed a Head of Diverse Segments, Representation and Inclusion, a newly created role reporting directly to the CEO, which has a broad mandate of driving diversity and inclusion in both our workplace and our business. This mandate included not only the work we do within our existing diversity and inclusion function, but also working with our business leaders to drive investments in products and solutions specifically for diverse populations across our country.

Pay Equity Review. Wells Fargo is committed to fair and equitable compensation practices, and we regularly review our compensation programs and practices for pay equity. Each year, we engage a third-party consultant to conduct a thorough pay equity review of employee compensation, which considers gender, race, and ethnicity. The results of our 2020 review, after accounting for factors such as role, tenure, and geography, show that women at Wells Fargo continued to earn more than 99 cents for every \$1 earned by their male peers. In addition, our U.S. employees who are racially/ethnically diverse continued to earn more than 99 cents for every \$1 earned by Caucasian/white peers. These results have remained consistent since we started publishing the results of our pay equity review in 2017.

Employee training and development. We invest heavily in coaching and training for employees and managers. We believe that when our employees feel properly supported, engaged, and confident in their skills, they are more effective and can provide an even better customer experience. During 2020, we invested more than \$200 million in employee learning and development, which included functional training, regulatory compliance, leadership and professional development, and early talent development programs for employees.

Compensation and benefits. We value and support our people as a competitive advantage. We provide all eligible full- and part-time employees (and their eligible dependents, as applicable) with a comprehensive set of benefits designed to protect their physical and financial health and to help them make the most of their financial future. Our annual investment in benefits programs per employee was approximately \$15,700. During 2020, we also raised minimum hourly pay levels in a majority of U.S. markets, with more than 25,000 employees receiving a pay adjustment.

Competition

The financial services industry is highly competitive. Our subsidiaries compete with financial services providers such as banks, savings and loan associations, credit unions, finance companies, mortgage banking companies, insurance companies, investment banks and mutual fund companies. They also face increased competition from nonbank institutions such as brokerage houses, private equity firms and online lending companies, as well as from financial services subsidiaries of commercial and manufacturing companies. Many of these competitors enjoy fewer regulatory constraints and some may have lower cost structures.

Securities firms and insurance companies that elect to become financial holding companies may acquire banks and other financial institutions. Combinations of this type could significantly change the competitive environment in which we conduct business. The financial services industry is also likely to become more competitive as further technological advances enable more companies to provide financial services. These technological advances may diminish the importance of

depository institutions and other financial intermediaries in the transfer of funds between parties.

REGULATION AND SUPERVISION

We describe below, and in Note 28 (Regulatory Capital Requirements and Other Restrictions) to Financial Statements included in the 2020 Annual Report to Shareholders, the material elements of the regulatory framework applicable to us. Banking statutes, regulations and policies are continually under review by Congress and state legislatures and federal and state regulatory agencies, as well as non-U.S. governments and financial regulators, and a change in them, including changes in how they are interpreted or implemented, could have a material effect on our business. The regulatory framework applicable to depository institutions and bank holding companies (BHCs) is intended to protect depositors, federal deposit insurance funds, consumers and the banking system as a whole, and not necessarily investors in bank holding companies such as the Company.

Statutes, regulations and policies could restrict our ability to diversify into other areas of financial services, make acquisitions, and pay dividends on our capital stock. They may also require us to provide financial support to one or more of our subsidiary banks, maintain capital balances in excess of amounts desired by management, and pay higher deposit insurance premiums as a result of a general deterioration in the financial condition of depository institutions. See the "Regulatory Matters" and "Risk Factors" sections in the 2020 Annual Report to Shareholders for additional information.

General

Parent Bank Holding Company. As a BHC, the Parent is subject to regulation under the BHC Act and to inspection, examination and supervision by its primary regulator, the Board of Governors of the Federal Reserve System (Federal Reserve Board or FRB). The Parent is also subject to the disclosure and regulatory requirements of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, both as administered by the SEC. As a company with securities listed on the New York Stock Exchange (NYSE), the Parent is subject to the rules of the NYSE for listed companies.

Subsidiary Banks. Our subsidiary national banks, and their subsidiaries, are subject to regulation and examination primarily by the Office of the Comptroller of the Currency (OCC) and also by the Federal Deposit Insurance Corporation (FDIC), the FRB, the Consumer Financial Protection Bureau (CFPB), the SEC and the Commodities Futures Trading Commission (CFTC). The non-U.S. branches and representative offices of our subsidiary national banks are subject to regulation and examination by their respective financial regulators as well as by the OCC and the FRB. Non-U.S. subsidiaries of our national bank subsidiaries may be subject to the laws and regulations of the countries in which they conduct business.

Nonbank Subsidiaries. Many of our nonbank subsidiaries are also subject to regulation by the FRB and other applicable federal and state agencies. Our insurance subsidiaries are subject to regulation by applicable state insurance regulatory agencies, as well as the FRB. Our brokerage subsidiaries are regulated by the SEC, the Financial Industry Regulatory Authority (FINRA) and, in some cases, the CFTC and the Municipal Securities Rulemaking Board, and state securities regulators. Our other nonbank subsidiaries may be subject to the laws and regulations of the federal government and/or the various states as well as non-U.S. countries in which they conduct business.

Parent Bank Holding Company Activities

“Financial in Nature” Requirement. We became a financial holding company effective March 13, 2000. We continue to maintain our status as a BHC for purposes of other FRB regulations. As a BHC that has elected to be treated as a financial holding company pursuant to the BHC Act, we may affiliate with securities firms and insurance companies and engage in other activities that are financial in nature or incidental or complementary to activities that are financial in nature. “Financial in nature” activities include securities underwriting, dealing and market making; sponsoring mutual funds and investment companies; insurance underwriting and agency; merchant banking; and activities that the FRB, in consultation with the Secretary of the U.S. Treasury, determines to be financial in nature or incidental to such financial activity. “Complementary activities” are activities that the FRB determines upon application to be complementary to a financial activity and do not pose a safety and soundness risk.

FRB approval is generally not required for us to acquire a company (other than a BHC, bank or savings association) engaged in activities that are financial in nature or incidental to activities that are financial in nature, as determined by the FRB. Prior notice to the FRB may be required, however, if the company to be acquired has total consolidated assets of \$10 billion or more. Prior FRB approval is required before we may acquire the beneficial ownership or control of more than 5% of the voting shares or substantially all of the assets of a BHC, bank or savings association. In addition, the FRB has implemented a final rule under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) that also prohibits our ability to merge, acquire all or substantially all of the assets of, or acquire control of another company if our total resulting consolidated liabilities would exceed 10% of the aggregate consolidated liabilities of all financial companies.

Because we are a financial holding company, if any of our subsidiary banks receives a rating under the Community Reinvestment Act of 1977, as amended (CRA), of less than satisfactory, we will be prohibited, until the rating is raised to satisfactory or better, from engaging in new activities or acquiring companies other than BHCs, banks or savings associations, except that we could engage in new activities, or acquire companies engaged in activities, that are closely related to banking under the BHC Act. CRA performance is also taken into account by regulators in reviewing applications to establish bank branches. In addition, if the FRB finds that the Company or any one of our subsidiary banks is not well capitalized or well managed, we would be required to enter into an agreement with the FRB to comply with all applicable capital and management requirements and which may contain additional limitations or conditions. Until corrected, we could be prohibited from engaging in any new activity or acquiring companies engaged in activities that are not closely related to banking under the BHC Act without prior FRB approval. If we fail to correct any such condition within a prescribed period, the FRB could order us to divest our banking subsidiaries or, in the alternative, to cease engaging in activities other than those closely related to banking under the BHC Act.

Interstate Banking. Under the Riegle-Neal Interstate Banking and Branching Act (Riegle-Neal Act), a BHC may acquire banks in states other than its home state, subject to any state requirement that the bank has been organized and operating for a minimum period of time, not to exceed five years, and the requirement that the BHC not control, prior to or following the proposed acquisition, more than 10% of the total amount of deposits of insured depository institutions nationwide or, unless

the acquisition is the bank holding company’s initial entry into the state, more than 30% of such deposits in the state (or such lesser or greater amount set by the state). The Riegle-Neal Act also authorizes banks to merge across state lines, subject to the same deposit limits noted above, thereby creating interstate branches. Banks are also permitted to acquire and to establish new branches in other states.

Regulatory Approval. In determining whether to approve a proposed bank acquisition, federal banking regulators will consider, among other factors, the effect of the acquisition on competition, financial condition, and future prospects including current and projected capital ratios and levels, the competence, experience, and integrity of management and record of compliance with laws and regulations, the convenience and needs of the communities to be served, including the acquiring institution’s record of compliance under the CRA, the effectiveness of the acquiring institution in combating money laundering activities and the risk to the stability of the United States banking system.

Dividend Restrictions

The Parent is a legal entity separate and distinct from its subsidiary banks and other subsidiaries. A significant source of funds to pay dividends on our common and preferred stock and principal and interest on our debt is dividends from the Parent’s subsidiaries. Various federal and state statutory provisions and regulations limit the amount of dividends the Parent’s subsidiary banks and certain other subsidiaries may pay without regulatory approval. Federal banking regulators have the authority to prohibit the Parent’s subsidiary banks from engaging in unsafe or unsound practices in conducting their businesses. The payment of dividends, depending on the financial condition of the bank in question, could be deemed an unsafe or unsound practice. The ability of the Parent’s subsidiary banks to pay dividends in the future is currently, and could be further, influenced by bank regulatory policies and capital requirements. For information about the restrictions applicable to the Parent’s subsidiary banks, see Note 28 (Regulatory Capital Requirements and Other Restrictions) to Financial Statements included in the 2020 Annual Report to Shareholders.

Furthermore, under a Support Agreement dated June 28, 2017, as amended and restated on June 26, 2019 (the “Support Agreement”), among the Parent, WFC Holdings, LLC, an intermediate holding company and subsidiary of the Parent (the “IHC”), Wells Fargo Bank, N.A., Wells Fargo Securities, LLC, Wells Fargo Clearing Services, LLC, and certain other direct and indirect subsidiaries of the Parent designated as material entities for resolution planning purposes or identified as related support entities in our resolution plan, the IHC may be restricted from making dividend payments to the Parent if certain liquidity and/or capital metrics fall below defined triggers, or if the Parent’s board of directors authorizes it to file a case under the U.S. Bankruptcy Code. Any such restriction could materially and adversely impact the Parent’s liquidity and its ability to satisfy its debt and other obligations, as well as its ability to make dividend payments on its common and preferred stock. See the “Regulatory Matters” and “Risk Factors” sections of the 2020 Annual Report to Shareholders for additional information on the Support Agreement.

In addition to these restrictions on the ability of our subsidiary banks to pay dividends to us, the FRB requires large BHCs, including Wells Fargo, to submit annual capital plans describing planned capital distributions, such as the payment of dividends. The FRB also finalized rules implementing in the

United States the Basel Committee on Banking Supervision's regulatory capital rules, including the reforms known as Basel III, which established various capital requirements for U.S. banking organizations. Moreover, federal banking regulators have finalized rules that require leverage and supplementary leverage ratio requirements for large BHCs, like Wells Fargo, and their insured depository institutions. We are also subject to the FRB's rule implementing an additional capital surcharge on those U.S. banking organizations, such as the Company, that are designated as global systemically important banks (G-SIBs). The failure to meet any of these requirements could result in limitations or restrictions on our ability to make capital distributions.

In addition, the FRB's enhanced supervision regulations for large BHCs, like Wells Fargo, impose capital distribution restrictions, including on the payment of dividends, upon the occurrence of capital, stress test, risk management, or liquidity risk management triggers. For more information on regulations or arrangements that may impose capital distribution restrictions on the Company and its subsidiaries, see the "Capital Management," "Regulatory Matters" and "Risk Factors" sections of the 2020 Annual Report to Shareholders.

Holding Company Structure

Transfer of Funds from Subsidiary Banks. The Parent's subsidiary banks are subject to restrictions under federal law that limit the transfer of funds or other assets from such subsidiaries to the Parent and its nonbank subsidiaries (including affiliates) in so-called "covered transactions." In general, covered transactions include loans and other extensions of credit, investments and asset purchases, as well as certain other transactions involving the transfer of value from a subsidiary bank to an affiliate or for the benefit of an affiliate. Unless an exemption applies, covered transactions by a subsidiary bank with a single affiliate are limited to 10% of the subsidiary bank's capital and surplus and, with respect to all covered transactions with affiliates in the aggregate, to 20% of the subsidiary bank's capital and surplus. Also, loans and extensions of credit to affiliates generally must be secured by qualifying collateral. A bank's transactions with its nonbank affiliates are also generally required to be on arm's length terms. The Company is also subject to lending limits and qualitative requirements on loans to executive officers, directors and principal shareholders of the Parent and its subsidiary banks.

Source of Strength. The FRB has a policy that a BHC is expected to act as a source of financial and managerial strength to each of its subsidiary banks and, under appropriate circumstances, to commit resources to support each such subsidiary bank. This support may be required at times when the BHC may not have the resources to provide the support.

The OCC may order an assessment of the Parent if the capital of one of its national bank subsidiaries were to become impaired. If the Parent failed to pay the assessment within three months, the OCC could order the sale of the Parent's stock in the national bank to cover the deficiency.

Depositor Preference. In the event of the "liquidation or other resolution" of an insured depository institution, the claims of deposits payable in the United States (including the claims of the FDIC as subrogee of insured depositors) and certain claims for administrative expenses of the FDIC as a receiver will have priority over other general unsecured claims against the institution. If an insured depository institution fails, claims of insured and uninsured U.S. depositors, along with claims of the FDIC, will have priority in payment ahead of unsecured creditors,

including the Parent, and depositors whose deposits are solely payable at such insured depository institution's non-U.S. offices.

Liability of Commonly Controlled Institutions. All of the Company's subsidiary banks in the U.S. are insured by the FDIC. FDIC-insured depository institutions can be held liable for any loss incurred, or reasonably expected to be incurred, by the FDIC due to the default of an FDIC-insured depository institution controlled by the same BHC, and for any assistance provided by the FDIC to an FDIC-insured depository institution that is in danger of default and that is controlled by the same BHC. "Default" means generally the appointment of a conservator or receiver. "In danger of default" means generally the existence of certain conditions indicating that a default is likely to occur in the absence of regulatory assistance.

Dodd-Frank Act

The Dodd-Frank Act and the numerous rules to implement its provisions have resulted in enhanced regulation and supervision of large BHCs, such as Wells Fargo. This includes, among other things, rules to promote financial stability and prevent or mitigate the risks that may arise from the material distress or failure of a large BHC; enhance consumer protections; prohibit proprietary trading; and implement enhanced prudential requirements for large BHCs regarding risk-based capital and leverage, risk and liquidity management, stress testing, and recovery and resolution planning. The Dodd-Frank Act, including current and future rules implementing its provisions and the interpretation of those rules, has affected, and we expect will continue to affect, most of our businesses in some way, either directly through regulation of specific activities or indirectly through regulation of concentration risks, capital or liquidity. For more information about the Dodd-Frank Act and its effect on our business, see the "Regulatory Matters" and "Risk Factors" sections of the 2020 Annual Report to Shareholders.

Capital and Liquidity Requirements and Capital Planning

The Company and each of our insured depository institutions are subject to various regulatory capital adequacy and liquidity requirements administered by federal banking regulators. The capital rules, among other things, establish required minimum ratios relating capital to different categories of assets and exposures. Federal banking regulators have also finalized rules to impose a leverage and supplementary leverage ratio on large BHCs, like Wells Fargo, and their insured depository institutions, and to implement a liquidity coverage ratio and a net stable funding ratio. The FRB has also finalized rules to address the amount of equity and unsecured long-term debt a G-SIB must hold to improve its resolvability and resiliency, often referred to as total loss absorbing capacity.

From time to time, federal banking regulators propose changes and amendments to, and issue interpretations of, risk-based capital requirements and related reporting instructions. In addition, the FRB closely monitors capital levels of the institutions it supervises and may require such institutions to modify capital levels based on FRB determinations. Such determinations, proposals or interpretations could, if implemented in the future, affect our reported capital ratios and net risk-adjusted assets.

As an additional means to identify problems in the financial management of depository institutions, the Federal Deposit Insurance Act (FDI Act) requires federal banking regulators to establish certain non-capital safety and soundness standards for institutions for which they are the primary federal regulator. The standards relate generally to operations and management, asset

quality, interest rate exposure, executive compensation and risk management. The agencies are authorized to take action against institutions that fail to meet such standards.

The FDI Act requires federal banking regulators to take “prompt corrective action” with respect to FDIC-insured depository institutions that do not meet minimum capital requirements. A depository institution’s treatment for purposes of the prompt corrective action provisions will depend upon how its capital levels compare to various capital measures and certain other factors, as established by regulation.

In addition, the FRB’s capital plan rule establishes capital planning and other requirements that govern capital distributions, including dividends and share repurchases, by certain BHCs, including Wells Fargo. Federal banking regulators also require stress tests to evaluate whether an institution has sufficient capital to continue to operate during periods of adverse economic and financial conditions.

For more information on our capital requirements and planning, see the “Capital Management” section of the 2020 Annual Report to Shareholders.

Deposit Insurance Assessments

Our subsidiary banks in the U.S., including Wells Fargo Bank, N.A., are members of the Deposit Insurance Fund (DIF) maintained by the FDIC. Through the DIF, the FDIC insures the deposits of our banks up to prescribed limits for each depositor and funds the DIF through assessments on member banks. To maintain the DIF, member institutions are assessed an insurance premium based on an assessment base and an assessment rate.

The FDIC has adopted a comprehensive, long-range plan for DIF management, targeting a designated reserve ratio of 2%. For the year ended December 31, 2020, the Company’s FDIC deposit insurance assessments totaled \$650 million.

The FDIC may terminate a depository institution’s deposit insurance upon a finding that the institution’s financial condition is unsafe or unsound or that the institution has engaged in unsafe or unsound practices or has violated any applicable rule, regulation, order or condition enacted or imposed by the institution’s regulatory agency. The termination of deposit insurance for one or more of our bank subsidiaries could have a material adverse effect on our earnings, depending on the collective size of the particular banks involved.

Fiscal and Monetary Policies

Our business and earnings are affected significantly by the fiscal and monetary policies of the federal government and its agencies. We are particularly affected by the monetary policies of the FRB, which regulates the supply of money and credit in the United States. Among the instruments of monetary policy available to the FRB are (a) conducting open market operations in United States government securities, (b) changing the discount rates of borrowings of depository institutions, (c) imposing or changing reserve requirements against depository institutions’ deposits, and (d) imposing or changing reserve requirements against certain borrowings by banks and their affiliates. These methods are used in varying degrees and combinations to directly affect the availability of bank loans and deposits, as well as the interest rates charged on loans and paid on deposits. The policies of the FRB may have a material effect on our business, results of operations and financial condition.

Privacy Provisions of the Gramm-Leach-Bliley Act and Restrictions on Affiliate Marketing

Federal banking regulators, as required under the Gramm-Leach-Bliley Act (the GLB Act), have adopted rules limiting the ability of

banks and other financial institutions to disclose nonpublic information about consumers to nonaffiliated third parties. The rules require disclosure of privacy policies to consumers and, in some circumstances, allow consumers to prevent disclosure of certain personal information to nonaffiliated third parties. The privacy provisions of the GLB Act affect how consumer information is transmitted through diversified financial services companies and conveyed to outside vendors. Federal financial regulators have issued regulations under the Fair and Accurate Credit Transactions Act that have the effect of increasing the length of the waiting period, after privacy disclosures are provided to new customers, before information can be shared among different affiliated companies for the purpose of marketing products and services by those affiliated companies.

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley) implemented a broad range of corporate governance and accounting measures to increase corporate responsibility, to provide for enhanced penalties for accounting and auditing improprieties at publicly traded companies, and to protect investors by improving the accuracy and reliability of disclosures under federal securities laws. We are subject to Sarbanes-Oxley because we are required to file periodic reports with the SEC under the Securities Exchange Act of 1934. Among other things, Sarbanes-Oxley and/or its implementing regulations established membership requirements and additional responsibilities for our audit committee, imposed restrictions on the relationship between us and our outside auditors (including restrictions on the types of non-audit services our auditors may provide to us), imposed additional responsibilities for our external financial statements on our chief executive officer and chief financial officer, expanded the disclosure requirements for our corporate insiders, required our management to evaluate our disclosure controls and procedures and our internal control over financial reporting, and required our independent registered public accounting firm to issue a report on our internal control over financial reporting.

Patriot Act

The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Patriot Act) is intended to strengthen the ability of U.S. law enforcement agencies and intelligence communities to work together to combat terrorism on a variety of fronts. The Patriot Act has significant implications for depository institutions, brokers, dealers and other businesses involved in the transfer of money. The Patriot Act requires the implementation of policies and procedures relating to anti-money laundering, compliance, suspicious activities, and currency transaction reporting and due diligence on customers. The Patriot Act also requires federal banking regulators to evaluate the effectiveness of an applicant in combating money laundering in determining whether to approve a proposed bank acquisition.

Future Legislation or Regulation

Economic, market and political conditions during the past few years have led to a significant amount of legislation and regulation in the U.S. and abroad affecting the financial services industry, as well as heightened expectations and scrutiny of financial services companies from banking regulators. Further legislative changes and additional regulations may change our operating environment in substantial and unpredictable ways. Such legislation and regulations could increase our cost of doing business, affect our compensation structure, restrict or expand the activities in which we may engage or affect the competitive

balance among banks, savings associations, credit unions, and other financial institutions. We cannot predict whether future legislative proposals will be enacted and, if enacted, the effect that they, or any implementing regulations, would have on our business, results of operations or financial condition.

ADDITIONAL INFORMATION

Additional information in response to this Item 1 can be found in the 2020 Annual Report to Shareholders under “Financial Review” and under “Financial Statements.” That information is incorporated into this item by reference.

ITEM 1A. RISK FACTORS

Information in response to this Item 1A can be found in this report under Item 1 and in the 2020 Annual Report to Shareholders under “Financial Review – Risk Factors.” That information is incorporated into this item by reference.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

December 31, 2020	Approximate square footage (in millions)
We currently occupy properties in:	
United States	
San Francisco, California	
420 Montgomery Street (corporate headquarters)	0.4
All other San Francisco locations	3.2
Total San Francisco, California	3.6
Top 10 other U.S. locations:	
Charlotte-Concord-Gastonia, NC-SC	8.1
Minneapolis-St. Paul-Bloomington, MN-WI	5.6
New York-Newark-Jersey City, NY-NJ-PA	3.8
Phoenix-Mesa-Chandler, AZ	3.4
Los Angeles-Long Beach-Anaheim, CA	3.4
Des Moines-West Des Moines, IA	3.1
St. Louis, MO-IL	2.3
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.8
Dallas-Fort Worth-Arlington, TX	1.7
Miami-Fort Lauderdale-Pompano Beach, FL	1.5
All other U.S. locations	40.1
Total United States	78.4
Top 5 International locations:	
India	3.7
Philippines	0.9
United Kingdom	0.3
Canada	0.2
China	0.1
All other international locations	0.3
Total International	5.5
Total square footage property occupied	83.9

As of December 31, 2020, we provided a diversified set of banking, investment and mortgage products and services, as well as consumer and commercial finance, through banking locations and offices under ownership and lease agreements. We continue to evaluate our owned and leased properties and may determine from time to time that certain of our properties are no longer necessary for our operations. There is no assurance that we will be able to dispose of any excess properties or that we will not incur charges in connection with such dispositions, which could be material to our operating results in a given period.

ADDITIONAL INFORMATION

Additional information in response to this Item 2 can be found in the 2020 Annual Report to Shareholders under “Financial Statements – Notes to Financial Statements – Note 7 (Premises, Equipment and Other Assets).” That information is incorporated into this item by reference.

ITEM 3. LEGAL PROCEEDINGS

Information in response to this Item 3 can be found in the 2020 Annual Report to Shareholders under “Financial Statements – Notes to Financial Statements – Note 15 (Legal Actions).” That information is incorporated into this item by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION

The Company’s common stock is listed on the NYSE (symbol “WFC”). The “Stock Performance” section of the 2020 Annual Report to Shareholders provides stockholder return comparisons and is incorporated herein by reference. At February 16, 2021, there were 273,418 holders of record of the Company’s common stock.

DIVIDENDS

The dividend restrictions discussions in the “Regulation and Supervision – Dividend Restrictions” section under Item 1 of this report and in the 2020 Annual Report to Shareholders under “Financial Statements – Notes to Financial Statements – Note 28

(Regulatory Capital Requirements and Other Restrictions)” are incorporated into this item by reference.

REPURCHASES OF EQUITY SECURITIES

In July 2019, our Board of Directors authorized the repurchase of 350 million shares of our common stock, of which approximately 167 million shares were remaining under this authority at December 31, 2020. In January 2021, our Board of Directors authorized the repurchase of an additional 500 million shares of our common stock. The authorizations cover shares repurchased to meet employee benefit plan requirements. The Company maintains a variety of retirement plans for its employees and typically is a net issuer of shares of common stock to these plans. From time to time, it also purchases shares of common stock from these plans to accommodate employee preferences. Share repurchases are subtracted from the Company’s repurchase authority without offset for share issuances. Shares may be repurchased as part of employee stock option exercises, from the different benefit plans or in the open market, subject to regulatory approval.

The amount and timing of stock repurchases will be based on various factors, 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. See the “Capital Management” section in the 2020 Annual Report to Shareholders for additional information about our common stock repurchases.

The following table shows Company repurchases of its common stock for each calendar month in the quarter ended December 31, 2020. In fourth quarter 2020, share repurchases were limited to repurchases in connection with the Wells Fargo & Company Stock Purchase Plan.

Calendar month	Total number of shares repurchased (1)	Weighted-average price paid per share	Maximum number of shares that may yet be repurchased under the authorization
October	38,777	\$ 23.46	167,334,604
November	42,428	24.74	167,292,176
December	50,917	29.17	167,241,259
Total	132,122		

(1) All shares were repurchased under an authorization covering up to 350 million shares of common stock approved by the Board of Directors and publicly announced by the Company on July 23, 2019. Unless modified or revoked by the Board, this authorization does not expire.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Information in response to this Item 7 can be found in the 2020 Annual Report to Shareholders under "Financial Review." That information is incorporated into this item by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information in response to this Item 7A can be found in the 2020 Annual Report to Shareholders under "Financial Review – Risk Management – Asset/Liability Management." That information is incorporated into this item by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information in response to this Item 8 can be found in the 2020 Annual Report to Shareholders under "Financial Statements," under "Notes to Financial Statements" and under "Quarterly Financial Data." That information is incorporated into this item by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Information in response to this Item 9A can be found in the 2020 Annual Report to Shareholders under "Controls and Procedures." That information is incorporated into this item by reference.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE****INFORMATION ABOUT OUR EXECUTIVE OFFICERS**

Muneera S. Carr (age 52)

Executive Vice President, Chief Accounting Officer and Controller since March 2020;
Executive Vice President and Controller from January 2020 to March 2020;
Executive Vice President from February 2013 to October 2019 and Chief Financial Officer from January 2018 to October 2019 at Comerica, Incorporated, a financial services company;
Chief Accounting Officer at Comerica Incorporated from July 2010 to January 2018.
Ms. Carr has served with the Company for 1 year.

William M. Daley (age 72)

Vice Chairman of Public Affairs since November 2019;
Vice Chairman and a member of the Executive Committee at Bank of New York Mellon, a financial services company, from June 2019 to October 2019;
Managing Partner at Argenti Capital, an investment management firm, from May 2014 to June 2019.
Mr. Daley has served with the Company for 1 year.

Derek A. Flowers (age 49)

Senior Executive Vice President and Head of Strategic Execution and Operations since June 2019;
Executive Vice President and Chief Credit and Market Risk Officer from July 2016 to June 2019;
Executive Vice President and Chief Credit Officer from July 2014 to July 2016.
Mr. Flowers has served with the Company or its predecessors for 22 years.

David C. Galloreese (age 41)

Senior Executive Vice President since January 2019, Executive Vice President from July 2018 to January 2019, and Human Resources Director since July 2018;
Senior Vice President and Head of Talent at Walmart Inc., a multinational retailer, from October 2017 to June 2018;
Senior Vice President and Chief Human Resources Officer at Sam's Club (Walmart Inc.) from October 2016 to June 2018;

Vice President and Head of Human Resources at Medallia Inc., an international software company, from May 2012 to October 2016.
Mr. Galloreese has served with the Company for 3 years.

Mary T. Mack (age 58)

Senior Executive Vice President and CEO of Consumer and Small Business Banking since February 2020;
Interim CEO of Consumer Lending from February 2020 to April 2020;
Senior Executive Vice President (Consumer Banking), reflecting the renamed Consumer Banking organization which combined Community Banking and Consumer Lending, from April 2019 to February 2020;
Senior Executive Vice President (Consumer Lending) from December 2017 to April 2019 and Senior Executive Vice President (Community Banking) from November 2016 to April 2019;
Executive Vice President (Wells Fargo Clearing Services, LLC, f/k/a Wells Fargo Advisors, LLC) from December 2009 to November 2016.
Ms. Mack has served with the Company or its predecessors for 36 years.

Amanda G. Norton (age 54)

Senior Executive Vice President and Chief Risk Officer since June 2018;
Chief Risk Officer of Consumer and Community Banking at JPMorgan Chase & Co., a financial services company, from November 2013 to June 2018.
Ms. Norton has served with the Company for 2 years.

Lester J. Owens (age 63)

Senior Executive Vice President and Head of Operations since July 2020;
Senior Executive Vice President and Head of Operations at Bank of New York Mellon, a financial services company, from February 2019 to July 2020;
Managing Director for Wholesale Banking Operations at JPMorgan Chase & Co., a financial services company, from 2007 to December 2018.
Mr. Owens has served with the Company for less than 1 year.

Ellen R. Patterson (age 47)

Senior Executive Vice President and General Counsel since March 2020;
Group Head, General Counsel at The Toronto-Dominion Bank, a financial services company, from November 2017 to March 2020;
Executive Vice President, General Counsel at The Toronto-Dominion Bank and head of legal, compliance, anti-money laundering, and General Counsel at TD Bank, N.A., a financial services company, from December 2016 to October 2017;
Senior Vice President at The Toronto-Dominion Bank and head of legal, compliance, anti-money laundering, and General Counsel at TD Bank, N.A. from December 2013 to December 2016.
Ms. Patterson has served with the Company for less than 1 year.

Perry G. Pelos (age 57)

Senior Executive Vice President and CEO of Commercial Banking since February 2020;
Senior Executive Vice President (Wholesale Banking) from November 2016 to February 2020;
Executive Vice President (Commercial Banking Services Group) from January 2016 to November 2016;
Executive Vice President (Commercial Banking, f/k/a Middle Market Banking) from May 2009 to January 2016.
Mr. Pelos has served with the Company or its predecessors for 33 years.

Scott E. Powell (age 58)

Senior Executive Vice President and Chief Operating Officer since December 2019;
President and Chief Executive Officer of Santander Consumer USA Holdings Inc., a financial services company, from August 2017 to December 2019;
Senior Executive Vice President of Santander Bank, N.A., a financial services company, from August 2017 to December 2019;
Chief Executive Officer of Santander Bank, N.A. from July 2015 to August 2017;
President and Chief Executive Officer of Santander Holdings USA Inc., a financial services company, from March 2015 to December 2019.
Mr. Powell has served with the Company for 1 year.

Michael P. Santomassimo (age 45)

Senior Executive Vice President and Chief Financial Officer since October 2020;
Senior Executive Vice President and Chief Financial Officer at Bank of New York Mellon, a financial services company, from January 2018 to July 2020;
Chief Financial Officer of Investment Services at Bank of New York Mellon from July 2016 to January 2018;
Chief Financial Officer, Banking at JPMorgan Chase & Co., a financial services company, from December 2013 to June 2016.
Mr. Santomassimo has served with the Company for less than 1 year.

Kleber R. Santos (age 47)

Senior Executive Vice President and Head of Diverse Segments, Representation and Inclusion since November 2020;
President, Retail and Direct Banking at Capital One Financial Corporation, a financial services company, from March 2017 to October 2020;
Executive Vice President of consumer bank at Capital One Financial Corporation from August 2014 to March 2017.
Mr. Santos has served with the Company for less than 1 year.

Charles W. Scharf (age 55)

Chief Executive Officer and President since October 2019;
Chief Executive Officer of Bank of New York Mellon, a financial services company, from July 2017 to September 2019;
Chief Executive Officer of Visa, Inc., a financial services company, from November 2012 to December 2016.
Mr. Scharf has served with the Company for 1 year.

Barry Sommers (age 51)

Senior Executive Vice President and CEO of Wealth and Investment Management since June 2020;
Chief Executive Officer of Wealth Management at JPMorgan Chase & Co., a financial services company, from September 2016 to April 2019;
Chief Executive Officer of the Consumer Bank at JPMorgan Chase & Co. from May 2013 to October 2016.
Mr. Sommers has served with the Company for less than 1 year.

Saul Van Beurden (age 51)

Senior Executive Vice President and Head of Technology since April 2019;
Chief Information Officer of Consumer and Community Banking at JPMorgan Chase & Co., a financial services company, from August 2016 to January 2019;
Chief Information Officer of Consumer and Business Banking at JPMorgan Chase & Co. from January 2016 to August 2016;
Chief Information Officer of Consumer Lending and Mortgage Banking at JPMorgan Chase & Co. from April 2014 to January 2016.
Mr. Van Beurden has served with the Company for 1 year.

Michael S. Weinbach (age 47)

Senior Executive Vice President and CEO of Consumer Lending since April 2020;
Chief Executive Officer of Home Lending at JPMorgan Chase & Co., a financial services company, from December 2015 to January 2020;
Mr. Weinbach has served with the Company for less than 1 year.

Jonathan G. Weiss (age 63)

Senior Executive Vice President and CEO of Corporate and Investment Banking since February 2020;
Interim CEO of Wealth and Investment Management from February 2020 to June 2020;
Senior Executive Vice President (Wealth and Investment Management) from July 2017 to February 2020;
President and Chief Executive Officer of Wells Fargo Securities, LLC from May 2014 to June 2017.
Mr. Weiss has served with the Company for 15 years.

Ather Williams III (age 50)

Senior Executive Vice President and Head of Strategy, Digital Platform, and Innovation since October 2020;
Managing Director, Head of Business Banking at Bank of America Corporation, a financial services company, from September 2017 to July 2020;
Managing Director, Head of Global Transaction Services at Bank of America Corporation from May 2015 to September 2017.
Mr. Williams has served with the Company for less than 1 year.

There is no family relationship between any of the Company's executive officers or directors. All executive officers serve at the pleasure of the Board of Directors.

AUDIT COMMITTEE INFORMATION

The Audit Committee is a standing audit committee of the Board of Directors established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The Committee has four members: Mark A. Chancy, Theodore F. Craver, Jr., Charles H. Noski (Chair), and Ronald L. Sargent. Each member is independent, as independence for audit committee members is defined by NYSE rules. The Board of Directors has determined, in its business judgment, that each member of the Audit Committee is financially literate, as required by NYSE rules, and that each qualifies as an "audit committee financial expert" as defined by SEC regulations.

CODE OF ETHICS AND BUSINESS CONDUCT

The Company's Code of Ethics and Business Conduct applicable to employees (including executive officers) as well as directors, the Company's corporate governance guidelines, and the charters for the Audit, Governance and Nominating, Human Resources, Corporate Responsibility, Credit, Finance, and Risk Committees are available at www.wellsfargo.com/about/corporate/governance. Effective March 1, 2021, the Risk Committee will have primary oversight responsibility for credit risk and the Credit Committee will become a subcommittee of the Risk Committee.

ADDITIONAL INFORMATION

Additional information in response to this Item 10 can be found in the Company's 2021 Proxy Statement under "Corporate Governance – Item 1 – Election of Directors – Director Nominees for Election" and under "Corporate Governance – Director Election Standard and Nomination Process – Director Nomination Process." That information is incorporated into this item by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information in response to this Item 11 can be found in the Company's 2021 Proxy Statement under "Corporate Governance – Compensation Committee Interlocks and Insider Participation," under "Corporate Governance – Director Compensation," under "Information About Related Persons – Related Person Transactions," and under "Executive Compensation – Compensation Committee Report," "Executive Compensation – Compensation Discussion and Analysis," "Executive Compensation – Executive Compensation Tables," and "Human Capital Management – Performance Management and Incentive Compensation – Incentive Compensation Risk Management," and "Human Capital Management – Our Workforce – CEO Pay Ratio and Median Annual Total Compensation." That information is incorporated into this item by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information about our equity compensation plans in effect on December 31, 2020, separately aggregated for plans approved by shareholders and for plans not approved by shareholders. A description of the material features of each equity compensation plan not approved by shareholders follows the table. All outstanding awards relate to shares of our common stock. Information is as of December 31, 2020, unless otherwise indicated.

Equity Compensation Plan Information

	(a)		(b)		(c)
Plan category	# of shares to be issued upon exercise of outstanding option, warrants and rights		Weighted-average exercise price of outstanding options, warrants and rights (1)		# of shares remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	55,945,540	(2)	\$ 0.00		204,307,278 (3)
Equity compensation plans not approved by security holders	5,185,538	(4)	NA		3,462,972 (5)
Total	61,131,078		0.00		207,770,250

(1) Does not reflect restricted share rights (RSRs), restricted share units (RSUs), performance share awards or deferred compensation benefits because they have no exercise price.

- (2) For the Long-Term Incentive Compensation Plan (LTICP), consists of 46,280,020 shares subject to RSRs, and a maximum of 7,556,784 performance shares. For the Supplemental 401(k) Plan, consists of 1,637,957 shares issuable upon distribution of benefits. For the Directors Stock Compensation and Deferral Plan (Directors Plan), consists of 264,598 shares issuable upon distribution of deferred stock awards, and 206,181 shares issuable upon distribution of deferred compensation benefits.
- (3) We could have issued the number of shares of our common stock indicated in the following table pursuant to any of the award types listed for the plan or, if indicated for the plan, pursuant to distributions of deferred compensation benefits. Each share of common stock issued under the LTICP pursuant to awards count as two shares.
- (4) This consists of shares of common stock issuable upon distribution of deferred compensation benefits and 2,833 shares issuable upon distribution related to the Norwest Corporation Directors' Formula Stock Award Plan.
- (5) We could have issued the number of shares of our common stock indicated in the following table pursuant to distributions of deferred compensation benefits. No information is provided for the Norwest Corporation Directors' Formula Stock Award Plan because no future awards or deferrals will be made under this plan and because column (a) reflects all shares issuable under those plans upon exercise or distribution of outstanding awards or deferred compensation benefits.

	# of shares remaining available for future issuance under equity compensation plans	Award types
Plans approved by security holders		
LTICP	202,279,485	Stock, restricted stock, RSRs, performance shares, performance units
Supplemental 401(k) Plan	1,764,227	Deferral distribution
Directors Plan	263,566	Stock options, deferral distribution
Total	204,307,278	

	# of shares remaining available for future issuance under equity compensation plans	Award types
Plans not approved by security holders		
Deferred Compensation Plan	3,305,224	Deferral distribution
Non-Qualified Deferred Compensation Plan for Independent Contractors	157,748	Deferral distribution
Total	3,462,972	

Material Features of Equity Compensation Plans Not Approved by Shareholders

Deferred Compensation Plan. Under the Deferred Compensation Plan, eligible employees may defer receipt of salary, bonuses and certain other compensation subject to the terms of the plan. Deferral elections are irrevocable once made except for limited re-deferral opportunities. We treat amounts deferred by a participant as if invested in the earnings options selected by the participant, and determine the deferred compensation benefit payable to the participant based on the performance of those earnings options. The plan offers a number of earnings options, including one based on our common stock with dividends reinvested. We generally distribute amounts allocated to the common stock option in shares of common stock. Participants have no direct interest in any of the earnings options and are general unsecured creditors of the Company with respect to their deferred compensation benefits under the plan.

Non-Qualified Deferred Compensation Plan for Independent Contractors. Under the Non-Qualified Deferred Compensation Plan for Independent Contractors participants who performed qualifying investment or other financial services for participating affiliates as independent contractors were able to defer all or part of their eligible compensation payable to them by the affiliate subject to the terms of the plan. Deferral elections were irrevocable once made. Amounts deferred by a participant were treated as if invested in the earnings options selected by the participant, which determine the deferred compensation benefit payable to the participant. The plan offered a number of earnings options, including one based on our common stock with dividends reinvested. We generally distribute amounts allocated to the common stock option in shares of common stock. No future deferrals may be made under this plan and participants may no longer reallocate their existing account balances under the plan among different investment options. Shares remaining available for issuance under the plan consist of shares issuable as a result of amounts credited to participant accounts denominated in our common stock to reflect cash dividends paid on the common stock. The plan is sponsored by a wholly owned subsidiary, WF Deferred Compensation Holdings, Inc. We have guaranteed its obligations under the plan. Participants have no direct interest in any of the earnings options and are general unsecured creditors of the plan sponsor and the Company with respect to their deferred compensation benefits under the plan.

Norwest Corporation Directors' Formula Stock Award Plan. Under the Norwest Corporation Directors' Formula Stock Award Plan we awarded shares of common stock to non-employee directors. The plan allowed participants to defer receipt of all or a portion of their awards, with dividends reinvested, until a future year or years as selected by the participants subject to the terms of the plan. Participants can elect one time to defer commencement of distribution of their deferral accounts if the election is made sufficiently in advance of the original distribution commencement date and the new distribution commencement date is sufficiently beyond the original distribution commencement date. Participants have no direct interest in the shares deferred under the plan and are general unsecured creditors of the Company with respect to payment of their deferred stock awards under the plan. No future stock awards or deferrals may be made under this plan.

ADDITIONAL INFORMATION

Additional information in response to this Item 12 can be found in the Company's 2021 Proxy Statement under "Ownership of Our Common Stock – Directors and Executive Officers – Director and Executive Officer Stock Ownership Table" and "Ownership of Our Common Stock – Principal Shareholders." That information is incorporated into this item by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information in response to this Item 13 can be found in the Company's 2021 Proxy Statement under "Corporate Governance – Item 1 – Election of Directors – Director Independence" and under "Information About Related Persons." That information is incorporated into this item by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information in response to this Item 14 can be found in the Company's 2021 Proxy Statement under "Audit Matters – Item 3 – Ratify Appointment of Independent Registered Public Accounting Firm for 2021 – KPMG Fees" and "Audit Matters – Item 3 – Ratify Appointment of Independent Registered Public Accounting Firm for 2021 – Audit Committee Pre-Approval Policies and Procedures." That information is incorporated into this item by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

1. FINANCIAL STATEMENTS

The Company's consolidated financial statements, including the Notes thereto, and the report of the independent registered public accounting firm thereon, are set forth in the 2020 Annual Report to Shareholders, and are incorporated into this item by reference.

2. FINANCIAL STATEMENT SCHEDULES

All financial statement schedules for the Company have been included in the consolidated financial statements or the related footnotes, or are either inapplicable or not required.

3. EXHIBITS

A list of exhibits to this Form 10-K is set forth below. Shareholders may obtain a copy of any of the following exhibits, upon payment of a reasonable fee, by writing to Wells Fargo & Company, Office of the Corporate Secretary, MAC D1130-117, 301 S. Tryon Street, 11th Floor, Charlotte, North

Carolina 28282.

The Company's SEC file number is 001-2979. On and before November 2, 1998, the Company filed documents with the SEC under the name Norwest Corporation. The former Wells Fargo & Company filed documents under SEC file number 001-6214. The former Wachovia Corporation filed documents under SEC file number 001-10000.

Exhibit Number	Description	Location
3(a)	Restated Certificate of Incorporation, as amended and in effect on the date hereof.	Filed herewith.
3(b)	By-Laws.	Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed March 1, 2018.
4(a)	See Exhibits 3(a) and 3(b).	
4(b)	The Company agrees to furnish upon request to the Commission a copy of each instrument defining the rights of holders of senior and subordinated debt of the Company.	
4(c)	Description of Securities.	Filed herewith.
10(a)*	Long-Term Incentive Compensation Plan (as amended and restated on April 26, 2019).	Incorporated by reference to Exhibit 10(b) to the Company's Current Report on Form 8-K filed April 26, 2019.
	Long-Term Incentive Compensation Plan (as amended and restated on April 23, 2013), which includes Performance-Based Compensation Policy.	Incorporated by reference to Exhibit 10(b) to the Company's Current Report on Form 8-K filed April 26, 2013
	Amendment to Long-Term Incentive Compensation Plan, effective January 1, 2016.	Incorporated by reference to Exhibit 10(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2015.
	Long-Term Incentive Compensation Plan.	Incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009
	Forms of Performance Share Award Agreement:	
	For grants on or after January 26, 2021;	Filed herewith.
	For grants on or after February 24, 2020;	Incorporated by reference to Exhibit 10(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2019.
	For grants on or after February 26, 2019;	Incorporated by reference to Exhibit 10(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2018.
	For grants on or after February 26, 2018;	Incorporated by reference to Exhibit 10(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2017.
	For grants on or after February 28, 2017;	Incorporated by reference to Exhibit 10(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.
	For grants on or after February 23, 2016;	Incorporated by reference to Exhibit 10(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2015.
	For grants on or after February 24, 2015; and	Incorporated by reference to Exhibit 10(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2014.
	For grants on or after February 26, 2013.	Incorporated by reference to Exhibit 10(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

* Management contract or compensatory plan or arrangement.

<u>Exhibit Number</u>	<u>Description</u>	<u>Location</u>
	Forms of Restricted Share Rights Award Agreement: For grants on or after January 26, 2021; For grants on or after February 24, 2020; Restricted Share Rights Award Agreement for grant to Charles W. Scharf on October 21, 2019; For grants on or after April 7, 2019; For grants on or after February 26, 2019; For grants on or after December 14, 2017; For grants on or after February 28, 2017; For grants on or after February 23, 2016; For grants on or after February 24, 2015; and For grants on or after February 26, 2013. Form of Non-Qualified Stock Option Agreement.	Filed herewith. Incorporated by reference to Exhibit 10(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2019. Incorporated by reference to Exhibit 10(a) to the Company's Current Report on Form 8-K filed October 25, 2019. Incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019. Incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019. Incorporated by reference to Exhibit 10(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2017. Incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017. Incorporated by reference to Exhibit 10(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2015. Incorporated by reference to Exhibit 10(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2014. Incorporated by reference to Exhibit 10(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2012. Incorporated by reference to Exhibit 10(b) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.
10(b)*	Wells Fargo Bonus Plan, as amended effective January 1, 2021. Wells Fargo Bonus Plan, as amended effective January 1, 2020. Wells Fargo Bonus Plan, as amended effective January 1, 2019. Wells Fargo Bonus Plan, as amended effective January 1, 2018. Wells Fargo Bonus Plan, as amended effective January 1, 2017.	Filed herewith. Incorporated by reference to Exhibit 10(b) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019. Incorporated by reference to Exhibit 10(b) to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019. Incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018. Incorporated by reference to Exhibit 10(b) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.
10(c)*	Deferred Compensation Plan, as amended and restated effective October 8, 2020. Deferred Compensation Plan, as amended effective January 1, 2008. Amendment to Deferred Compensation Plan, effective January 1, 2021. Amendment to Deferred Compensation Plan, effective December 31, 2018. Amendment to Deferred Compensation Plan, effective July 1, 2017.	Filed herewith. Incorporated by reference to Exhibit 10(f) to the Company's Annual Report on Form 10-K for the year ended December 31, 2009. Filed herewith. Incorporated by reference to Exhibit 10(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2018. Incorporated by reference to Exhibit 10(c) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.

<u>Exhibit Number</u>	<u>Description</u>	<u>Location</u>
	<u>Amendment to Deferred Compensation Plan, effective January 1, 2017.</u>	Incorporated by reference to Exhibit 10(d) to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.
	<u>Amendments to Deferred Compensation Plan, effective August 1, 2016 and January 1, 2017.</u>	Incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016.
	<u>Amendment to Deferred Compensation Plan, effective January 1, 2016.</u>	Incorporated by reference to Exhibit 10(e) to the Company's Annual Report on Form 10-K for the year ended December 31, 2015.
	<u>Amendment to Deferred Compensation Plan, effective January 1, 2015.</u>	Incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.
	<u>Amendment to Deferred Compensation Plan, effective January 1, 2013.</u>	Incorporated by reference to Exhibit 10(e) to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.
	<u>Amendment to Deferred Compensation Plan, effective January 1, 2011.</u>	Incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011.
	<u>Amendment to Deferred Compensation Plan, effective December 1, 2009.</u>	Incorporated by reference to Exhibit 10(f) to the Company's Annual Report on Form 10-K for the year ended December 31, 2009.
10(d)*	<u>Directors Stock Compensation and Deferral Plan.</u>	Incorporated by reference to Exhibit 10(f) to the Company's Annual Report on Form 10-K for the year ended December 31, 2007.
	<u>Amendment to Directors Stock Compensation and Deferral Plan, effective April 1, 2013.</u>	Incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.
	<u>Amendment to Directors Stock Compensation and Deferral Plan, effective January 1, 2013.</u>	Incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013.
	<u>Amendment to Directors Stock Compensation and Deferral Plan, effective January 24, 2012.</u>	Incorporated by reference to Exhibit 10(f) to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.
	<u>Amendment to Directors Stock Compensation and Deferral Plan, effective January 25, 2011.</u>	Incorporated by reference to Exhibit 10(d) to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011.
	<u>Amendment to Directors Stock Compensation and Deferral Plan, effective February 24, 2009.</u>	Incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009.
	<u>Amendments to Directors Stock Compensation and Deferral Plan, effective September 23, 2008.</u>	Incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008.
	<u>Amendment to Directors Stock Compensation and Deferral Plan, effective January 22, 2008.</u>	Incorporated by reference to Exhibit 10(f) to the Company's Annual Report on Form 10-K for the year ended December 31, 2007.
	<u>Action of Governance and Nominating Committee Increasing Amount of Formula Stock and Option Awards Under Directors Stock Compensation and Deferral Plan, effective January 1, 2007.</u>	Incorporated by reference to Exhibit 10(f) to the Company's Annual Report on Form 10-K for the year ended December 31, 2006.
	<u>Form of Non-Qualified Stock Option Agreement for grants to directors on or before April 29, 2008.</u>	Incorporated by reference to Exhibit 10(b) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.
10(e)*	<u>Deferral Plan for Directors of the former Wells Fargo.</u>	Incorporated by reference to Exhibit 10(b) to the former Wells Fargo's Annual Report on Form 10-K for the year ended December 31, 1997.
	<u>Amendment to Deferral Plan, effective January 1, 2004.</u>	Incorporated by reference to Exhibit 10(d) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003.
10(f)*	<u>Supplemental 401(k) Plan.</u>	Incorporated by reference to Exhibit 10(c) to the Company's Current Report on Form 8-K filed May 4, 2009.

<u>Exhibit Number</u>	<u>Description</u>	<u>Location</u>
	<u>Amendment to Supplemental 401(k) Plan, effective January 1, 2021.</u>	Filed herewith.
	<u>Amendment to Supplemental 401(k) Plan, effective January 1, 2020.</u>	Incorporated by reference to Exhibit 10(b) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020.
	<u>Amendment to Supplemental 401(k) Plan, effective December 31, 2018.</u>	Incorporated by reference to Exhibit 10(i) to the Company's Annual Report on Form 10-K for the year ended December 31, 2018.
	<u>Amendment to Supplemental 401(k) Plan, effective July 1, 2017.</u>	Incorporated by reference to Exhibit 10(d) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.
	<u>Amendment to Supplemental 401(k) Plan, effective January 1, 2015.</u>	Incorporated by reference to Exhibit 10(b) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.
10(g)*	<u>Supplemental Cash Balance Plan.</u>	Incorporated by reference to Exhibit 10(b) to the Company's Current Report on Form 8-K filed May 4, 2009.
	<u>Amendment to Supplemental Cash Balance Plan, effective January 1, 2020.</u>	Incorporated by reference to Exhibit 10(c) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020.
	<u>Amendment to Supplemental Cash Balance Plan, effective February 1, 2019.</u>	Incorporated by reference to Exhibit 10(j) to the Company's Annual Report on Form 10-K for the year ended December 31, 2018.
	<u>Amendment to Supplemental Cash Balance Plan, effective December 31, 2018.</u>	Incorporated by reference to Exhibit 10(h) to the Company's Annual Report on Form 10-K for the year ended December 31, 2019.
	<u>Amendment to Supplemental Cash Balance Plan, effective July 1, 2017.</u>	Incorporated by reference to Exhibit 10(e) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.
10(h)*	Supplemental Long-Term Disability Plan.	Incorporated by reference to Exhibit 10(f) to the Company's Annual Report on Form 10-K for the year ended December 31, 1990.
	Amendment to Supplemental Long-Term Disability Plan.	Incorporated by reference to Exhibit 10(g) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
10(i)*	<u>Description of Relocation Program.</u>	Incorporated by reference to Exhibit 10(y) to the Company's Annual Report on Form 10-K for the year ended December 31, 2003.
10(j)*	<u>Description of Chairman/CEO Post-Retirement Policy.</u>	Incorporated by reference to Exhibit 10(w) to the Company's Annual Report on Form 10-K for the year ended December 31, 2008.
10(k)*	<u>Description of the Company's Non-Employee Director Equity Compensation Program, effective January 1, 2016.</u>	Incorporated by reference to Exhibit 10(q) to the Company's Annual Report on Form 10-K for the year ended December 31, 2015.
10(l)*	<u>Description of Wells Fargo Bank, N.A. Director Compensation Program, effective January 1, 2015.</u>	Incorporated by reference to Exhibit 10(s) to the Company's Annual Report on Form 10-K for the year ended December 31, 2014.
10(m)*	<u>Amended and Restated Wachovia Corporation Deferred Compensation Plan for Non-Employee Directors.</u>	Incorporated by reference to Exhibit (10)(f) to Wachovia Corporation's Current Report on Form 8-K filed December 29, 2008.
	<u>Amendment to Amended and Restated Wachovia Corporation Deferred Compensation Plan for Non-Employee Directors, effective June 1, 2009.</u>	Incorporated by reference to Exhibit 10(aa) to the Company's Annual Report on Form 10-K for the year ended December 31, 2009.
10(n)*	<u>Wachovia Corporation Executive Deferred Compensation Plan.</u>	Incorporated by reference to Exhibit (10)(d) to Wachovia Corporation's Annual Report on Form 10-K for the year ended December 31, 1997.
10(o)*	<u>Wachovia Corporation Supplemental Executive Long-Term Disability Plan, as amended and restated.</u>	Incorporated by reference to Exhibit (99) to Wachovia Corporation's Current Report on Form 8-K filed January 5, 2005.

<u>Exhibit Number</u>	<u>Description</u>	<u>Location</u>
10(p)*	Amended and Restated Wachovia Corporation Savings Restoration Plan. Wachovia Corporation Savings Restoration Plan. Amendment to Wachovia Corporation Savings Restoration Plan, effective January 1, 2020. Amendment to Wachovia Corporation Savings Restoration Plan, effective December 31, 2018. Amendment to Wachovia Corporation Savings Restoration Plan, effective July 1, 2017. Amendments to Wachovia Corporation Savings Restoration Plan, effective August 1, 2016. Amendment 2008-1 to Wachovia Corporation Savings Restoration Plan. Amendment 2007-1 to Wachovia Corporation Savings Restoration Plan.	Incorporated by reference to Exhibit 10(b) to Wachovia Corporation's Current Report on Form 8-K filed December 29, 2008. Incorporated by reference to Exhibit 10(gg) to Wachovia Corporation's Annual Report on Form 10-K for the year ended December 31, 2002. Incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020. Incorporated by reference to Exhibit 10(s) to the Company's Annual Report on Form 10-K for the year ended December 31, 2018. Incorporated by reference to Exhibit 10(f) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017. Incorporated by reference to Exhibit 10(b) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016. Incorporated by reference to Exhibit 10(c) to Wachovia Corporation's Current Report on Form 8-K filed December 29, 2008. Incorporated by reference to Exhibit 10(b) to Wachovia Corporation's Current Report on Form 8-K filed December 20, 2007.
10(q)*	Amended and Restated Wachovia Corporation 2003 Stock Incentive Plan. Amendment to Amended and Restated Wachovia Corporation 2003 Stock Incentive Plan, effective February 24, 2009. Form of stock award agreement for employees of Wachovia Corporation, including Jonathan Weiss.	Incorporated by reference to Appendix E to Wachovia Corporation's Registration Statement on Form S-4 (Reg. No. 333-134656) filed on July 24, 2006. Incorporated by reference to Exhibit 10(b) to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009. Incorporated by reference to Exhibit 10(g) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.
10(r)*	Amended and Restated SouthTrust Corporation Additional Retirement Benefit Plan (Pension) effective July 15, 1992, Addendum thereto dated April 20, 1994, and Amendment 2008-1 thereto dated December 29, 2008.	Incorporated by reference to Exhibit 10(bb) to the Company's Annual Report on Form 10-K for the year ended December 31, 2014.
10(s)*	Key/Specified Employee Policy.	Incorporated by reference to Exhibit 10(v) to the Company's Annual Report on Form 10-K for the year ended December 31, 2018.
10(t)*	Offer Letter to Charles W. Scharf, dated September 26, 2019.	Incorporated by reference to Exhibit 10(a) to the Company's Current Report on Form 8-K filed September 27, 2019.

<u>Exhibit Number</u>	<u>Description</u>	<u>Location</u>
13	2020 Annual Report to Shareholders.	Filed herewith.
21	Subsidiaries of the Company.	Filed herewith.
22	Subsidiary guarantors and issuers of guaranteed securities and affiliates whose securities collateralize securities of the registrant.	Filed herewith.
23	Consent of Independent Registered Public Accounting Firm.	Filed herewith.
24	Powers of Attorney.	Filed herewith.
31(a)	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
31(b)	Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
32(a)	Certification of Periodic Financial Report by Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and 18 U.S.C. § 1350.	Furnished herewith.
32(b)	Certification of Periodic Financial Report by Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and 18 U.S.C. § 1350.	Furnished herewith.
99	Description of Replacement Capital Covenants of Wells Fargo and Wachovia.	Filed herewith.
101.SCH	XBRL Taxonomy Extension Schema Document.	Filed herewith.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	Filed herewith.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	Filed herewith.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith.
101.DEF	XBRL Taxonomy Extension Definitions Linkbase Document.	Filed herewith.
104	Cover Page Interactive Data File.	Formatted as Inline XBRL and contained in Exhibit 101.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 23, 2021.

WELLS FARGO & COMPANY

By: /s/ CHARLES W. SCHARF
Charles W. Scharf
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ CHARLES W. SCHARF
Charles W. Scharf
President and Chief Executive Officer
(Principal Executive Officer)
February 23, 2021

By: /s/ MICHAEL P. SANTOMASSIMO
Michael P. Santomassimo
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
February 23, 2021

By: /s/ MUNEEERA S. CARR
Muneera S. Carr
Executive Vice President, Chief Accounting Officer and Controller
(Principal Accounting Officer)
February 23, 2021

The Directors of Wells Fargo & Company listed below have duly executed powers of attorney empowering Charles H. Noski to sign this document on their behalf.

Steven D. Black	Wayne M. Hewett	Charles H. Noski	Ronald L. Sargent
Mark A. Chancy	Donald M. James	Richard B. Payne, Jr.	Charles W. Scharf
Celeste A. Clark	Maria R. Morris	Juan A. Pujadas	Suzanne M. Vautrinot
Theodore F. Craver, Jr.			

By: /s/ CHARLES H. NOSKI
Charles H. Noski
Director and Attorney-in-fact
February 23, 2021

RESTATED CERTIFICATE OF INCORPORATION
OF
WELLS FARGO & COMPANY

**Pursuant to Section 245 of the
General Corporation Law of the State of Delaware**

Wells Fargo & Company, a corporation organized and existing under the General Corporation Law of the State of Delaware, hereby certifies as follows:

1. The present name of the corporation is Wells Fargo & Company.

2. The corporation was originally incorporated under the name Northwest Bancorporation, and its original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on January 24, 1929. On April 26, 1983 the corporation filed an amendment to its Certificate of Incorporation to change its name from Northwest Bancorporation to Norwest Corporation effective April 29, 1983, and on November 2, 1998 the corporation filed an amendment to its Certificate of Incorporation to change its name from Norwest Corporation to Wells Fargo & Company.

3. The corporation's Board of Directors has duly adopted this Restated Certificate of Incorporation in accordance with the provisions of Section 245 of the General Corporation Law of the State of Delaware. This Restated Certificate of Incorporation only restates and integrates and does not further amend the provisions of the corporation's Certificate of Incorporation, as theretofore amended or supplemented or restated, and there is no discrepancy between those provisions and the provisions of this Restated Certificate of Incorporation.

4. The text of the corporation's Certificate of Incorporation, as heretofore amended or supplemented or restated, is hereby restated to read in its entirety as follows:

FIRST: The name of this corporation is Wells Fargo & Company.

SECOND: Its registered office in the State of Delaware is located in the City of Wilmington, County of New Castle. The name and address of its registered agent is Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808.

THIRD: The nature of the business, or objects or purposes to be transacted, promoted or carried on, are:

To acquire by purchase, subscription or otherwise, and to own and hold, for investment purposes, the capital stock, scrip or any voting trust certificates in respect of the shares of

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capital stock issued or created by any moneyed, financial or investment corporation or association created and organized, or to be created and organized, under the laws of the United States of America or of any State or territory thereof; and to issue in exchange therefor shares of the capital stock of this corporation; and while the holder or owner of any such shares of capital stock, scrip or voting trust certificates, to possess and exercise in respect thereof any and all rights, powers and privileges of ownership, including the right to vote thereon;

To loan money to any aforesaid corporation or association, any of whose shares of capital stock, scrip or voting trust certificates aforesaid shall be owned at the time of such loan by this corporation, and to do any and all lawful things designed to protect, preserve, improve or enhance the value of any such shares, scrip or voting trust certificates;

In addition to and not in limitation of any of the aforesaid powers, to invest temporarily any of its capital or surplus funds in bonds, mortgages or evidences of indebtedness and any other securities issued or created by any individual, copartnership or other corporation, joint stock company or association, public or private, or of the Government of the United States of America, or of any Foreign Government, or of any State, territory, municipality or other political subdivision or of any governmental agency;

To acquire, hold, sell, reissue or cancel any shares of its own capital stock; provided, however, that this corporation may not use any of its funds or property for the purchase of its own shares of capital stock when such use would cause any impairment of the capital of this corporation, and provided further that the shares of its own capital stock belonging to this corporation shall not be voted, directly or indirectly;

To organize, incorporate and reorganize subsidiary corporations for all lawful purposes;

To conduct all or any part of its operations and business without restriction or limit as to amount in the State of Delaware or in any or all other States, territories, districts, colonies and dependencies of the United States of America;

To have and to exercise any and all powers and privileges now or hereafter conferred by the laws of the State of Delaware upon corporations formed under the Acts hereinafter referred to, or under any Act amendatory thereof or supplemental thereto or substituted therefor;

The foregoing clauses shall be construed both as objects and powers; and it is hereby expressly provided that the foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the powers of this corporation.

~~FOURTH: The total number of shares of all classes of stock which the corporation shall have authority to issue is Six Billion Twenty Four Million (6,024,000,000), consisting of Twenty Million (20,000,000) shares of Preferred Stock without par value, Four Million (4,000,000) shares of Preference Stock without par value, and Six Billion (6,000,000,000) shares of Common Stock of the par value of \$1-2/3 per share.*~~

*On April 29, 2010, Wells Fargo & Company filed a Certificate of Amendment Amending Article Fourth to increase the authorized common stock to 9,000,000,000 shares.

The designations and the voting powers, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, of the Preferred Stock, the Preference Stock and the Common Stock which are fixed by the Certificate of Incorporation and the express grant of authority to the Board of Directors of the corporation (hereinafter referred to as the "Board of Directors") to fix by resolution or resolutions the designations and the voting powers, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, of the Preferred Stock and the Preference Stock which are not fixed by the Certificate of Incorporation are as follows:

1. The Preferred Stock may be issued at any time or from time to time in any amount, provided not more than 20,000,000 shares thereof shall be outstanding at any one time, as Preferred Stock of one or more series, as hereinafter provided. Each share of any one series of Preferred Stock shall be identical in all respects except as to the date from which dividends thereon may be cumulative, each series of Preferred Stock shall be distinctly designated by letter or descriptive words, and all series of Preferred Stock shall rank equally and be identical in all respects except as permitted by the provisions of Section 2 of this Article FOURTH. Shares of Preferred Stock shall be issued only as fully paid and non-assessable shares.

The Preference Stock may be issued at any time or from time to time in any amount, provided not more than 4,000,000 shares thereof shall be outstanding at any one time, as Preference Stock of one or more series, as hereinafter provided. Each share of any one series of Preference Stock shall be identical in all respects except as to the date from which dividends thereon may be cumulative, each series of Preference Stock shall be distinctly designated by letter or descriptive words, and all series of Preference Stock shall rank equally and be identical in all respects except as permitted by the provisions of Section 2 of this Article FOURTH. Shares of Preference Stock shall be issued only as fully paid and non-assessable shares.

2. Authority is hereby expressly granted to and vested in the Board of Directors at any time or from time to time to issue the Preferred Stock as Preferred Stock of any series and the Preference Stock as Preference Stock of any series and, in connection with the creation of each such series, to fix by resolution or resolutions providing for the issue of shares thereof the designations and the voting powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of such series so far as not inconsistent with the provisions of this Article FOURTH applicable to all series of Preferred Stock or Preference Stock, respectively, and to the full extent now or hereafter permitted by the laws of the State of Delaware, including the following:

(a) The distinctive designation of such series and the number of shares which shall constitute such series, which number may be increased (except where otherwise provided by the Board of Directors in creating such series) or decreased (but not below the number of shares thereof then outstanding) from time to time by like action of the Board of Directors;

(b) The annual rate or rates of dividends payable on shares of such series, whether dividends shall be cumulative and, if so, the date or dates from which dividends shall be cumulative on the shares of such series, the preferences, restrictions, limitations and conditions upon the payment of dividends, and the dates on which dividends, if declared, shall be payable;

(c) Whether shares of such series shall be redeemable and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be

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redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

(d) The rights of the shares of such series in the event of voluntary or involuntary liquidation, dissolution or winding up of the corporation, and the relative rights of priority, if any, of payment of shares of such series;

(e) Whether shares of such series shall have a purchase, retirement or sinking fund for the purchase, retirement, or redemption of shares of such series and, if so, the terms and provisions thereof;

(f) Whether shares of such series shall have conversion privileges and, if so, the terms and provisions thereof, including provision for adjustment of the conversion rate in such events as the Board of Directors shall determine;

(g) Whether shares of such series shall have voting rights, in addition to voting rights provided by law, and, if so, the terms and provisions thereof; and

(h) Any other preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof.

3. The holders of the Preferred Stock of each series and the holders of the Preference Stock of each series, respectively, shall be entitled to receive such dividends, when and as declared by the Board of Directors, out of funds legally available therefor, as they may be entitled to in accordance with the resolution or resolutions adopted by the Board of Directors providing for the issue of such series, payable on such dates as

may be fixed in such resolution or resolutions. So long as there shall be outstanding any shares of Preferred Stock of any series or any shares of Preference Stock of any series entitled to cumulative dividends pursuant to the resolution or resolutions providing for the issue of such series, no dividend, whether in cash or property, shall be paid or declared, nor shall any distribution be made, on the Common Stock, nor shall any shares of Common Stock be purchased, redeemed or otherwise acquired for value by the corporation, if at the time of making such payment, declaration, distribution, purchase, redemption or acquisition the corporation shall be in default with respect to any dividend payable on, or obligation to maintain a purchase, retirement or sinking fund with respect to or to redeem, shares of Preferred Stock of any series or shares of Preference Stock of any series. The foregoing provisions of this Section 3 shall not, however, apply to a dividend payable in Common Stock or to the acquisition of shares of Common Stock in exchange for, or through application of the proceeds of the sale of, shares of Common Stock.

Subject to the foregoing and to any further limitations prescribed in accordance with the provisions of Section 2 of this Article FOURTH, the Board of Directors may declare, out of any funds legally available therefor, dividends upon the then outstanding shares of Common Stock, and shares of Preferred Stock of any series and shares of Preference Stock of any series shall not be entitled to participate therein.

4. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the corporation, the holders of the Preferred Stock of each series and the holders of the Preference Stock of each series shall be entitled to receive, out of the assets of the corporation available for distribution to its stockholders, before any distribution of assets shall be made to

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the holders of the Common Stock, the amount per share fixed by the Board of Directors pursuant to Section 2 of this Article FOURTH, plus in each such case an amount equal to any cumulative dividends thereon to the date of final distribution to the holders of the Preferred Stock or to the holders of the Preference Stock, respectively; and the holders of the Common Stock shall be entitled, to the exclusion of the holders of the Preferred Stock of any and all series and the holders of the Preference Stock of any and all series, respectively, to participate ratably in all the assets of the corporation then remaining in accordance with their respective rights and preferences. If upon any liquidation, dissolution or winding up of the corporation the assets available for distribution shall be insufficient to pay the holders of all outstanding shares of Preferred Stock or the holders of all outstanding shares of Preference Stock the full amounts to which they respectively shall be entitled, the holders of shares of Preferred Stock of all series and the holders of shares of Preference Stock of all series, respectively, shall participate ratably in any distribution of assets according to the respective amounts which would be payable in respect of the shares of Preferred Stock or shares of Preference Stock held by them upon such distribution if all amounts payable in respect of the Preferred Stock of all series or the Preference Stock of all series, respectively, were paid in full. Neither the statutory merger nor consolidation of the corporation into or with any other corporation, nor the statutory merger or consolidation of any other corporation into or with the corporation, nor a sale, transfer or lease of all or any part of the assets of the corporation, shall be deemed to be a liquidation, dissolution or winding up of the corporation within the meaning of this Section 4.

5. The corporation, at the option of the Board of Directors, may redeem the whole or any part of the Preferred Stock of any series or of the Preference Stock of any series at the price or prices and on the terms and conditions provided in the resolution or resolutions adopted by the Board of Directors providing for the issue of such series.

6. Anything herein or in any resolution or resolutions adopted by the Board of Directors providing for the issue of any series of Preferred Stock or any series of Preference Stock contained to the contrary notwithstanding, the rights of the holders of all classes of stock of the corporation in respect of dividends and purchase, retirement or sinking funds, if any, shall at all times be subject to the power of the Board of Directors from time to time to set aside such reserves and to make such other provisions, if any, as the Board of Directors shall deem to be necessary or advisable for working capital, for expansion of the corporation's business (including the acquisition of real and personal property for that purpose) and for any other purpose of the corporation.

7. Except as otherwise provided by the statutes of the State of Delaware or by the Certificate of Incorporation or by the resolution or resolutions adopted by the Board of Directors providing for the issue of any series of Preferred Stock or any series of Preference Stock, the holders of the Preferred Stock and the holders of the Preference Stock shall have no right to vote. The holders of the Preferred Stock and the holders of the Preference Stock shall not be entitled to receive notice of any meeting of stockholders at which they are not entitled to vote or consent. The holders of shares of Preference Stock shall not be entitled to more than one vote per share.

8. Except as otherwise provided by the statutes of the State of Delaware or by the Certificate of Incorporation or by the resolution or resolutions adopted by the Board of Directors providing for the issue of any series of Preferred Stock or any series of Preference Stock, the vote of the holders of all or any portion of any class of stock, as a class, shall not be required for

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any action whatsoever to be taken or authorized by the stockholders of the corporation, including any amendment of the Certificate of Incorporation.

9. No holder of shares of the corporation of any class or of any security or obligation convertible into, or of any warrant, option or right to subscribe for, purchase or otherwise acquire, shares of the corporation of any class, whether now or hereafter authorized, shall, as such holder, have any preemptive right whatsoever to subscribe for, purchase or otherwise acquire shares of the corporation of any class or any security or obligation convertible into, or any warrant, option or right to subscribe for, purchase or otherwise acquire, shares of the corporation of any class, whether now or hereafter authorized.

10. If it deems it desirable so to do, the Board of Directors may from time to time issue scrip for fractional shares of stock. Such scrip shall not confer upon the holder any voting or other rights of a stockholder of the corporation, but the corporation shall from time to time, within such time as the Board of Directors may determine, issue one whole share of stock upon the surrender of scrip for fractional shares aggregating one whole share, properly endorsed if in registered form.

Pursuant to the authority conferred by this Article FOURTH, the following series of Preferred Stock have been designated, each such series consisting of such number of shares, with such voting powers, designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof as are stated and expressed in the exhibit with respect to such series attached hereto as specified below and incorporated herein by reference:

~~Exhibit A~~	~~1997 ESOP Cumulative Convertible Preferred Stock*~~
~~Exhibit B~~	~~1998 ESOP Cumulative Convertible Preferred Stock*~~
~~Exhibit C~~	~~1999 ESOP Cumulative Convertible Preferred Stock*~~
~~Exhibit D~~	~~2000 ESOP Cumulative Convertible Preferred Stock*~~
~~Exhibit E~~	~~2001 ESOP Cumulative Convertible Preferred Stock*~~
~~Exhibit F~~	~~2002 ESOP Cumulative Convertible Preferred Stock*~~
~~Exhibit G~~	~~2003 ESOP Cumulative Convertible Preferred Stock*~~
~~Exhibit H~~	~~2004 ESOP Cumulative Convertible Preferred Stock*~~
~~Exhibit I~~	~~2005 ESOP Cumulative Convertible Preferred Stock*~~
~~Exhibit J~~	~~2006 ESOP Cumulative Convertible Preferred Stock*~~

*Wells Fargo & Company has filed Certificates Eliminating the Certificates of Designations for each of Wells Fargo's 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005 and 2006 ESOP Cumulative Convertible Preferred Stock (Exhibits A through J above)

FIFTH: The amount of capital with which this corporation will commence business is One Thousand Dollars (\$1,000.00), being twenty (20) shares of the par value of Fifty Dollars (\$50.00) each.

SIXTH: The names and places of residence of the subscribers to the capital stock and the number of shares subscribed for by each are as follows:

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<u>Name</u>	<u>Residence</u>	<u>No. of Shares</u>
A. V. Lane	Wilmington, Delaware	18
C. S. Peabbles	Wilmington, Delaware	1
L. E. Gray	Wilmington, Delaware	1

SEVENTH: This corporation is to have perpetual existence.

EIGHTH: The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

NINTH: The number of Directors of the corporation shall be as specified in the By-Laws, and such number may from time to time be increased or decreased in such manner as may be prescribed in the By-Laws, provided the number of Directors of the corporation shall not be less than three (3). In case of any increase in the number of Directors, the additional Directors may be elected by the Board of Directors to hold office until the next annual meeting of the stockholders and until their successors are elected and qualified. In case of a vacancy in the Board of Directors, a majority of the remaining members of the Board may elect Directors to fill such vacancy.

Directors shall be stockholders.

TENTH: In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized:

To make, alter, amend or repeal the By-Laws of the corporation, except as otherwise provided in said By-Laws;

To determine from time to time whether and to what extent and at what times and places and under what conditions and regulations the accounts and books of the corporation, or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any right to inspect any account or book or document of the corporation except as conferred by the laws of the State of Delaware, unless and until authorized so to do by resolution of the Board of Directors, or of the stockholders.

To set apart out of any funds of the corporation available for dividends a reserve or reserves for working capital or for any other lawful purpose, and also to abolish any such reserve in the same manner in which it was created;

If the By-Laws so provide, to designate two or more of its number to constitute an Executive Committee, which Committee shall for the time being, as provided in said resolution or in the By-Laws of this corporation, have and exercise any or all of the powers of the Board of Directors in the management of the business and affairs of this corporation and have power to authorize the seal of this corporation to be affixed to all papers which may require it.

This corporation may in its By-Laws confer powers upon its Directors in addition to the foregoing and in addition to the powers and authorities expressly conferred upon them by the Statute.

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Both stockholders and Directors shall have power, if the By-Laws so provide, to hold their meetings and to have one or more offices within or without the State of Delaware and to keep the books of this corporation

(subject to the provisions of the Statutes) outside of the State of Delaware at such places as may be from time to time designated by the Board of Directors.

ELEVENTH: In the absence of fraud, no contract or transaction between this corporation and any other association or corporation shall be affected by the fact that any of the Directors or officers of this corporation are interested in or are Directors or officers of such other association or corporation, and any Director or officer of this corporation individually may be a party to or may be interested in any such contract or transaction of this corporation; and no such contract or transaction of this corporation with any person or persons, firm, association or corporation shall be affected by the fact that any Director or officer of this corporation is a party to or interested in such contract or transaction in any way connected with such person or persons, firm, association or corporation; provided that such contract or other transaction shall be authorized or ratified by the vote of a majority of the Directors of this corporation not so interested; and each and every person who may become a Director or officer of this corporation is hereby relieved from any liability that might otherwise exist from thus contracting with this corporation for the benefit of himself or any person, firm, association or corporation in which he may be in anywise interested.

TWELFTH: This corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation in the manner now or hereafter prescribed by Statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

THIRTEENTH: The Board of Directors is expressly authorized:

(i) to adopt, and from time to time to amend, one or more pension, profit sharing, retirement, and benefit plans benefiting any or all officers and employees and former officers and employees of this corporation and affiliated banks and companies;

(ii) to adopt, and from time to time to amend, one or more stock option, stock purchase, stock bonus, incentive, and compensation plans benefiting any or all officers and employees of this corporation and affiliated banks and corporations; and

(iii) to authorize affiliated banks and companies, on behalf of this corporation as a stockholder therein, to adopt, and from time to time to amend, any of said types of plans enumerated in clause (i) of this Article THIRTEENTH benefiting any or all officers and employees and former officers and employees thereof and any of said types of plans enumerated in clause (ii) of this Article THIRTEENTH benefiting any or all officers and employees thereof.

No action shall be taken under this Article except by the affirmative vote of a majority of the directors in office at the time such action is taken, and such majority shall not include any director who is a salaried officer of the corporation or of any affiliated bank or company.

FOURTEENTH: (a) Elimination of Certain Liability of Directors. A director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in

good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

(b)(1) Right to Indemnification. Each person who was or is made a party or is threatened to be a made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such

proceeding is alleged action or inaction in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than said law permitted the corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except as provided in subparagraph (b)(2), the corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the corporation. The right to indemnification conferred in this paragraph (b) shall be a contract right and shall include the right to be paid by the corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the Delaware General Corporation Law requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this paragraph (b) or otherwise. The corporation may, by action of its Board of Directors, provide indemnification to employees and agents of the corporation with the same scope and effect as the foregoing indemnification of directors and officers.

(2) Right of Claimant to Bring Suit. If a claim under subparagraph (b)(1) is not paid in full by the corporation within 30 days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the corporation) that the claimant has not met the standards of conduct which make it permissible under the Delaware General Corporation Law for the corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be

on the corporation. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(3) Non-Exclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this paragraph (b) shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, by-law, agreement, vote of stockholders or disinterested directors or otherwise.

(4) Insurance. The corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

IN WITNESS WHEREOF, this Restated Certificate of Incorporation is executed on behalf of the corporation by its Chairman and attested by its Secretary this 28th day of September, 2006.

/s/ Richard M. Kovacevich
Richard M. Kovacevich, Chairman

Attest: _____
/s/ Laurel A. Holschuh
Laurel A. Holschuh, Secretary

[As filed with the Delaware Secretary of State on September 28, 2006.]

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**WELLS FARGO & COMPANY
CERTIFICATE OF DESIGNATIONS
Pursuant to Section 151(g) of the
General Corporation Law
of the State of Delaware**

**DIVIDEND EQUALIZATION PREFERRED SHARES
(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "Board of Directors") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorizes the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law"), the following resolutions were duly adopted by the Committee pursuant to the written consent of the Committee duly adopted on November 20, 2008, in accordance with Section 141(f) of the General Corporation Law:

RESOLVED, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated October 2, 2008, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

1. Designation.

(a) The shares of such series of Preferred Stock shall be designated Dividend Equalization Preferred Shares ("DEPs"), and the number of shares constituting such series shall be 97,000.

(b) DEPs redeemed, purchased or otherwise acquired by the Corporation or any of its subsidiaries (other than in a bona fide fiduciary capacity) shall be cancelled and may not be reissued. DEPs may be issued in fractional shares which are whole number multiples of one one-millionth of a share, which fractional shares shall entitle the holder, in proportion to such holder's fractional share, to all rights of a holder of a whole share of DEPs.

(c) DEPs shall, with respect to distributions upon the liquidation, winding-up and dissolution of the Corporation, rank (x) senior to the Common Stock for the Liquidation Preference stated and defined in Section 3(a) below and (y) junior to each class or series of preferred stock issued in exchange for preferred stock of Wachovia Corporation established by the board of directors of Wachovia Corporation after

September 1, 2001 and each class or series of preferred stock established by the Board of Directors after the date hereof.

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2. Dividends. DEPs shall not entitle the holders thereof to any dividends, whether payable in cash, property, stock or otherwise.

3. Liquidation.

(a) In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the holders of full and fractional DEPs shall be entitled, before any distribution or payment is made on any date to the holders of the Common Stock or any other stock of the Corporation ranking junior to the DEPs upon liquidation, to be paid in full an amount per whole share of DEPs equal to \$10.00 (the "Liquidation Preference"), together with accrued dividends to such distribution or payment date, whether or not earned or declared. If such payment shall have been made in full to all holders of DEPs, the holders of DEPs as such shall have no right or claim to any of the remaining assets of the Corporation.

(b) In the event the assets of the Corporation available for distribution to the holders of DEPs upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to Section 3(a), no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the DEPs upon such liquidation, dissolution or winding up unless proportionate distributive amounts shall be paid on account of the DEPs, ratably in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such liquidation, dissolution or winding up.

(c) Upon the liquidation, dissolution or winding up of the Corporation, the holders of DEPs then outstanding shall be entitled to be paid out of assets of the Corporation available for distribution to its shareholders all amounts to which such holders are entitled pursuant to the first paragraph of this Section 3 before any payment shall be made to the holders of Common Stock or any other stock of the Corporation ranking junior upon liquidation to the DEPs.

(d) For the purposes of this Section 3, the consolidation or merger of, or binding statutory share exchange by, the Corporation with any other corporation shall not be deemed to constitute a liquidation, dissolution or winding up of the Corporation.

4. Redemption, Conversion, Exchange.

(a) The DEPs shall not be convertible or exchangeable. Other than as described in the next sentence, the DEPs shall not be redeemable. The DEPs shall be redeemable by the Corporation, at the Corporation's option and in its sole discretion, for an amount in cash equal to the Liquidation Preference per share of DEPs, after December 31, 2021.

(b) In case of redemption of less than all of the DEPs at the time outstanding, the shares to be redeemed shall be selected pro rata or by lot as determined by the Corporation in its sole discretion, provided that the Corporation may redeem all shares held by holders of fewer than 0.100 DEPs (or by holders that would hold fewer than 0.100 DEPs following such redemption) prior to its redemption of other DEPs.

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(c) Notice of any redemption shall be sent by or on behalf of the Corporation no less than 30 nor more than 60 days prior to the date specified for redemption in such notice (the "Redemption Date"), by first class mail, postage prepaid, to all holders of record of the DEPs at their last addresses as they appear on the books of the Corporation; provided, however, that no failure to give such notice or any defect therein or in the mailing thereof shall affect the validity of the proceedings for the redemption of any DEPs except as to the holder to whom the Corporation has failed to give notice or except as to the holder to whom notice was defective. In addition to any information required by applicable law or regulation or the rules of any

exchange upon which the DEPs may be listed or admitted to trading, such notice shall state (1) that such redemption is being made pursuant to the redemption provisions of this Section 5, (2) the Redemption Date, (3) the redemption price, (4) the total number of DEPs to be redeemed and, if less than all shares held by such holder are to be redeemed, the number of such shares to be redeemed, and (5) the place or places where certificates for such shares are to be surrendered for payment of the redemption price, including any procedures applicable to redemption to be accomplished through book-entry transfers. Upon the mailing of any such notice of redemption, the Corporation shall become obligated to redeem, on the Redemption Date, all shares called for redemption.

5. Voting Rights. Except as otherwise required by applicable law or regulation or the rules of a securities exchange upon which the DEPs may be listed or quoted, holders of the DEPs shall have no voting rights.

IN WITNESS WHEREOF, WELLS FARGO & COMPANY has caused this Certificate of Designations to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Laurel A. Holschuh, its Secretary, this 30th day of December, 2008.

WELLS FARGO & COMPANY

By: /s/ Barbara S. Brett

Barbara S. Brett, Senior Vice President
and Assistant Treasurer

/s/ Laurel A. Holschuh
Laurel A. Holschuh, Secretary

[As filed with the Delaware Secretary of State on December 30, 2008.]

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**WELLS FARGO & COMPANY
CERTIFICATE OF DESIGNATIONS
Pursuant to Section 151(g) of the
General Corporation Law
of the State of Delaware**

**CLASS A PREFERRED STOCK, SERIES I
(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "Board of Directors") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorizes the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law"), the following resolutions were duly adopted by the Committee pursuant to the written consent of the Committee duly adopted on November 20, 2008, in accordance with Section 141(f) of the General Corporation Law:

RESOLVED, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated October 2, 2008, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

Section 1. Designation. The shares of such series of Preferred Stock shall be designated Class A Preferred Stock, Series I, with no par value and a liquidation preference of \$100,000 per share (hereinafter referred to as the "Series I Preferred Stock"). Each share of Series I Preferred Stock shall be identical in all respects to every other share of Series I Preferred Stock. Series I Preferred Stock will rank equally with Parity Stock, if any, and will rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of shares of Series I Preferred Stock shall be 25,010. Such number may from time to time be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series I Preferred Stock then outstanding) by the board of directors. Shares of Series I Preferred Stock that are redeemed, purchased or otherwise acquired by the Corporation shall be cancelled and shall revert to authorized but unissued shares of preferred stock undesignated as to series. The Corporation shall have the authority to issue fractional shares of Series I Preferred Stock.

Section 3. Definitions. As used herein with respect to Series I Preferred Stock:

"Business Day" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions in Charlotte, North Carolina or New York, New York are not authorized or obligated by law, regulation or executive order to close.

"Depository Company" shall have the meaning set forth in Section 6(d).

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"Dividend Payment Date" shall have the meaning set forth in Section 4(a).

"Dividend Period" shall have the meaning set forth in Section 4(a).

"DTC" means The Depository Trust Company, together with its successors and assigns.

"Junior Stock" means the Corporation's common stock and any other class or series of stock of the Corporation hereafter authorized over which Series I Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"London Banking Day" means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London.

"Parity Stock" means any other class or series of stock of the Corporation that ranks on a par with Series I Preferred Stock in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"Series I Preferred Stock" shall have the meaning set forth in Section 1.

"Telerate Page 3750" means the display page so designated on the Moneyline/Telerate Service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to London Interbank Offered Rate for U.S. dollar deposits).

"Three-Month LIBOR" means, with respect to any Dividend Period, the rate (expressed as a percentage *per annum*) for deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period that appears on Telerate Page 3750 as of 11:00 a.m. (London time) on the second London Banking Day preceding the first day of that Dividend Period. If such rate does not appear on Telerate Page 3750, Three-Month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than \$1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Corporation, at approximately 11:00 a.m., London time on the second London Banking Day preceding the first day of that Dividend Period. Wachovia Bank, National Association, as

calculation agent for the Preferred Stock, will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of such quotations. If fewer than two quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of the rates quoted by three major banks in New York City selected by the calculation agent, at approximately 11:00 a.m., New York City time, on the first day of that Dividend Period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than \$1,000,000. However, if the banks selected by the calculation agent to provide quotations are not quoting as described above, Three-Month LIBOR for that Dividend Period will be the same as Three-Month LIBOR as determined for the previous Dividend Period, or in the case of the first Dividend Period, the most recent rate that could have been determined in accordance with the first sentence of this paragraph had Series I Preferred Stock been outstanding. The calculation agent's establishment of Three-Month LIBOR and calculation of the amount of dividends for each Dividend Period will be on file at the principal offices of the Corporation, will be made available to any holder of Series I Preferred Stock upon request and will be final and binding in the absence of manifest error.

Section 4. Dividends.

(a) Rate. Holders of Series I Preferred Stock shall be entitled to receive, when, as and if declared by the board of directors, but only out of funds legally available therefor, non-cumulative cash dividends on the liquidation preference of \$100,000 per share of Series I Preferred Stock, and no more, payable: (1) if the Series I Preferred Stock is issued prior to March 15, 2011, semi-annually in arrears on each March 15 and September 15 through March 15, 2011 and (2) from and including the later of March 15, 2011 and the date of issuance, quarterly in arrears on each March 15, June 15, September 15 and December 15. If any date prior to March 15, 2011 specified pursuant to the preceding sentence is not a Business Day, then dividends will be payable on the first Business Day following such date, without accrual to the actual payment date; if any date on or after March 15, 2011 specified pursuant to the preceding sentence is not a Business Day, then dividends will be payable on the first Business Day following such date and dividends shall accrue to the actual payment date. The term "Dividend Payment Date" means each of the following dates occurring after the date of issuance of the Series I Preferred Stock: (i) each March 15 and September 15 through September 15, 2010 and (ii) each March 15, June 15, September 15 and December 15, or if any such day in the case of this clause (ii) is not a Business Day, the next Business Day. The term "Dividend Period" means each period from and including a Dividend Payment Date (or the date of issuance of the Series I Preferred Stock for the first Dividend Payment Date) to but excluding the next Dividend Payment Date. For any Dividend Period ending prior to the Dividend Payment Date in March 2011 dividends will accrue at a rate per annum equal to 5.80%, and for any Dividend Period ending after the Dividend Payment Date in March 2011, dividends will accrue at a rate per annum equal to the greater of (x) Three-Month LIBOR for the related Dividend Period plus 0.93% and (y) 5.56975%. The amount of dividends payable for any Dividend Period (1) ending prior to the Dividend Payment Date in March 2011 shall be computed on the basis of a 360-day year consisting of twelve 30-day months and (2) beginning on or after the Dividend Payment Date in March 2011 shall be computed on the basis of a 360-day year and the actual number of days elapsed.

(b) Non-Cumulative Dividends. Dividends on shares of Series I Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series I Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable and the Corporation shall have no obligation to pay, and the holders of Series I Preferred Stock shall have no right to receive, dividends accrued for the Dividend Period ending immediately prior to such Dividend Payment Date after such Dividend Payment Date or to pay interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series I Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation. Holders of Series I Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of full dividends for each Dividend Period on the Series I Preferred Stock. No interest, or sum of money in lieu of interest, shall be

payable in respect of any Dividend Payment or Dividend Payments or failure to make any Dividend Payment or Dividend Payments.

(c) Priority of Dividends. So long as any share of Series I Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in Junior Stock, (ii) no shares of Junior Stock shall be purchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock,

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and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation, and (iii) no shares of Parity Stock shall be purchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series I Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, unless full dividends on all outstanding shares of Series I Preferred Stock for the then-current Dividend Period have been paid in full or declared and set aside for payment. The foregoing shall not restrict the ability of the Corporation, or any affiliate of the Corporation, to engage in any market-making transactions in the Junior Stock or Parity Stock in the ordinary course of business. When dividends are not paid in full upon the shares of Series I Preferred Stock and any Parity Stock, all dividends declared upon shares of Series I Preferred Stock and any Parity Stock shall be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the then-current Dividend Period per share on Series I Preferred Stock, and accrued dividends, including any accumulations on Parity Stock, bear to each other. No interest will be payable in respect of any dividend payment on such offered stock that may be in arrears. If the board of directors determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Corporation will provide written notice to the holders of the Series I Preferred Stock prior to such date. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the board of directors may be declared and paid on any Junior Stock from time to time out of any funds legally available therefor, and the shares of Series I Preferred Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series I Preferred Stock shall be entitled, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series I Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidation preference in an amount equal to \$100,000 per share, plus an amount equal to all accrued and unpaid dividends for the then-current Dividend Period to the date of liquidation. The holder of Series I Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference to all holders of Series I Preferred Stock and the liquidation preferences of any Parity Stock to all holders of such Parity Stock, the amounts paid to the holders of Series I Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences of Series I Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the liquidation preference has been paid in full to all holders of Series I Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the

affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. So long as full dividends for all outstanding shares of Series I Preferred Stock for the then-current Dividend Period have been paid or declared and a sum sufficient for the payment thereof set aside, the Corporation, at the option of the board of directors, may redeem in whole or in part the shares of Series I Preferred Stock at the time outstanding, at any time on or after the later of March 15, 2011 and the date of original issuance of the Series I Preferred Stock, upon notice given as provided in Subsection (b) below, at the redemption price in effect at the redemption date as provided in this Section 6. The redemption price for shares of Series I Preferred Stock shall be \$100,000 per share plus dividends that have been declared but not paid plus accrued and unpaid dividends for the then-current Dividend Period to the redemption date.

(b) Notice of Redemption. Notice of every redemption of shares of Series I Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of the shares to be redeemed at their respective last addresses appearing on the books of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Notwithstanding the foregoing, if the Series I Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC. Any notice mailed as provided in this Subsection shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series I Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series I Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series I Preferred Stock to be redeemed; (iii) the redemption price; (iv) the place or places where the Series I Preferred Stock are to be redeemed; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series I Preferred Stock at the time outstanding, the shares of Series I Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series I Preferred Stock in proportion to the number of Series I Preferred Stock held by such holders or by lot or in such other manner as the board of directors may determine to be fair and equitable. Subject to the provisions hereof, the board of directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series I Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other funds, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the board of directors (the "Depository Company") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be

outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so

deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

Section 7. Voting Rights. The holders of Series I Preferred Stock will have no voting rights and will not be entitled to elect any directors, except as expressly provided by law.

Section 8. Conversion. The holders of Series I Preferred Stock shall not have any rights to convert such Series I Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Rank. Notwithstanding anything set forth in the Restated Certificate of Incorporation of the Corporation or this Certificate of Designations to the contrary, the board of directors, without the vote of the holders of the Series I Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or any class of securities ranking senior to the Series I Preferred Stock as to dividends and upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 10. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series I Preferred Stock from time to time to such extent, in such manner, and upon such terms as the board of directors may determine; provided, however, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 11. Unissued or Reacquired Shares. Shares of Series I Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

Section 12. No Sinking Fund. Shares of Series I Preferred Stock are not subject to the operation of a sinking fund.

IN WITNESS WHEREOF, WELLS FARGO & COMPANY has caused this Certificate of Designations to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Laurel A. Holschuh, its Secretary, this 30th day of December, 2008.

WELLS FARGO & COMPANY

By: /s/ Barbara S. Brett
Barbara S. Brett, Senior Vice President

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and Assistant Treasurer

/s/ Laurel A. Holschuh
Laurel A. Holschuh, Secretary

[As filed with the Delaware Secretary of State on December 30, 2008.]

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WELLS FARGO & COMPANY
CERTIFICATE OF DESIGNATIONS
Pursuant to Section 151(g) of the
General Corporation Law
of the State of Delaware

**7.50% NON-CUMULATIVE PERPETUAL CONVERTIBLE
CLASS A PREFERRED STOCK, SERIES L
(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "Board of Directors") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorizes the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law"), the following resolutions were duly adopted by the Committee pursuant to the written consent of the Committee duly adopted on November 20, 2008, in accordance with Section 141(f) of the General Corporation Law:

RESOLVED, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated October 2, 2008, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

Section 1. Designation. The shares of such series of Preferred Stock shall be designated 7.50% Non-Cumulative Perpetual Convertible Class A Preferred Stock, Series L, with no par value and a liquidation preference of \$1,000 per share (hereinafter referred to as the "Series L Preferred Stock"). Each share of Series L Preferred Stock shall be identical in all respects to every other share of Series L Preferred Stock. Series L Preferred Stock will rank equally with Parity Stock, if any, and will rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary dissolution, winding-up and liquidation of the Corporation.

Section 2. Number of Shares. The authorized number of shares of Series L Preferred Stock shall be 4,025,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series L Preferred Stock then outstanding) by the board of directors. Shares of Series L Preferred Stock that are converted in accordance with the terms hereof, purchased or otherwise acquired by the Corporation shall be cancelled and shall revert to authorized but unissued shares of Preferred Stock undesignated as to series. The Corporation shall have the authority to issue fractional shares of Series L Preferred Stock.

Section 3. Definitions. As used herein with respect to Series L Preferred Stock:

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"Applicable Conversion Price" at any given time means, for each share of Series L Preferred Stock, the price equal to \$1,000 divided by the Applicable Conversion Rate in effect at such time.

"Applicable Conversion Rate" means the Conversion Rate in effect at any given time.

"Base Price" has the meaning set forth in Section 13(d)(i).

"Business Day" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions in Charlotte, North Carolina or New York, New York are not authorized or obligated by law, regulation or executive order to close.

"Capital Stock" of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any preferred stock, excluding any debt securities convertible into such equity.

"Closing Price" of the Common Stock on any date of determination means the closing sale price or, if no closing sale price is reported, the last reported sale price of the shares of the Common Stock on the New York Stock Exchange on that date. If the Common Stock is not traded on the New York Stock Exchange

on any date of determination, the Closing Price of the Common Stock on such date of determination means the closing sale price as reported in the composite transactions for the principal U.S. national or regional securities exchange or securities exchange in the European Economic Area on which the Common Stock is so listed or quoted, or, if no closing sale price is reported, the last reported sale price on the principal U.S. national or regional securities exchange or securities exchange in the European Economic Area on which the Common Stock is so listed or quoted, or if the Common Stock is not so listed or quoted on a U.S. national or regional securities exchange or securities exchange in the European Economic Area, the last quoted bid price for the Common Stock in the over-the-counter market as reported by Pink Sheets LLC or a similar organization, or, if that bid price is not available, the market price of the Common Stock on that date as determined by a nationally recognized independent investment banking firm (unaffiliated with the Corporation) retained by the Corporation for this purpose. The "Closing Price" for any other share of Capital Stock shall be determined on a comparable basis, *mutatis mutandis*.

For purposes of this Certificate of Designations, all references herein to the "Closing Price" and "last reported sale price" of the Common Stock on the New York Stock Exchange shall be such closing sale price and last reported sale price as reflected on the website of the New York Stock Exchange (<http://www.nyse.com>) and as reported by Bloomberg Professional Service; provided that in the event that there is a discrepancy between the closing sale price or last reported sale price as reflected on the website of the New York Stock Exchange and as reported by Bloomberg Professional Service, the closing sale price and last reported sale price on the website of the New York Stock Exchange will govern.

For purposes of calculating the Closing Price, if a Reorganization Event has occurred and (1) the Exchange Property consists only of shares of common securities, the Closing Price shall be based on the Closing Price of such common securities; (2) the Exchange

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Property consists only of cash, the Closing Price shall be the cash amount paid per share; and (3) the Exchange Property consists of securities, cash and/or other property, the Closing Price shall be based on the sum, as applicable, of (x) the Closing Price of such common securities, (y) the cash amount paid per share of Common Stock and (z) the value (as determined by the board of directors from time-to-time) of any other securities or property paid to holders of Common Stock in connection with the Reorganization Event.

"Common Stock" means the common stock, \$1-2/3 par value per share, of the Corporation.

"Conversion Agent" means American Stock Transfer & Trust Company acting in its capacity as conversion agent for the Series L Preferred Stock, and its successors and assigns or any other conversion agent appointed by the Corporation.

"Conversion Date" has the meaning set forth in Section 13(a)(iv)(B).

"Conversion Rate" means for each share of Series L Preferred Stock, 6.3814 shares of Common Stock, plus cash in lieu of fractional shares, subject to adjustment as set forth herein.

"Current Market Price" per share of Common Stock on any date of determination means the average of the VWAP per share of Common Stock on each of the 10 consecutive VWAP Trading Days ending on the earlier of the day in question and the day before the Ex-Date or other specified date with respect to the issuance or distribution requiring such computation, appropriately adjusted to take into account the occurrence during such period of any event described in Section 14(a)(i) through (v).

"Depository" means DTC or its nominee or any successor depository appointed by the Corporation.

"Dividend Payment Date" has the meaning set forth in Section 4(a).

"Dividend Period" has the meaning set forth in Section 4(a).

"Dividend Threshold Amount" has the meaning set forth in Section 14(a)(iv).

“DTC” means The Depository Trust Company, together with its successors and assigns.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Exchange Property” has the meaning set forth in Section 15(a).

“Ex-Date” when used with respect to any issuance or distribution, means the first date on which such shares of Common Stock or other securities trade without the right to receive an issuance or distribution with respect thereto.

“Expiration Time” has the meaning set forth in Section 12(a)(v).

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“Expiration Date” has the meaning set forth in Section 14(a)(v).

“Fiscal Quarter” means, with respect to the Corporation, the fiscal quarter publicly disclosed by the Corporation.

“Fundamental Change” has the meaning set forth in Section 13(d)(i).

“Holder” means the Person in whose name the shares of Series L Preferred Stock are registered, which may be treated by the Corporation, Transfer Agent, Registrar, paying agent and Conversion Agent as the absolute owner of the shares of Series L Preferred Stock for the purpose of making payment and settling conversions and for all other purposes.

“Junior Stock” means the Common Stock and any other class or series of stock of the Corporation hereafter authorized over which Series L Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets in the event of any voluntary or involuntary dissolution, liquidation or winding-up of the affairs of the Corporation.

“Make-Whole Acquisition” means the occurrence, prior to any Conversion Date, of one of the following:

(a) “person” or “group” within the meaning of Section 13(d) of the Exchange Act files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect ultimate “beneficial owner,” as defined in Rule 13d-3 under the Exchange Act, of common equity of the Corporation representing more than 50% of the voting power of the Common Stock; or

(b) consummation of any consolidation or merger of the Corporation or similar transaction or any sale, lease or other transfer in one transaction or a series of related transactions of all or substantially all of the consolidated assets of the Corporation and its subsidiaries, taken as a whole, to any Person other than one of the Corporation’s subsidiaries, in each case, pursuant to which the Common Stock will be converted into cash, securities, or other property, other than pursuant to a transaction in which the Persons that “beneficially owned” (as defined in Rule 13d-3 under the Exchange Act) directly or indirectly, Voting Shares immediately prior to such transaction beneficially own, directly or indirectly, Voting Shares representing a majority of the total voting power of all outstanding classes of Voting Shares of the continuing or surviving Person immediately after the transaction; *provided, however* that a Make-Whole Acquisition will not be deemed to have occurred if at least 90% of the consideration received by holders of the Common Stock in the transaction or transactions (as determined by the board of directors) consists of shares of common securities of a Person or American Depositary Receipts in respect of such common securities that are traded on a U.S. national securities exchange or a securities exchange in the European Economic Area or that will be traded on a U.S. national securities exchange or a securities exchange in the European Economic Area when issued or exchanged in connection with a Make-Whole Acquisition.

“Make-Whole Acquisition Conversion” has the meaning set forth in Section 13(c)(i).

“Make-Whole Acquisition Conversion Period” has the meaning set forth in Section 13(c)(i).

“Make-Whole Acquisition Effective Date” has the meaning set forth in Section 13(c)(i).

“Make-Whole Acquisition Stock Price” means the price paid per share of Common Stock in the event of a Make-Whole Acquisition. If the holders of shares of Common Stock receive only cash in the Make-Whole Acquisition in a single per-share amount, other than with respect to appraisal and similar rights, the Make-Whole Acquisition Stock Price shall be the cash amount paid per share of Common Stock. For purposes of the preceding sentence as applied to a Make-Whole Acquisition of the type set forth in clause (a) of the definition Make-Whole Acquisition, a single price per share of Common Stock shall be deemed to have been paid only if the transaction or transactions that caused the Make-Whole Acquisition to occur was a tender offer for more than 50% of the then-outstanding Common Stock. Otherwise, the Make-Whole Acquisition Stock Price shall be the average of the Closing Price per share of Common Stock on the ten Trading Days up to, but not including, the Make-Whole Acquisition Effective Date.

“Make-Whole Shares” has the meaning set forth in Section 13(c)(i).

“Mandatory Conversion Date” has the meaning set forth in Section 13(b)(iii).

“Market Disruption Event” means any of the following events that has occurred:

(a) change or quotation system on which the VWAP is determined pursuant to the definition of the VWAP Trading Day (a “Relevant Exchange”) during the one-hour period prior to the close of trading for the regular trading session on the Relevant Exchange (or for purposes of determining the VWAP per share of Common Stock any period or periods aggregating one half-hour or longer during the regular trading session on the relevant day) and whether by reason of movements in price exceeding limits permitted by the Relevant Exchange, or otherwise relating to Common Stock or in futures or options contracts relating to the Common Stock on the Relevant Exchange;

(b) any event (other than an event described in clause (c)) that disrupts or impairs (as determined by the Corporation in its reasonable discretion) the ability of market participants during the one-hour period prior to the close of trading for the regular trading session on the Relevant Exchange (or for purposes of determining the VWAP per share of Common Stock any period or periods aggregating one half-hour or longer during the regular trading session on the relevant day) in general to effect transactions in, or obtain market values for, the Common Stock on the Relevant Exchange or to effect transactions in, or obtain market values for, futures or options contracts relating to the Common Stock on the Relevant Exchange; or

(c) the failure to open of the Relevant Exchange on which futures or options contracts relating to the Common Stock, are traded or the closure of such Relevant Exchange prior to its respective scheduled closing time for the regular trading session on such day (without regard to after hours or any other trading outside of the regular trading session hours) unless such earlier closing time is announced by such Relevant Exchange at least one hour prior to the earlier of the actual closing time for the regular trading session on such day and the submission deadline for orders to be entered into such Relevant Exchange for execution at the actual closing time on such day.

“Nonpayment Event” has the meaning set forth in Section 7(a).

“Notice of Mandatory Conversion” has the meaning set forth in Section 13(b)(iii).

“Parity Stock” means any other class or series of stock of the Corporation that ranks on a par with Series L Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary dissolution, winding-up and liquidation of the Corporation.

“Person” means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint-stock company, limited liability company or trust.

“Preferred Stock Directors” has the meaning set forth in Section 7(a).

“Purchased Shares” has the meaning set forth in Section 12(a)(v).

“Record Date” has the meaning set forth in Section 12(d), except for purposes of Section 14.

“Reference Price” means the applicable Make-Whole Acquisition Stock Price.

“Registrar” means American Stock Transfer & Trust Company acting in its capacity as registrar for the Series L Preferred Stock, and its successors and assigns or any other registrar appointed by the Corporation.

“Relevant Exchange” has the meaning set forth above in the definition of Market Disruption Event.

“Reorganization Event” has the meaning set forth in Section 15(a).

“Series L Preferred Stock” has the meaning set forth in Section 1.

“Trading Day” means a day on which the shares of Common Stock:

(a) are not suspended from trading on any national or regional securities exchange or association or over-the-counter market at the close of business; and

(b) have traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the Common Stock.

“Transfer Agent” shall mean American Stock Transfer & Trust Company acting in its capacity as transfer agent for the Series L Preferred Stock, and its successors and assigns or any other transfer agent appointed by the Corporation.

“Voting Parity Stock” means any Parity Stock having similar voting rights as the Series L Preferred Stock.

“Voting Shares” of a Person means shares of all classes of Capital Stock of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of the board of directors of such Person.

“VWAP” per share of the Common Stock on any VWAP Trading Day means the per share volume-weighted average price as displayed under the heading Bloomberg VWAP on Bloomberg page WFC<equity>AQR (or its equivalent successor if such page is not available) in respect of the period from the open of trading on the relevant VWAP Trading Day until the close of trading on the relevant VWAP Trading Day (or if such volume-weighted average price is unavailable, the market price of one share of Common Stock on such VWAP Trading Days determined, using a volume-weighted average method, by a nationally recognized investment banking firm (unaffiliated with the Corporation) retained for this purpose by the Corporation). The VWAP for any other share of Capital Stock shall be determined on a comparable basis, *mutatis mutandis*.

“VWAP Trading Day” means, for purposes of determining a VWAP per share of Common Stock, a Business Day on which the Relevant Exchange (as defined in the definition of Market Disruption Event) is scheduled to be open for business and on which there has not occurred or does not exist a Market Disruption Event.

Section 4. Dividends.

(a) Rate. Holders of Series L Preferred Stock shall be entitled to receive, if, as and when declared by the board of directors, but only out of funds legally available therefor, non-cumulative cash dividends on the liquidation preference of \$1,000 per share of Series L Preferred Stock, and no more, from the date of issuance at a rate *per annum* equal to 7.50%, payable quarterly in arrears on each March 15, June 15, September 15 and December 15, commencing June 15, 2008. The term "Dividend Payment Date" means March 15, June 15, September 15 and December 15. If any date specified pursuant the preceding sentence is not a Business Day, then dividends will be payable on the first Business Day following such date and dividends shall be payable to the actual payment date and no interest or other payment shall be paid with respect of such delay. The term "Dividend Period" means each period from and including a Dividend Payment Date (or the date of issuance of the Series L Preferred Stock for the first Dividend Payment Date) to but excluding the next Dividend Payment Date; provided that the first Dividend Period shall be deemed to have commenced on December 15, 2008. The amount of dividends payable for any Dividend Period shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

(b) Non-Cumulative Dividends. Dividends on shares of Series L Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series L Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to be payable and the Corporation shall have no obligation to pay, and the holders of Series L Preferred Stock shall have no right to receive, dividends payable in respect of the Dividend Period ending immediately prior to such Dividend Payment Date after such Dividend Payment Date, whether or not dividends are declared for any subsequent Dividend Period with respect to the Series L Preferred Stock, any Parity Stock, any Junior Stock or any other class or series of authorized preferred stock of the Corporation. Holders of Series L Preferred Stock shall

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not be entitled to any dividends, whether payable in cash, property or stock, in excess of full dividends for each Dividend Period on the Series L Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any Dividend Payment or Dividend Payments or failure to make any Dividend Payment or Dividend Payments.

(c) Priority of Dividends. So long as any share of Series L Preferred Stock remains outstanding and, as to any Junior Stock or Parity Stock then outstanding, unless full dividends on all outstanding shares of Series L Preferred Stock for the Dividend Period ending on or immediately prior to the dividend payment date or other payment date for such Junior Stock or Parity Stock have been paid in full or declared and set aside for payment, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on such Junior Stock (other than a dividend payable solely in Junior Stock) or on such Parity Stock, subject to the immediately following paragraph in the case of Parity Stock, (ii) no shares of Junior Stock shall be purchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than (1) as a result of a reclassification of Junior Stock for or into Junior Stock, (2) the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, (3) through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock or (4) in connection with the satisfaction of the Corporation's obligations pursuant to any contract entered into in the ordinary course prior to the beginning of such Dividend Period), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation, and (iii) no shares of Parity Stock shall be purchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than (1) as a result of a reclassification of Parity Stock for or into Parity Stock or Junior Stock, (2) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or for or into Junior Stock, (3) through the use of the proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock or (4) in connection with the satisfaction of the Corporation's obligations pursuant to any contract entered into in the ordinary course prior to the beginning of such Dividend Period), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation (other than through the use of the proceeds of a substantially contemporaneous sale described in clause (ii)(3) or (iii)(3) above), otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series L Preferred Stock and such Parity Stock.

When dividends are not paid in full upon the Series L Preferred Stock and any Parity Stock, dividends upon shares of the Series L Preferred Stock and such Parity Stock will be declared on a proportional basis, based upon the ratio of the amount of dividends declared on the Series L Preferred Stock and such Parity Stock to the amount that, if declared, would be full dividends (including accrued and unpaid dividends as to any Parity Stock that bears dividends on a cumulative basis) on the Series L Preferred Stock and such Parity Stock through the next succeeding applicable dividend payment date. If the board of directors determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Corporation will provide written notice to the holders of the Series L Preferred Stock prior to such date. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the board of directors may be declared and paid on any Junior Stock from time to time out of any funds legally available therefor, and the shares of Series L Preferred Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

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(a) Liquidation. In the event of any voluntary or involuntary dissolution, winding-up and liquidation of the Corporation, holders of Series L Preferred Stock shall be entitled, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any Parity Stock or class or series of securities ranking senior to or on parity with the Series L Preferred Stock upon liquidation and the rights of the Corporation's creditors, to receive in full a liquidation preference in an amount equal to \$1,000 per share, plus an amount equal to all declared and unpaid dividends for the then-current Dividend Period to the date of liquidation. The holder of Series L Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary dissolution, winding-up and liquidation of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference to all holders of Series L Preferred Stock and the liquidation preferences of any Parity Stock to all holders of such Parity Stock, the amounts paid to the holders of Series L Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences of Series L Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the applicable liquidation preference has been paid in full to all holders of Series L Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding-up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding-up of the affairs of the Corporation.

Section 6. Redemption. The shares of Series L Preferred Stock shall not be redeemable.

Section 7. Voting Rights. The holders of Series L Preferred Stock shall not have any voting rights except as set forth below or as otherwise from time to time required by applicable law.

(a) Right To Elect Two Directors Upon Nonpayment Events. If after the issuance of the Series L Preferred Stock the Corporation fails to pay, or declare and set aside for payment, full dividends on the Series L Preferred Stock or any class or series of Voting Parity Stock for six Dividend Periods or their equivalent (whether or not consecutive) (a "Nonpayment Event"), the number of directors then constituting the board of directors shall automatically be increased by two and the holders of Series L Preferred Stock, voting

together as a single and separate class with the holders of all outstanding shares of Voting Parity Stock, shall be entitled

to elect the two additional directors (the “Preferred Stock Directors”) by a plurality of the votes cast; provided that it shall be a qualification for election for any such Preferred Stock Director that the election of such director shall not cause the Corporation to violate the corporate governance requirement of the New York Stock Exchange (or any other securities exchange or other trading facility on which securities of the Corporation may then be listed or traded) that listed or traded companies must have a majority of independent directors; and provided further that the board of directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights).

In the event that the holders of Series L Preferred Stock and such other holders of Voting Parity Stock shall be entitled to vote for the election of the Preferred Stock Directors following a Nonpayment Event, such directors shall be initially elected following such Nonpayment Event at the Corporation’s next annual meeting of shareholders, and, except as provided below, at each subsequent annual meeting of shareholders of the Corporation.

When dividends have been paid in full on the Series L Preferred Stock and any and all Voting Parity Stock for at least four consecutive Dividend Periods or their equivalent after a Nonpayment Event, then the right of the holders of Series L Preferred Stock to elect the Preferred Stock Directors shall cease (but subject always to revesting of such rights in the case of any future Nonpayment Event), and, if and when all rights of holders of Series L Preferred Stock and Voting Parity Stock to elect the Preferred Stock Directors shall have ceased, the terms of office of all the Preferred Stock Directors shall forthwith terminate and the number of directors constituting the board of directors shall automatically be reduced accordingly.

Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series L Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a single and separate class). In case any vacancy shall occur among the Preferred Stock Directors, a successor shall be elected by a plurality of the votes cast by the holders of Series L Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a single and separate class. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the board of directors for a vote.

(b) Other Voting Rights. So long as any shares of Series L Preferred Stock are outstanding, the vote or consent of the holders of at least 66 2/3 % of the shares of Series L Preferred Stock at the time outstanding and entitled to vote thereon, voting separately as a single class with all other classes or series of preferred stock ranking equally with the Series L Preferred Stock and entitled to vote thereon, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating any of the following actions, whether or not such approval is required by Delaware law:

(i) Amendment Affecting Series L Preferred Stock. Any amendment, alteration or repeal of any provision of the certificate of incorporation or bylaws so as to adversely affect the rights, preferences, privileges or voting powers of the Series L Preferred Stock.

(ii) Authorization or Issuance of Senior Stock. Any amendment or alteration of any provision of the certificate of incorporation or bylaws to authorize, create or increase the authorized amount of, or any issuance of, any shares of, or any securities convertible into shares of, any class or series of Capital Stock of the Corporation ranking senior to the Series L Preferred Stock with respect to either the payment of dividends or the distribution of assets in the event of any voluntary or involuntary dissolution, winding-up and liquidation of the affairs of the Corporation; or

(iii) Share Exchanges, Reclassifications, Mergers and Consolidations. Any consummation of a binding share exchange or reclassification involving the Series L Preferred Stock, or of a merger or consolidation of the Corporation with another Person, unless in each case (x) the shares of Series L Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting Person, are converted into or exchanged for preference securities of the surviving or resulting Person or a Person controlling such Person, and (y) such Series L Preferred Stock shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series L Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of Series L Preferred Stock or any class or series of Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series L Preferred Stock, and holders of the Series L Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, share exchange, reclassification, merger or consolidation specified in this Section 7(b) would adversely affect one or more but not all series of voting preferred stock (including the Series L Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a single class (in lieu of all other series of preferred stock).

(c) Changes for Clarification. Without the consent of the holders of Series L Preferred Stock, so long as such action does not adversely affect the rights, preferences, privileges and voting powers, and limitations and restrictions thereof, of the Series L Preferred Stock, the Corporation may amend, alter, supplement or repeal any terms of the Series L Preferred Stock:

(i) to cure any ambiguity, or to cure, correct or supplement any provision contained in this Certificate of Designations that may be defective or inconsistent; or

(ii) to make any provision with respect to matters or questions arising with respect to the Series L Preferred Stock that is not inconsistent with the provisions of this Certificate of Designations.

(d) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Series L Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard

to such a meeting or such consents shall be governed by any rules the board of directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the certificate of incorporation, the bylaws, applicable law and any national securities exchange or other trading facility in which the Series L Preferred Stock is listed or traded at the time. Whether the vote or consent of the holders of a plurality, majority or other portion of the shares of Series L Preferred Stock and any Voting Parity Stock has been cast or given on any matter on which the holders of shares of Series L Preferred Stock are entitled to vote shall be determined by the Corporation by reference to the specified liquidation amounts of the shares voted or covered by the consent.

For purposes of determining the voting rights of the holders of Series L Preferred Stock under this Section 7, each holder will be entitled to one vote for each \$1,000 of liquidation preference to which his or her shares are entitled. Holders of shares of Series L Preferred Stock will be entitled to one vote for each such share of Series L Preferred Stock held by them.

Section 8. Rank. Notwithstanding anything set forth in the certificate of incorporation or this Certificate of Designations to the contrary, the board of directors, without the vote of the holders of the Series L Preferred Stock, may authorize and issue additional shares of Junior Stock or Parity Stock.

Section 9. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series L Preferred Stock from time to time to such extent, in such manner, and upon such terms as the board of directors may determine; *provided, however*, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 10. Unissued or Reacquired Shares. Shares of Series L Preferred Stock not issued or which have been issued and converted in accordance with the terms hereof or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

Section 11. No Sinking Fund. Shares of Series L Preferred Stock are not subject to the operation of a sinking fund.

Section 12. Right to Convert. Each Holder shall have the right, at such Holder's option, at any time, to convert all or any portion of such Holder's Series L Preferred Stock into shares of Common Stock at the Applicable Conversion Rate (subject to the conversion procedures set forth in Section 13 herein) plus cash in lieu of fractional shares.

Section 13. Conversion.

(a) Conversion Procedures.

(i) Effective immediately prior to the close of business on the Mandatory Conversion Date or any applicable Conversion Date, dividends shall no longer be declared on any converted shares of Series L Preferred Stock and such shares of Series L Preferred Stock shall cease to be outstanding, in each case, subject to the right of Holders to receive any declared and unpaid dividends on such shares and any other payments to which they

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are otherwise entitled pursuant to Section 12, Section 13(b), Section 13(c), Section 13(d), Section 15 or Section 16, as applicable.

(ii) Prior to the close of business on the Mandatory Conversion Date or any applicable Conversion Date, shares of Common Stock issuable upon conversion of, or other securities issuable upon conversion of, any shares of Series L Preferred Stock shall not be deemed outstanding for any purpose, and Holders shall have no rights with respect to the Common Stock or other securities issuable upon conversion (including voting rights, rights to respond to tender offers for the Common Stock and rights to receive any dividends or other distributions on the Common Stock and/or other securities issuable upon conversion), by virtue of holding shares of Series L Preferred Stock.

(iii) The Person or Persons entitled to receive the Common Stock and/or other securities issuable upon conversion of Series L Preferred Stock shall be treated for all purposes as the record holder(s) of such shares of Common Stock and/or such other securities as of the close of business on the Mandatory Conversion Date or any applicable Conversion Date except to the extent that all or a portion of such Common Stock is subject to the limitations set forth in Section 18. In the event that a Holder shall not by written notice designate the name in which shares of Common Stock and/or cash, other securities or other property (including payments of cash in lieu of fractional shares) to be issued or paid upon conversion of shares of Series L Preferred Stock should be registered or paid or the manner in which such shares should be delivered, the Corporation shall be entitled to register and deliver such shares, and make such payment, in the name of the Holder and in the manner shown on the records of the Corporation through book-entry transfer through the Depository.

(iv) Conversion into shares of Common Stock will occur on the Mandatory Conversion Date or any applicable Conversion Date as follows:

(A) On the Mandatory Conversion Date or applicable Conversion Date, certificates or evidence of shares in book-entry form representing shares of Common Stock shall be

issued and delivered to Holders or their designee upon presentation and surrender of the certificate evidencing the Series L Preferred Stock to the Conversion Agent if shares of the Series L Preferred Stock are held in certificated form, and, if required, the furnishing of appropriate endorsements and transfer documents and the payment of all transfer and similar taxes. If a Holder's interest is a beneficial interest in a global certificate representing Series L Preferred Stock, a book-entry transfer through the Depositary will be made by the Conversion Agent upon compliance with the Depositary's procedures for converting a beneficial interest in a global security.

(B) On the date of any conversion at the option of Holders pursuant to Section 12, Section 13(c) or Section 13(d), if a Holder's interest is in certificated form, a Holder must do each of the following in order to convert:

(1) complete and manually sign the conversion notice provided by the Conversion Agent, or a facsimile of the conversion notice, and deliver this irrevocable notice to the Conversion Agent;

(2) surrender the shares of Series L Preferred Stock to the Conversion Agent;

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(3) if required, furnish appropriate endorsements and transfer documents;

(4) if required, pay all transfer or similar taxes; and

(5) if required, pay funds equal to any declared and unpaid dividend payable on the next Dividend Payment Date.

If a Holder's interest is a beneficial interest in a global certificate representing Series L Preferred Stock, in order to convert a Holder must comply with clauses (3) through (5) listed above and comply with the Depositary's procedures for converting a beneficial interest in a global security.

The date on which a Holder complies with the procedures in this clause (v) is the "Conversion Date."

(C) Conversion Agent shall, on a Holder's behalf, convert the Series L Preferred Stock into shares of Common Stock and/or cash, other securities or other property (involving payments of cash in lieu of fractional shares), in accordance with the terms of the notice delivered by such Holder described in clause (B) above. If a Conversion Date on which a Holder elects to convert Series L Preferred Stock is prior to the Record Date relating to any declared dividend for the Dividend Period, such Holder will not have the right to receive any declared dividends for that Dividend Period. If a Conversion Date on which a Holder elects to convert Series L Preferred Stock or the Mandatory Conversion Date is after the Record Date for any declared dividend and prior to the Dividend Payment Date, such Holder shall receive that dividend on the relevant Dividend Payment Date if such Holder was the Holder of record on the Record Date for that dividend. Notwithstanding the preceding sentence, if the Conversion Date is after the Record Date and prior to the Dividend Payment Date, whether or not such Holder was the Holder of record on the Record Date, the Holder must pay to the Conversion Agent upon conversion of the shares of Series L Preferred Stock an amount in cash equal to the full dividend actually paid on the Dividend Payment Date for the then-current Dividend Period on the shares of Series L Preferred Stock being converted, unless the Holder's shares of Series L Preferred Stock are being converted pursuant to Section 13(b), Section 13(c) or Section 13(d).

(b) Mandatory Conversion at the Corporation's Option.

(i) On or after March 15, 2013, the Corporation may, at its option, at any time or from time to time, cause some or all of the Series L Preferred Stock to be converted into shares of Common Stock at the Applicable Conversion Rate if, for 20 Trading Days during any period of 30 consecutive Trading Days, including the last Trading Day of such period, the Closing Price of the Common Stock exceeds

130% of the Applicable Conversion Price of the Series L Preferred Stock. The Corporation will provide Notice of Mandatory Conversion as set forth in Section 13(b)(iii) within three Trading Days after the end of the 30 consecutive Trading Day period.

(ii) If the Corporation elects to cause less than all of the Series L Preferred Stock to be converted under clause (i) above, the Conversion Agent will select the

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Series L Preferred Stock to be converted by lot, or on a *pro rata* basis or by another method the Conversion Agent considers fair and appropriate, including any method required by the Depositary (so long as such method is not prohibited by the rules of any stock exchange or quotation association on which the Series L Preferred Stock is then traded or quoted). If the Conversion Agent selects a portion of a Holder's Series L Preferred Stock for partial conversion at the Corporation's option and such Holder converts a portion of its shares of Series L Preferred Stock at the same time, the portion converted at such Holder's option will reduce the portion selected for conversion at the Corporation's option under this Section 13(b).

(iii) If the Corporation exercises the optional conversion right described in this Section 13(b), the Corporation shall give notice (such notice a "Notice of Mandatory Conversion") by (i) providing a notice of such conversion by first class mail to each Holder of record for the shares of Series L Preferred Stock to be converted or (ii) issuing a press release and making this information available on its website. The Conversion Date shall be a date selected by the Corporation (the "Mandatory Conversion Date"), not less than 10 days, and not more than 20 days, after the date on which the Corporation provides the Notice of Mandatory Conversion. In addition to any information required by applicable law or regulation, the Notice of Mandatory Conversion shall state, as appropriate:

(A) the Mandatory Conversion Date;

(B) the number of shares of Common Stock to be issued upon conversion of each share of Series L Preferred Stock; and

(C) the aggregate number of shares of Series L Preferred Stock to be converted.

(c) Conversion upon Make-Whole Acquisition.

(i) In the event of a Make-Whole Acquisition occurring prior to a Mandatory Conversion Date or Conversion Date, each Holder shall have the option to convert its shares of Series L Preferred Stock (a "Make-Whole Acquisition Conversion") during the period (the "Make-Whole Acquisition Conversion Period") beginning on the effective date of the Make-Whole Acquisition (the "Make-Whole Acquisition Effective Date") and ending on the date that is 30 days after the Make-Whole Acquisition Effective Date and receive an additional number of shares of Common Stock (the "Make-Whole Shares") as set forth in clause (ii) below.

(ii) The number of Make-Whole Shares per share of Series L Preferred Stock shall be determined by reference to the table below for the applicable Make-Whole Acquisition Effective Date and the applicable Make-Whole Acquisition Stock Price:

Make-Whole Acquisition Stock Price

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Effective Date	\$	<u>120.54</u>	\$	<u>125.57</u>	\$	<u>138.12</u>	\$	<u>150.68</u>	\$	<u>156.71</u>	\$	<u>175.79</u>	\$	<u>203.72</u>	\$	<u>226.02</u>	\$	<u>251.13</u>	\$	<u>301.36</u>	<u>\$401.81</u>	<u>\$502.26</u>	
April 17, 2008.....		1.9153		1.8855		1.5191		1.1110		0.9497		0.6471		0.3962		0.2847		0.2091		0.1354		0.0757	0.0458
March 15, 2009.....		1.9153		1.8775		1.5052		1.0951		0.9437		0.6331		0.3763		0.2588		0.1852		0.1175		0.0697	0.0438
March 15, 2010.....		1.9153		1.8397		1.4913		1.0871		0.9378		0.6073		0.3365		0.2210		0.1533		0.0956		0.0577	0.0358
March 15, 2011.....		1.9153		1.7899		1.4694		1.0731		0.9238		0.5794		0.2887		0.1712		0.1075		0.0657		0.0398	0.0259
March 15, 2012.....		1.9153		1.7561		1.4355		1.0652		0.9139		0.5356		0.2051		0.0896		0.0458		0.0299		0.0199	0.0119
March 15, 2013.....		1.9153		1.6704		1.4275		1.0592		0.9119		0.5097		0.0916		0.0000		0.0000		0.0000		0.0000	0.0000
Thereafter.....		1.9153		1.6704		1.4275		1.0592		0.9119		0.5097		0.0916		0.0000		0.0000		0.0000		0.0000	0.0000

(A) The exact Make-Whole Acquisition Stock Prices and Make-Whole Acquisition Effective Dates may not be set forth in the table, in which case:

(1) if the Make-Whole Acquisition Stock Price is between two Make-Whole Acquisition Stock Price amounts in the table or the Make-Whole Acquisition Effective Date is between two dates in the table, the number of Make-Whole Shares will be determined by straight-line interpolation between the number of Make-Whole Shares set forth for the higher and lower Make-Whole Acquisition Stock Price amounts and the two Make-Whole Acquisition Effective Dates, as applicable, based on a 365-day year;

(2) if the Make-Whole Acquisition Stock Price is in excess of \$502.26 per share (subject to adjustment pursuant to Section 14), no Make-Whole Shares will be issued upon conversion of the Series L Preferred Stock; and

(3) if the Make-Whole Acquisition Stock Price is less than \$120.54 per share (subject to adjustment pursuant to Section 14), no Make-Whole Shares will be issued upon conversion of the Series L Preferred Stock.

(B) The Make-Whole Acquisition Stock Prices set forth in the table above are subject to adjustment pursuant to Section 14 hereof and shall be adjusted as of any date the Conversion Rate is adjusted. The adjusted Make-Whole Acquisition Stock Prices will equal the Make-Whole Acquisition Stock Prices applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the Conversion Rate immediately prior to the adjustment giving rise to the Make-Whole Acquisition Stock Prices adjustment and the denominator of which is the Conversion Rate as so adjusted. Each of the number of Make-Whole Shares in the table shall also be subject to adjustment in the same manner as the Conversion Rate pursuant to Section 14.

(iii) On or before the twentieth day prior to the date the Corporation anticipates being the effective date for the Make-Whole Acquisition or within two business days of becoming aware of a Make-Whole Acquisition of the type set forth in clause (a) of the definition Make-Whole Acquisition, a written notice shall be sent by or on behalf of the Corporation, by first-class mail, postage prepaid, to the Holders as they appear in the records of the Corporation. Such notice shall contain:

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(A) the anticipated effective date or effective date of the Make-Whole Acquisition; and

(B) the date, which shall be 30 days after the Make-Whole Acquisition Effective Date, by which a Make-Whole Acquisition Conversion must be exercised.

(iv) On the Make-Whole Acquisition Effective Date or as soon as practicable thereafter, another written notice shall be sent by or on behalf of the Corporation, by first-class mail, postage prepaid, to the Holders as they appear in the records of the Corporation. Such notice shall contain:

(A) the date that shall be 30 days after the Make-Whole Acquisition Effective Date;

(B) the number of Make-Whole Shares;

(C) the amount of cash, securities and other consideration receivable by a Holder of Series L Preferred Stock upon conversion; and

(D) the instructions a Holder must follow to exercise its conversion option in connection with such Make-Whole Acquisition.

(v) To exercise a Make-Whole Acquisition Conversion option, a Holder must, no later than 5:00 p.m., New York City time on or before the date by which the Make-Whole Acquisition

Conversion option must be exercised as specified in the notice delivered under clause (iv) above, comply with the procedures set forth in Section 13(a)(iv)(B).

(vi) If a Holder does not elect to exercise the Make-Whole Acquisition Conversion option in accordance with the provisions specified in this Section 13(c), the shares of Series L Preferred Stock or successor security held by it shall remain outstanding (unless otherwise converted as provided herein), and the Holder will not be eligible to receive Make-Whole Shares.

(vii) Upon a Make-Whole Acquisition Conversion, the Conversion Agent shall, except as otherwise provided in the instructions provided by the Holder thereof in the written notice provided to the Corporation or its successor as set forth in Section 13(a)(iv) above, deliver to the Holder such cash, securities or other property as are issuable with respect to Make-Whole Shares in the Make-Whole Acquisition.

(viii) In the event that a Make-Whole Acquisition Conversion is effected with respect to shares of Series L Preferred Stock or a successor security representing less than all the shares of Series L Preferred Stock or a successor security held by a Holder, upon such Make-Whole Acquisition Conversion the Corporation or its successor shall execute and the Conversion Agent shall, unless otherwise instructed in writing, countersign and deliver to the Holder thereof, at the expense of the Corporation or its successors, a certificate evidencing the shares of Series L Preferred Stock or such successor security held by the Holder as to which a Make-Whole Acquisition Conversion was not effected.

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(d) Conversion Upon Fundamental Change.

(i) If the Reference Price in connection with a Make-Whole Acquisition is less than \$120.54 (a “Fundamental Change”), a Holder may elect to convert each share of Series L Preferred Stock during the period beginning on the effective date of the Fundamental Change and ending on the date that is 30 days after the effective date of such Fundamental Change at an adjusted conversion price equal to the greater of (1) the Reference Price and (2) \$60.27, subject to adjustment as described in clause (ii) below (the “Base Price”). If the Reference Price is less than the Base Price, Holders will receive a maximum of 16.5916 shares of Common Stock per share of Series L Preferred Stock converted, subject to adjustment as a result of any adjustment to the Base Price described in clause (ii) below.

(ii) The Base Price shall be adjusted as of any date the Conversion Rate of the Series L Preferred Stock is adjusted pursuant to Section 14. The adjusted Base Price shall equal the Base Price applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the Conversion Rate immediately prior to the adjustment giving rise to the Conversion Rate adjustment and the denominator of which is the Conversion Rate as so adjusted.

(iii) In lieu of issuing Common Stock upon conversion in the event of a Fundamental Change, the Corporation may at its option, and if it obtains any necessary regulatory approval, pay an amount in cash (computed to the nearest cent) equal to the Reference Price for each share of Common Stock otherwise issuable upon conversion.

(iv) On or before the twentieth day prior to the date the Corporation anticipates being the effective date for the Fundamental Change or within two business days of becoming aware of the Fundamental Change if it is a Make-Whole Acquisition of the type set forth in clause (a) of the definition Make-Whole Acquisition, a written notice shall be sent by or on behalf of the Corporation, by first-class mail, postage prepaid, to the Holders as they appear in the records of the Corporation. Such notice shall contain:

(A) the anticipated effective date of the Fundamental Change; and

(B) the date, which shall be 30 days after the anticipated effective date of a Fundamental Change, by which a Fundamental Change conversion must be exercised.

(v) On the effective date of a Fundamental Change or as soon as practicable thereafter, another written notice shall be sent by or on behalf of the Corporation, by first-class mail, postage prepaid, to the Holders as they appear in the records of the Corporation. Such notice shall contain:

(A) the date that shall be 30 days after the effective date of the Fundamental Change;

(B) the adjusted conversion price following the Fundamental Change;

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(C) the amount of cash, securities and other consideration received by a Holder of Series L Preferred Stock upon conversion; and

(D) the instructions a Holder must follow to exercise its conversion option in connection with such Fundamental Change.

(vi) To exercise its conversion option upon a Fundamental Change, a Holder must, no later than 5:00 p.m., New York City time on or before the date by which the conversion option upon the Fundamental Change must be exercised as specified in the notice delivered under clause (v) above, comply with the procedures set forth in Section 13 (a)(v)(B) and indicate that it is exercising the Fundamental Change conversion option.

(vii) If a Holder does not elect to exercise its conversion option upon a Fundamental Change in accordance with the provisions specified in this Section 13(d), the shares of Series L Preferred Stock or successor security held by it shall remain outstanding (unless otherwise converted as provided herein) and the Holder will not be eligible to convert its shares pursuant to this Section 13(d).

(viii) Upon a conversion upon a Fundamental Change, the Conversion Agent shall, except as otherwise provided in the instructions provided by the Holder thereof in the written notice provided to the Corporation or its successor as set forth in Section 13(a)(iv), deliver to the Holder such cash, securities or other property as are issuable with respect to the adjusted conversion price following the Fundamental Change.

(ix) In the event that a conversion upon a Fundamental Change is effected with respect to shares of Series L Preferred Stock or a successor security representing less than all the shares of Series L Preferred Stock or a successor security held by a Holder, upon such conversion the Corporation or its successor shall execute and the Conversion Agent shall, unless otherwise instructed in writing, countersign and deliver to the Holder thereof, at the expense of the Corporation, a certificate evidencing the shares of Series L Preferred Stock or such successor security held by the Holder as to which a conversion upon a Fundamental Change was not effected.

Section 14. Anti-Dilution Adjustments.

(a) Adjustments. The Conversion Rate will be subject to adjustment, without duplication, under the following circumstances:

(i) The issuance of Common Stock as a dividend or distribution to all holders of Common Stock or a subdivision or combination of Common Stock (other than in connection with a Reorganization Event), in which event the Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times (OS_1 / OS_0)$$

where,

CR_0 = the Conversion Rate in effect at the close of business on the Record Date

CR_1 = the Conversion Rate in effect immediately after the Record Date
 OS_0 = the number of shares of Common Stock outstanding at the close of business on the Record Date prior to giving effect to such event
 OS_1 = the number of shares of Common Stock that would be outstanding immediately after, and solely as a result of, such event

Notwithstanding the foregoing, (1) no adjustment will be made for the issuance of Common Stock as a dividend or distribution to all holders of Common Stock that is made in lieu of a quarterly or annual cash dividend or distribution to such holders, to the extent such dividend or distribution does not exceed the applicable Dividend Threshold Amount (with the amount of any such dividend or distribution equaling the number of such shares being issued multiplied by the average of the VWAP of the Common Stock over each of the five consecutive VWAP Trading Days prior to the Ex-Date for such dividend or distribution) and (2) in the event any dividend, distribution, subdivision or combination that is the subject of this Section 14(a)(i) is declared but not so paid or made, the Conversion Rate shall be immediately readjusted, effective as of the date the board of directors publicly announces its decision not to pay or make such dividend or distribution or effect such subdivision or combination, to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared or such subdivision or combination had not been announced.

(ii) The issuance to all holders of Common Stock of certain rights or warrants (other than rights issued pursuant to a shareholder rights plan or rights or warrants issued in connection with a Reorganization Event) entitling them for a period expiring 60 days or less from the date of issuance of such rights or warrants to purchase shares of Common Stock (or securities convertible into Common Stock) at less than (or having a conversion price per share less than) the Current Market Price as of the Record Date, in which event each Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times [(OS_0 + X) / (OS_0 + Y)]$$

where,

CR_0 = the Conversion Rate in effect at the close of business on the Record Date
 CR_1 = the Conversion Rate in effect immediately after the Record Date
 OS_0 = the number of shares of Common Stock outstanding at the close of business on the Record Date
 X = the total number of shares of Common Stock issuable pursuant to such rights or warrants (or upon conversion of such securities)
 Y = the number of shares equal to the quotient of the aggregate price payable to exercise such rights or warrants (or the conversion price for such securities paid upon conversion) divided by the average of the VWAP of the Common Stock over each of the ten consecutive VWAP Trading Days prior to the Business Day immediately preceding the announcement of the issuance of such rights or warrants

Notwithstanding the foregoing, (1) in the event that such rights or warrants described in this Section 14(a)(ii) are not so issued, the Conversion Rate shall be immediately readjusted, effective as of the date the board of directors publicly announces its decision not to issue such rights or warrants, to the Conversion Rate that would then be in effect if such issuance had not been declared and (2) to the extent that such rights or warrants are not

exercised prior to their expiration or shares of the Common Stock are otherwise not delivered pursuant to such rights or warrants upon the exercise of such rights or warrants, the Conversion Rate shall be readjusted to the Conversion Rate that would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered.

In determining the aggregate price payable for such shares of the Common Stock, there shall be taken into account any consideration received by the Corporation for such rights or warrants and the value of such consideration (if other than cash, to be determined by the board of directors). If an adjustment to the Conversion Rate may be required pursuant to this Section 14(a)(ii), delivery of any additional shares of Common Stock that may be deliverable upon conversion as a result of an adjustment required pursuant to this

Section 14(a)(ii) shall be delayed to the extent necessary in order to complete the calculations provided for in this Section 14(a)(ii).

(iii) The dividend or other distribution to all holders of Common Stock of shares of capital stock of the Corporation (other than Common Stock) or evidences of its indebtedness or its assets (excluding any dividend, distribution or issuance covered by clauses (a)(i) or (a)(ii) above or (a)(iv) below, any dividend or distribution in connection with a Reorganization Event or any spin-off to which the provisions set forth below in this clause (a)(iii) apply) in which event the Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times [SP_0 / (SP_0 - FMV)]$$

where,

CR_0 = the Conversion Rate in effect at the close of business on the Record Date
 CR_1 = the Conversion Rate in effect immediately after the Record Date
 SP_0 = the Current Market Price as of the Record Date
 FMV = the fair market value (as determined by the board of directors) on the Record Date of the shares of capital stock of the Corporation, evidences of indebtedness or assets so distributed, applicable to one share of Common Stock

However, if the transaction that gives rise to an adjustment pursuant to this clause (iii) is one pursuant to which the payment of a dividend or other distribution on Common Stock consists of shares of capital stock of the Corporation of, or similar equity interests in, a subsidiary or other business unit of the Corporation (i.e., a spin-off) that are, or, when issued, will be, traded on the New York Stock Exchange, the Nasdaq Stock Market or any other national or regional securities exchange or market, then the Conversion Rate will instead be adjusted based on the following formula:

$$CR_1 = CR_0 \times [(FMV_0 + MP_0) / MP_0]$$

where,

CR_0 = the Conversion Rate in effect at the close of business on the Record Date
 CR_1 = the Conversion Rate in effect immediately after the Record Date
 FMV_0 = the average of the VWAP of the Capital Stock distributed to holders of Common Stock applicable to one share of Common Stock over each of the 10 consecutive

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WVAP Trading Days commencing on and including the third WVAP Trading Day after the date on which “ex-distribution trading” commences for such dividend or distribution on the NYSE or such other national or regional exchange or association or over-the-counter market, or, if not so traded or quoted, the fair market value of the capital stock or similar equity interests distributed to holders of Common Stock applicable to one share of Common Stock as determined by the board of directors

MP_0 = the average of the WVAP of the Common Stock over each of the 10 consecutive WVAP Trading Days commencing on and including the third WVAP Trading Day after the date on which “ex-distribution trading” commences for such dividend or distribution on the NYSE or such other national or regional exchange or association or over-the-counter market on which Common Stock is then traded or quoted

Notwithstanding the foregoing, (1) if any dividend or distribution of the type described in this Section 14(a)(iii) is declared but not so paid or made, the Conversion Rate shall be immediately readjusted, effective as of the date the board of directors publicly announces its decision not to pay such dividend or distribution, to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared. If an adjustment to the Conversion Rate may be required under this Section 14(a)(iii), delivery of any additional shares of Common Stock that may be deliverable upon conversion as a result of an adjustment required under this Section 14(a)(iii) shall be delayed to the extent necessary in order to complete the calculations provided for in this Section 14(a)(iii).

(iv) The Corporation makes a distribution consisting exclusively of cash to all holders of Common Stock, excluding (a) any regular cash dividend on Common Stock to the extent that the aggregate cash dividend per share of Common Stock does not exceed \$1.8835 in any fiscal quarter (the “Dividend Threshold Amount”) and (b) any consideration payable in connection with a tender or exchange offer made by the Corporation or any its subsidiaries referred to in clause (v) below, in which event, the Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times [SP_0 / (SP_0 - C)]$$

where,

CR_0 = the Conversion Rate in effect at the close of business on the Record Date
 CR_1 = the Conversion Rate in effect immediately after the Record Date
 SP_0 = the Current Market Price as of the Record Date
 C = the amount in cash per share equal to (1) in the case of a regular quarterly dividend, the amount the Corporation distributes to holders or pays, less the Dividend Threshold Amount or (2) in any other case, the amount the Corporation distributes to holders or pays

The Dividend Threshold Amount is subject to adjustment on an inversely proportional basis whenever the Conversion Rate is adjusted; provided that no adjustment will be made to the Dividend Threshold Amount for any adjustment made to the Conversion Rate pursuant to this clause (iv).

Notwithstanding the foregoing, if any dividend or distribution of the type described in this Section 14(a)(iv) is declared but not so paid or made, the Conversion Rate shall

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be immediately readjusted, effective as of the date the board of directors publicly announces its decision not to pay such dividend or distribution, to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(v) The Corporation or one or more of its subsidiaries make purchases of Common Stock pursuant to a tender offer or exchange offer by the Corporation or a subsidiary of the Corporation for Common Stock to the extent that the cash and value (as determined by the board of directors) of any other consideration included in the payment per share of Common Stock validly tendered or exchanged exceeds the VWAP per share of Common Stock on the VWAP Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer (the “Expiration Date”), in which event the Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times [(FMV + (SP_1 \times OS_1) / (SP_1 \times OS_0)]$$

where,

CR_0 = the Conversion Rate in effect at the close of business on the Expiration Date
 CR_1 = the Conversion Rate in effect immediately after the Expiration Date
 FMV = the fair market value (as determined by the board of directors), on the Expiration Date, of the aggregate value of all cash and any other consideration paid or payable for shares validly tendered or exchanged and not withdrawn as of the Expiration Date (the “Purchased Shares”)
 OS_1 = the number of shares of Common Stock outstanding as of the last time tenders or exchanges may be made pursuant to such tender or exchange offer (the “Expiration Time”) less any Purchased Shares
 OS_0 = the number of shares of Common Stock outstanding at the Expiration Time, including any Purchased Shares
 SP_1 = the average of the VWAP of the Common Stock over each of the ten consecutive VWAP Trading Days commencing with the VWAP Trading Day immediately after the Expiration Date.

Notwithstanding the foregoing, if the Corporation, or one of its subsidiaries, is obligated to purchase shares of Common Stock pursuant to any such tender or exchange offer, but the Corporation or such subsidiary is permanently prevented by applicable law from effecting any such purchases, or all such

purchases are rescinded, then the Conversion Rate shall be readjusted to be the Conversion Rate that would then be in effect if such tender or exchange offer had not been made. If an adjustment to the Conversion Rate may be required under this Section 14(a)(v), delivery of any additional shares of Common Stock that may be deliverable upon conversion as a result of an adjustment required under this Section 14(a)(v) shall be delayed to the extent necessary in order to complete the calculations provided for in this Section 14(a)(v).

(b) Calculation of Adjustments. All adjustments to the Conversion Rate shall be calculated by the Corporation to the nearest 1/10,000th of one share of Common Stock (or if there is not a nearest 1/10,000th of a share, to the next lower 1/10,000th of a share). No adjustment to the Conversion Rate will be required unless such adjustment would require an increase or decrease of at least one percent; *provided, however*, that any such minor

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adjustments that are not required to be made will be carried forward and taken into account in any subsequent adjustment, and provided further that any such adjustment of less than one percent that has not been made will be made prior to any conversion pursuant to Section 13(b), Section 13(c) or Section 13(d).

(c) When No Adjustment Required.

(i) Except as otherwise provided in this Section 14, the Conversion Rate will not be adjusted for the issuance of Common Stock or any securities convertible into or exchangeable for Common Stock or carrying the right to purchase any of the foregoing or for the repurchase of Common Stock.

(ii) Rights Plans. To the extent that the Corporation has a stockholders' rights plan in effect upon conversion of the Series L Preferred Stock into Common Stock, Holders will receive, in addition to any of Common Stock deliverable and in lieu of any adjustment to the Conversion Rate, the rights under the stockholders' rights plan, unless prior to any conversion, the rights have separated from Common Stock, in which case the Conversion Rate will be adjusted at the time of separation as if we distributed to all holders of Common Stock, shares of the Corporation's Capital Stock, evidences of indebtedness or assets as described in Section 14(a)(iii). A further adjustment will occur as described in Section 14(a)(iii), if such rights become exercisable to purchase different securities, evidences of indebtedness or assets, subject to readjustment in the event of the expiration, termination or redemption of such rights.

(iii) No adjustment to the Conversion Rate need be made:

(A) upon the issuance of any shares of Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and the investment of additional optional amounts in Common Stock under any plan;

(B) upon the issuance of any shares of Common Stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by the Corporation or any of its subsidiaries; or

(C) upon the issuance of any shares of Common Stock pursuant to any option, warrant, right, or exercisable, exchangeable or convertible security outstanding as of the date the Series L Preferred Stock was first issued.

(iv) No adjustment to the Conversion Rate need be made for a transaction referred to in Section 14(a)(i) through (v) if Holders may participate in the transaction on a basis and with notice that the board of directors determines to be fair and appropriate in light of the basis and notice on which holders of Common Stock participate in the transaction.

(v) No adjustment to the Conversion Rate need be made for a change in the par value or no par value of the Common Stock.

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(vi) No adjustment to the Conversion Rate will be made to the extent that such adjustment would result in the Conversion Price being less than the par value of the Common Stock.

(d) Record Date. For purposes of this Section 14, "Record Date" means, with respect to any dividend, distribution or other transaction or event in which the holders of the Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of holders of the Common Stock entitled to receive such cash, securities or other property (whether such date is fixed by the board of directors or by statute, contract or otherwise).

(e) Successive Adjustments. After an adjustment to the Conversion Rate under this Section 14, any subsequent event requiring an adjustment under this Section 14 shall cause an adjustment to such Conversion Rate as so adjusted.

(f) Multiple Adjustments. For the avoidance of doubt, if an event occurs that would trigger an adjustment to the Conversion Rate pursuant to this Section 14 under more than one subsection hereof, such event, to the extent fully taken into account in a single adjustment, shall not result in multiple adjustments hereunder.

(g) Other Adjustments. The Corporation may (but is not required to) make such increases in the Conversion Rate, in addition to those required by Section 14(a)(i) through (v), as the board of directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

In addition to the foregoing, to the extent permitted by applicable law and subject to the applicable rules of the New York Stock Exchange, the Corporation from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 business days, the increase is irrevocable during the period and the board of directors shall have made a determination that such increase would be in the best interests of the Corporation, which determination shall be conclusive.

(h) Notice of Adjustments. Whenever a Conversion Rate is adjusted as provided under Section 14, the Corporation shall within 10 Business Days following the occurrence of an event that requires such adjustment (or if the Corporation is not aware of such occurrence, as soon as reasonably practicable after becoming so aware) or within 15 calendar days of the date the Corporation makes an adjustment pursuant to Section 14(g):

(i) compute the adjusted applicable Conversion Rate in accordance with Section 14 and prepare and transmit to the Conversion Agent an Officers' Certificate setting forth the applicable Conversion Rate, as the case may be, the method of calculation thereof in reasonable detail, and the facts requiring such adjustment and upon which such adjustment is based; and

(ii) provide a written notice to the Holders of the occurrence of such event and a statement in reasonable detail setting forth the method by which the

adjustment to the applicable Conversion Rate was determined and setting forth the adjusted applicable Conversion Rate.

(i) Conversion Agent. The Conversion Agent shall not at any time be under any duty or responsibility to any Holder to determine whether any facts exist that may require any adjustment of the applicable Conversion Rate or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed in making the same. The Conversion Agent shall be fully authorized and protected in relying on any Officers' Certificate delivered pursuant to Section 14(h) and any adjustment contained therein and the Conversion Agent shall not be deemed to have knowledge of any adjustment unless and until it has received such certificate. The Conversion Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities or property, that may at the time be issued or delivered with respect to any of the Series L Preferred

Stock; and the Conversion Agent makes no representation with respect thereto. The Conversion Agent shall not be responsible for any failure of the Corporation to issue, transfer or deliver any shares of Common Stock pursuant to a the conversion of the Series L Preferred Stock or to comply with any of the duties, responsibilities or covenants of the Corporation contained in this Section 14.

Section 15. Reorganization Events.

(a) In the event of:

(i) any consolidation or merger of the Corporation with or into another Person, in each case pursuant to which the Common Stock will be converted into cash, securities, or other property of the Corporation or another Person;

(ii) any sale, transfer, lease, or conveyance to another Person of all or substantially all of the consolidated assets of the Corporation and its subsidiaries, taken as a whole, in each case pursuant to which the Common Stock will be converted into cash, securities, or other property; or

(iii) any reclassification of the Common Stock into securities, including securities other than the Common Stock; or

(iv) any statutory exchange of the Corporation's securities with another Person (other than in connection with a merger or acquisition); (any such event specified in this Section 15(a), a "Reorganization Event"); each share of Series L Preferred Stock outstanding immediately prior to such Reorganization Event shall, without the consent of Holders, become convertible into the types and amounts of securities, cash, and other property that is or was receivable in such Reorganization Event by a holder of the shares of Common Stock that was not the counterparty to the Reorganization Event or an affiliate of such other party in exchange for such Common Stock (such securities, cash, and other property, the "Exchange Property").

(b) In the event that holders of the shares of the Common Stock have the opportunity to elect the form of consideration to be received in such transaction, the consideration that the Holders are entitled to receive upon conversion shall be deemed to be the types and amounts of consideration received by the majority of the holders of the shares of the

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Common Stock that affirmatively make an election (or of all such holders if none make an election). On each Conversion Date following a Reorganization Event, the Conversion Rate then in effect will be applied to the value on such Conversion Date of the securities, cash, or other property received per share of Common Stock, determined as set forth above. The amount of Exchange Property receivable upon conversion of any Series L Preferred Stock in accordance with Section 12, Section 13(b), Section 13(c) or Section 13(d) hereof shall be determined based upon the then Applicable Conversion Rate.

(c) The above provisions of this Section 15 shall similarly apply to successive Reorganization Events and the provisions of Section 14 shall apply to any shares of Capital Stock of the Corporation (or any successor) received by the holders of the Common Stock in any such Reorganization Event.

(d) The Corporation (or any successor) shall, within 20 days of the occurrence of any Reorganization Event, provide written notice to the Holders of such occurrence of such event and of the type and amount of the cash, securities or other property that constitutes the Exchange Property. Failure to deliver such notice shall not affect the operation of this Section 15.

Section 16. Fractional Shares.

(a) No fractional shares of Common Stock will be issued as a result of any conversion of shares of Series L Preferred Stock.

(b) In lieu of any fractional share of Common Stock otherwise issuable in respect of any conversion at the Corporation's option pursuant to Section 13(b) hereof or any conversion at the option of the Holder pursuant to Section 12, Section 13(c) or Section 13(d) hereof, the Corporation shall pay an amount in cash (computed to the nearest cent) equal to the same fraction of the Closing Price of the Common Stock determined as of the second Trading Day immediately preceding the effective date of conversion.

(c) If more than one share of the Series L Preferred Stock is surrendered for conversion at one time by or for the same Holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of the Series L Preferred Stock so surrendered.

Section 17. Reservation of Common Stock.

(a) The Corporation shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of Series L Preferred Stock as provided in this Certificate of Designations, free from any preemptive or other similar rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of Series L Preferred Stock then outstanding, calculated assuming the Applicable Conversion Price equals the Base Price, subject to adjustment as described under Section 14. For purposes of this Section 17(a), the number of shares of Common Stock that shall be deliverable upon the conversion of all outstanding shares of Series L Preferred Stock shall be computed as if at the time of computation all such outstanding shares were held by a single Holder.

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(b) All shares of Common Stock delivered upon conversion of the Series L Preferred Stock shall be duly authorized, validly issued, fully paid and non-assessable, free and clear of all liens, claims, security interests and other encumbrances (other than liens, charges, security interests and other encumbrances created by the Holders).

(c) Prior to the delivery of any securities that the Corporation shall be obligated to deliver upon conversion of the Series L Preferred Stock, the Corporation shall use its reasonable best efforts to comply with all federal and state laws and regulations thereunder requiring the registration of such securities with, or any approval of or consent to the delivery thereof by, any governmental authority.

(d) The Corporation hereby covenants and agrees that, so long as the Common Stock shall be listed on the New York Stock Exchange or any other national securities exchange or automated quotation system, the Corporation will, if permitted by the rules of such exchange or automated quotation system, list and keep listed all the Common Stock issuable upon conversion of the Series L Preferred Stock; *provided, however*, that if the rules of such exchange or automated quotation system permit the Corporation to defer the listing of such Common Stock until the first conversion of Series L Preferred Stock into Common Stock in accordance with the provisions hereof, the Corporation covenants to list such Common Stock issuable upon conversion of the Series L Preferred Stock in accordance with the requirements of such exchange or automated quotation system at such time.

Section 18. Limitations on Beneficial Ownership. Notwithstanding anything to the contrary contained herein, and subject to the last sentence of this Section 18, no holder of Series L Preferred Stock will be entitled to receive shares of Common Stock upon conversion pursuant to Section 12 and Section 13 hereof to the extent, but only to the extent, that such receipt would cause such converting holder to become, directly or indirectly, a "beneficial owner" (within the meaning of Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder) of more than 9.9% of the shares of Common Stock outstanding at such time. Any delivery of shares of Common Stock upon a purported conversion of Series L Preferred Stock shall be void and have no effect and such shares shall for all purposes continue to represent outstanding shares of Series L Preferred Stock to the extent (but only to the extent) that such delivery would result in the converting holder becoming the beneficial owner of more than 9.9% of the shares of Common Stock outstanding at such time. If any delivery of shares of Common Stock owed to a holder upon conversion of Series L Preferred Stock is not made, in whole or in part, as a result of this limitation, the Corporation's obligation to make such delivery shall not be extinguished and the Corporation shall deliver such shares as promptly as practicable after any

Section 19. Preemptive or Subscription Rights. The Holders of Series L Preferred Stock shall not have any preemptive or subscription rights.

WELLS FARGO & COMPANY

/s/ Laurel A. Holschuh
Laurel A. Holschuh, Secretary

[As filed with the Delaware Secretary of State on December 30, 2008.]

WELLS FARGO & COMPANY

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION

Pursuant to Section 242 of the
General Corporation Law of the State of Delaware

Laurel A. Holschuh, Senior Vice President, and Rachelle M. Graham, Assistant Secretary, of Wells Fargo & Company, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Company"), do hereby certify:

FIRST: That at a meeting of the Board of Directors of the Company duly held on February 23, 2010, a resolution was duly adopted setting forth a proposed amendment of the Restated Certificate of Incorporation of the Company, declaring the advisability of the amendment, and directing that the amendment be presented to stockholders of the Company for their consideration at the next annual meeting of the stockholders to be held on April 27, 2010. The resolution setting forth the proposed amendment is as follows:

RESOLVED that an amendment to ARTICLE FOURTH of the Company's Restated Certificate of Incorporation, as amended, to increase the authorized common stock to 9,000,000,000 shares is hereby proposed and declared advisable, and the following amendment to the first sentence of ARTICLE FOURTH is hereby directed to be presented to the stockholders of the Company for consideration at the annual meeting of stockholders to be held on April 27, 2010:

FOURTH: The total number of shares of all classes of stock which the corporation shall have authority to issue is Nine Billion Twenty-Four Million (9,024,000,000), consisting of Twenty Million (20,000,000) shares of Preferred Stock without par value, Four Million (4,000,000) shares of Preference Stock without par value, and Nine Billion (9,000,000,000) shares of Common Stock of the par value of \$1 2/3 per share.

SECOND: That at such annual meeting of stockholders, duly called and held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, which notice set forth in full the proposed amendment, a majority of the outstanding shares of common stock of the Company were voted in favor of the amendment.

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THIRD: That the amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, WELLS FARGO & COMPANY has caused this Certificate to be signed by Laurel A. Holschuh, its Senior Vice President, and attested by Rachelle M. Graham, its Assistant Secretary, this 29th day of April, 2010.

WELLS FARGO & COMPANY:

(Corporate Seal)

By: /s/ Laurel A. Holschuh

Senior Vice President

ATTEST:

By: /s/ Rachelle M. Graham

Assistant Secretary

[As filed with the Delaware Secretary of State on April 29, 2010.]

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WELLS FARGO & COMPANY

CERTIFICATE OF DESIGNATIONS
Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

2012 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK
(Without Par Value)

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Company"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Company (the "Board") by the provisions of the Restated Certificate of Incorporation of the Company, as amended, which authorizes the issuance of not more than 20,000,000 shares of Preferred Stock, without par value (the "Preferred Stock"), and pursuant to authority conferred upon the ESOP Preferred Stock Committee of the Board (the "ESOP Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law") and by the resolutions of the Board set forth herein, the following resolutions were duly adopted by the Board at meetings of the Board duly held on January 25, 2000 and February 24, 2009, and by the ESOP Committee pursuant to the written consent of the ESOP Committee duly adopted on January 9, 2012, in accordance with Section 141(f) of the General Corporation Law:

1. On January 25, 2000, the Board adopted the following resolutions (the "ESOP Board Resolutions") appointing the ESOP Committee and delegating to the ESOP Committee the full powers of the Board, subject to the ESOP Board Resolutions, in all matters relating to issuance of one or more series of

Preferred Stock ("ESOP Preferred Stock") to the trustee on behalf of the Company's 401(k) Plan hereinafter referred to:

RESOLVED that a committee of one member of the Board of the Company is hereby appointed by the Board as the ESOP Preferred Stock Committee I (the "First Committee"), which shall have and may exercise the full powers of the Board, subject to these resolutions, to issue from time to time one or more series of ESOP Preferred Stock, including any shares of Company common stock (\$1 2/3 par value) issuable upon conversion of ESOP Preferred Stock, and in connection therewith, to fix the designations, voting powers, preferences, and all other rights, qualifications and restrictions of such ESOP Preferred Stock, to sell such ESOP Preferred Stock to the Plan on such terms and conditions and for such purchase price as the First Committee in its discretion shall approve, and to take any and all actions as the First Committee shall deem necessary or appropriate.

2. Pursuant to resolutions adopted on February 24, 2009, the Board designated John G. Stumpf as the sole member of the ESOP Committee, effective April 29, 2009.

3. On January 9, 2012, pursuant to authority conferred upon it by the Board in the ESOP Board Resolutions, the ESOP Committee adopted the following resolutions by written consent in accordance with Section 141(f) of the General Corporation Law:

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RESOLVED that the issuance of a series of Preferred Stock, without par value, of the Company is hereby authorized and the designation, voting powers, preferences, and relative, participating, optional, and other special rights, and qualifications, limitations and restrictions thereof, in addition to those set forth in the Restated Certificate of Incorporation of the Company, as amended, are hereby fixed as follows:

2012 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK

1. Designation and Number of Shares; Restricted Issue.

(a) The designation of the series of Preferred Stock, without par value, provided for herein shall be "2012 ESOP Cumulative Convertible Preferred Stock" (hereinafter referred to as the "2012 ESOP Preferred Stock") and the number of authorized shares constituting the 2012 ESOP Preferred Stock is 940,000, based on an offering price for the 2012 ESOP Preferred Stock of \$1,094.00 per share. Each share of 2012 ESOP Preferred Stock shall have a stated value of \$1,000.00 per share. The number of authorized shares of 2012 ESOP Preferred Stock may be reduced by further resolution duly adopted by the Board or the Securities Committee and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such reduction has been so authorized, provided, however, that the authorized number of shares of 2012 ESOP Preferred Stock shall not be decreased below the then outstanding number of such shares, and provided further that the number of authorized shares of 2012 ESOP Preferred Stock shall not be increased. All shares of the 2012 ESOP Preferred Stock purchased, redeemed, or converted by the Company shall be retired and canceled and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series, and may thereafter be issued, but not as shares of 2012 ESOP Preferred Stock.

(b) Shares of 2012 ESOP Preferred Stock shall be issued only to a trustee (the "Trustee") acting on behalf of the Wells Fargo & Company 401(k) Plan, or any successor to such plan (the "Plan"). All references to the holder of shares of 2012 ESOP Preferred Stock shall mean the Trustee or any company with which or into which the Trustee may merge or any successor trustee under the trust agreement with respect to the Plan. In the event of any transfer of record ownership of shares of 2012 ESOP Preferred Stock to any person other than any successor trustee under the Plan, the shares of 2012 ESOP Preferred Stock so transferred, upon such transfer and without any further action by the Company or the holder thereof, shall be automatically converted into shares of the common stock, par value \$1-2/3 per share, of the Company (the "Common Stock") on the terms otherwise provided for the conversion of the shares of 2012 ESOP Preferred Stock into shares of Common Stock pursuant to paragraph (a) of Section 4 hereof, and no such transferee

shall have any of the voting powers, preferences, and relative, participating, optional or special rights ascribed to shares of 2012 ESOP Preferred Stock hereunder but, rather, only the powers and rights pertaining to the Common Stock into which such shares of 2012 ESOP Preferred Stock shall be so converted. In the event of such a conversion, the transferee of the shares of 2012 ESOP Preferred Stock shall be treated for all purposes as the record holder of the shares of Common Stock into which such shares of 2012 ESOP Preferred Stock have been automatically converted as of the date of such transfer. Shares of 2012 ESOP Preferred Stock may be certificated or uncertificated, at the Company's option. Certificates representing shares of 2012 ESOP Preferred Stock shall bear a legend to reflect the foregoing provisions. In the case of uncertificated 2012 ESOP Preferred Stock, the transfer

agent for the 2012 ESOP Preferred Stock shall note the foregoing provisions on each 2012 ESOP Preferred Stock book entry account. The Company may require that, as a condition to transferring record ownership of any uncertificated 2012 ESOP Preferred Stock, the proposed transferee acknowledge in writing that the shares of 2012 ESOP Preferred Stock are subject to the foregoing provisions. Notwithstanding the foregoing provisions of this paragraph (b) of Section 1, shares of 2012 ESOP Preferred Stock (i)(A) shall be converted into shares of Common Stock as provided in paragraph (a) of Section 4 hereof, and (B) may be converted into shares of Common Stock as provided by paragraph (b) of Section 4 hereof and the shares of Common Stock issued upon such conversion may be transferred by the holder thereof as permitted by law and (ii) shall be redeemable by the Company upon the terms and conditions provided in Sections 5 and 6(c) hereof.

2. Voting Rights. No shares of 2012 ESOP Preferred Stock shall have voting rights except such voting rights as may from time to time be required by law and as set forth in this Section 2, as follows:

(a) Whenever, at any time or times, dividends payable on shares of 2012 ESOP Preferred Stock shall be in arrears for such number of dividend periods which shall in the aggregate contain not less than 540 days, the holders of the outstanding shares of 2012 ESOP Preferred Stock shall have the exclusive right, voting together as a class with holders of shares of any one or more other series of Preferred Stock ranking on a parity with the shares of 2012 ESOP Preferred Stock, either as to dividends or on the distribution of assets upon liquidation, dissolution or winding up, and upon which like voting rights have been conferred and are exercisable, to elect two directors of the Company at the Company's next annual meeting of stockholders and at each subsequent annual meeting of stockholders. At elections for such directors, each holder of the shares of 2012 ESOP Preferred Stock shall be entitled to one vote for each share held (the holders of shares of any other series of Preferred Stock ranking on such a parity being entitled to such number of votes, if any, for each share of Preferred Stock held as may be granted to them). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of such outstanding shares of 2012 ESOP Preferred Stock (together with the holders of shares of any one or more other series of Preferred Stock ranking on such a parity and upon which like voting rights have been conferred and are exercisable) as herein set forth. The right of such holders of such shares of 2012 ESOP Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Preferred Stock ranking on such a parity and upon which like voting rights have been conferred and are exercisable) to elect members of the Board as aforesaid shall continue until such time as all dividends accumulated on such shares of 2012 ESOP Preferred Stock shall have been paid in full, at which time such right with respect to such shares of 2012 ESOP Preferred Stock shall terminate, except as herein or by law expressly provided, subject to revesting in the event of each and every subsequent default of the character above mentioned.

(b) Upon any termination of the right of the holders of all shares of Preferred Stock entitled to vote for directors as herein provided, the term of office of all directors then in office elected by such holders voting as a class shall terminate immediately. If the office of any director elected by such holders voting as a class becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the remaining director elected by such holders may choose a successor to fill such vacancy, which such successor shall hold office for the unexpired term in respect of which such vacancy occurred.

Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this resolution shall have expired, the number of directors shall be such number as may be provided for in the By-Laws of the Company irrespective of any increase made pursuant to the provisions of this resolution.

(c) So long as any shares of 2012 ESOP Preferred Stock remain outstanding, the consent of the holders of the outstanding shares of 2012 ESOP Preferred Stock and outstanding shares of all other series of Preferred Stock ranking on a parity with such shares of 2012 ESOP Preferred Stock either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable, by a vote of at least two-thirds of all such outstanding shares of 2012 ESOP Preferred Stock and such other series of Preferred Stock voting together as a class, given in person or by proxy, either in writing or at any special or annual meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following:

(i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to shares of 2012 ESOP Preferred Stock with respect to payment of dividends or the distribution of assets on liquidation, dissolution or winding up, or

(ii) the amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Restated Certificate of Incorporation or of the resolutions set forth in a Certificate of Designations designating shares of 2012 ESOP Preferred Stock and the preferences and relative, participating, optional and other special rights and qualifications, limitations and restrictions thereof which would materially and adversely affect any right, preference, privilege or voting power of the shares of 2012 ESOP Preferred Stock or of the holders thereof; provided, however, that any increase in the amount of authorized Preferred Stock, or the creation and issuance of other series of Preferred Stock, or any increase in the amount of authorized shares of any series of Preferred Stock, in each case ranking on a parity with or junior to the shares of 2012 ESOP Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

(d) The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of 2012 ESOP Preferred Stock shall have been redeemed or sufficient funds shall have been deposited in trust to effect such redemption.

3. Dividends. (a)(i) Holders of shares of 2012 ESOP Preferred Stock will be entitled to receive, when and as declared by the Board or a duly authorized committee thereof, out of assets of the Company legally available for payment, an annual cash dividend of \$100.00 (the "Base Dividend") per share, which Base Dividend shall be subject to adjustment from time to time as provided in this Section 3.

(ii) The Base Dividend shall be adjusted, effective on December 1, 2013 and on each December 1 thereafter until December 1, 2021, as follows:

(1) If the Current Market Price (as hereinafter defined) of one share of Common Stock on November 30 (or the next preceding Trading Day (as hereinafter defined) if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the First Target Price but less than the Second Target Price shown opposite that year in such table, then holders of shares of the 2012 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to \$105.00 per share (the "First Adjusted Dividend").

(2) If the Current Market Price of one share of Common Stock on November 30 (or the next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the Second Target Price shown opposite that year in such

table, then holders of shares of 2012 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to \$110.00 per share (the "Second Adjusted Dividend").

(3) If the Current Market Price of one share of Common Stock on November 30 (or next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is less than the First Target Price shown opposite that year in such table, then the holders of shares of 2012 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to the Base Dividend.

Dividend Adjustment Table

<u>Closing Price on 11/30</u>	<u>First Target Price</u>	<u>Second Target Price</u>
2013	28.424	30.617
2014	31.124	34.980
2015	34.081	39.964
2016	37.319	45.659
2017	40.864	52.166
2018	44.746	59.599
2019	48.997	68.092
2020	53.652	77.795

(4) As an example of the adjustments described in subparagraphs (1) through (3) above, if on November 30, 2013, the Current Market Price of one share of Common Stock is \$30.00, then the cash dividend payable for the immediately following twelve month period per share of 2012 ESOP Preferred Stock would equal \$105.00, with the first quarterly payment of such \$105.00 dividend to be made on March 1, 2014. If on November 30, 2014, the Current Market Price of one share of Common Stock is \$40.00, then the cash dividend payable for the immediately following twelve month period per share of 2012 ESOP Preferred Stock would equal \$110.00, with the first quarterly payment of such \$110.00 dividend to be made on March 1, 2015. If on November 30, 2015, the Current Market Price of one share of Common Stock is \$30.00, then the cash dividend payable for the immediately following twelve month period per share of 2012 ESOP Preferred Stock would equal \$100.00, with the first quarterly payment of such \$100.00 dividend to be made on March 1, 2016.

(5) For purposes of this Section 3, the terms "First Adjusted Dividend" and "Second Adjusted Dividend" are sometimes referred to as an "Adjusted Dividend;" the term "Current Market Price" shall have the meaning given to it in Section 4(c)(iv); and the term "Trading Day" shall have the meaning given to it in Section 4(c)(vi).

(iii) If one share of Common Stock in any year listed in the Dividend Adjustment Table shall be changed into a different number of shares or a different class of shares by reason of any reclassification, recapitalization, split-up, combination, exchange of shares or readjustment, or if a stock dividend thereon shall be declared with a record date within such period, then the First Target Price and the Second Target Price listed in such table for that year and each subsequent year will be appropriately and proportionately adjusted.

(iv) Dividends payable on shares of the 2012 ESOP Preferred Stock (whether such dividends are equal to the Base Dividend or to an Adjusted Dividend) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing March 1, 2012. Dividends on shares of the 2012 ESOP Preferred Stock will be cumulative from the date of initial issuance of such shares of 2012 ESOP Preferred Stock. Dividends will be payable, in arrears, to holders of record as they appear on the stock books of the Company on such record dates, not more than 30 days nor less than 15 days preceding the payment

dates thereof, as shall be fixed by the Board or a duly authorized committee thereof. The amount of dividends payable per share for each dividend period shall be computed by dividing by four the Base Dividend or the Adjusted Dividend, whichever is then applicable. The amount of dividends payable for the initial dividend period or any period shorter than a full dividend period shall be calculated on the basis of actual days elapsed in a 360-day year of twelve 30-day months.

(b)(i) No full dividends shall be declared or paid or set apart for payment on any stock of the Company ranking, as to dividends, on a parity with or junior to the 2012 ESOP Preferred Stock for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been set apart for such payment on shares of 2012 ESOP Preferred Stock for all dividend payment periods terminating on or prior to the date of payment of such full cumulative dividends. When dividends are not paid in full, as aforesaid, upon the shares of 2012 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2012 ESOP Preferred Stock, all dividends declared upon shares of 2012 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2012 ESOP Preferred Stock shall be declared pro rata so that the amount of dividends declared per share on 2012 ESOP Preferred Stock and such other series of Preferred Stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of 2012 ESOP Preferred Stock and such other series of Preferred Stock bear to each other. Holders of shares of 2012 ESOP Preferred Stock shall not be entitled to any dividend, whether payable in cash, property, or stock, in excess of full cumulative dividends, as herein provided, on 2012 ESOP Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on 2012 ESOP Preferred Stock which may be in arrears.

(ii) So long as any shares of 2012 ESOP Preferred Stock are outstanding, no dividend (other than dividends or distributions paid in shares of, or options, warrants, or rights to subscribe for or purchase shares of, Common Stock or any other stock ranking junior to 2012 ESOP Preferred Stock as to dividends or upon liquidation and other than as provided in

paragraph (b)(i) of this Section 3) shall be declared or paid or set aside for payment or other distribution declared or made upon Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2012 ESOP Preferred Stock as to dividends or upon liquidation, nor shall any Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2012 ESOP Preferred Stock as to dividends or upon liquidation be redeemed, purchased, or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Company (except by conversion into or exchange for stock of the Company ranking junior to 2012 ESOP Preferred Stock as to dividends or upon liquidation), unless, in each case, the full cumulative dividends on all outstanding shares of 2012 ESOP Preferred Stock shall have been paid or declared and set aside for payment of the then current dividend payment period and all past dividend payment periods.

4. Conversion. Shares of 2012 ESOP Preferred Stock are convertible from time to time hereafter pursuant to the provisions of paragraphs (a) or (b) of this Section 4 into that number of shares of Common Stock determined by dividing the stated value of each share of 2012 ESOP Preferred Stock by the then applicable Conversion Price, (as determined in accordance with the provisions of paragraph (c)(iii) of this Section 4), as follows:

(a) Each share of 2012 ESOP Preferred Stock released from the unallocated reserve of the Plan in accordance with the terms thereof shall be automatically converted, without any further action by the Company or the holder thereof, as of the date such release occurs (the "Release Date"), into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for the 2012 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(b) Subject to and upon compliance with the provisions of this Section 4, a holder of 2012 ESOP Preferred Stock shall be entitled at any time, prior to the close of business on the date fixed for redemption of such shares pursuant to Sections 5 or 6 hereof, to cause any or all of the shares of 2012 ESOP Preferred Stock held by such holder to be converted into fully paid and nonassessable shares of Common Stock at the

then applicable Conversion Price for 2012 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(c) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) The "Average Current Market Price" per share of Common Stock on any date shall be deemed to be the average of the Current Market Price for one share of Common Stock for the twenty (20) consecutive Trading Days ending on the Trading Day occurring prior to the date the "Purchase Offer" is made (as that term is defined in Section 6(d) hereof).

(ii) A "Business Day" means each day that is not a Saturday, Sunday, or a day on which state or federally chartered banking institutions in the State of New York are not required to be open.

(iii) (A) For purposes of a mandatory conversion of shares of 2012 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (a) of this

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Section 4, the "Conversion Price" for such shares of 2012 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the relevant Release Date.

(B) For purposes of an optional conversion of shares of 2012 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (b) of this Section 4, the "Conversion Price" for such shares of 2012 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the date the Conversion Notice (as that term is defined in paragraph (d) of this Section 4) is received by the Company, by the transfer agent for the 2012 ESOP Preferred Stock or by any agent for conversion of the 2012 ESOP Preferred Stock designated as such pursuant to paragraph (d) of this Section 4.

(C) For purposes of a conversion of shares of 2012 ESOP Preferred Stock into shares of Common Stock in connection with a "Purchase Offer" (as defined in Section 6(d) hereof), the "Conversion Price" for such shares of 2012 ESOP Preferred Stock shall be the Average Current Market Price of one share of Common Stock.

Each share of 2012 ESOP Preferred Stock shall be valued at its stated value of \$1,000.00 for purposes of computing, based on the applicable Conversion Price, the number of shares of Common Stock into which the shares of 2012 ESOP Preferred Stock will be converted.

(iv) The "Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Company or any other issuer for any day shall mean the reported last sale price, regular way, or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange only or, if the Common Stock is not listed or admitted to trading on the New York Stock Exchange, on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or, if the Common Stock is not quoted on such National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for the Common Stock on each such day shall not have been reported through NASDAQ, the average of the bid and asked prices for such day as furnished by any New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof or, if no such quotations are available, the fair market value of the Common Stock as determined by a New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof.

(v) "Common Stock" shall mean the Common Stock of the Company as the same exists at the date of this Certificate of Designations or as such stock may be constituted from time to time.

(vi) "Trading Day" with respect to Common Stock means (x) if the Common Stock is listed or admitted for trading on the New York Stock Exchange or another national securities exchange, a day on which the New York Stock Exchange or such other national securities exchange is open for business or (y) if the Common Stock is quoted on the National Market System of NASDAQ, a day on which trades may be made on such National Market System or (z) otherwise, any Business Day.

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(d) In connection with any conversion of 2012 ESOP Preferred Stock pursuant to this Section 4, a written notice of conversion (the "Conversion Notice") shall be delivered to the Company at its principal executive office or the offices of the transfer agent for the 2012 ESOP Preferred Stock or such office or offices in the continental United States of an agent for conversion as may from time to time be designated by notice to the holders of the 2012 ESOP Preferred Stock by the Company or the transfer agent for the 2012 ESOP Preferred Stock, which notice shall be accompanied by (a) in the case of certificated 2012 ESOP Preferred Stock, the certificate or certificates representing the shares of 2012 ESOP Preferred Stock being converted pursuant to this Section 4, duly assigned or endorsed for transfer to the Company (or accompanied by duly executed stock powers relating thereto) and (b) in the case of uncertificated 2012 ESOP Preferred Stock, duly executed assignment and transfer documents for the shares of 2012 ESOP Preferred Stock being converted pursuant to this Section 4. Each Conversion Notice shall specify (i)(y) in the case of a mandatory conversion pursuant to paragraph (a) of this Section 4, the number of shares of 2012 ESOP Preferred Stock released from the unallocated reserve of the Plan on the Release Date or (z) in the case of an optional conversion pursuant to paragraph (b) of this Section 4, the number of shares of 2012 ESOP Preferred Stock being converted, and (ii) in connection with any conversion hereunder, (x) the name or names in which such holder wishes the certificate or certificates for Common Stock and, in the case of certificated 2012 ESOP Preferred Stock, for any shares of 2012 ESOP Preferred Stock not to be so converted to be issued, (y) the address to which such holder wishes delivery to be made of such new certificates to be issued upon such conversion, and (z) such other information as the Company or its agents may reasonably request.

(e) Upon delivery to the Company or the transfer agent for the 2012 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4, the Company shall issue and send by hand delivery, by courier or by first-class mail (postage prepaid) to the holder thereof or to such holder's designee, at the address designated by such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled upon conversion. If there shall have been surrendered a certificate or certificates representing shares of 2012 ESOP Preferred Stock only part of which are to be converted, the Company shall issue and deliver to such holder or such holder's designee, in the manner set forth in the preceding sentence, a new certificate or certificates representing the number of shares of 2012 ESOP Preferred Stock which shall not have been converted.

(f) The issuance by the Company of shares of Common Stock upon a conversion of shares of 2012 ESOP Preferred Stock into shares of Common Stock made pursuant to this Section 4 shall be effective (i) in the case of a mandatory conversion of shares of 2012 ESOP Preferred Stock pursuant to paragraph (a) of this Section 4, as of the Release Date; and (ii) in the case of an optional conversion of such shares pursuant to paragraph (b) of this Section 4, as of the earlier of (A) the delivery to such holder or such holder's designee of the certificates representing the shares of Common Stock issued upon conversion thereof or (B) the commencement of business on the second Business Day after the delivery to the Company or the transfer agent for the 2012 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4. On and after the effective date of conversion, the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock, but no allowance or adjustment shall be made in respect of dividends payable to holders of Common Stock in respect of any period

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prior to such effective date. The Company shall not be obligated to pay any dividends which shall have accrued or have been declared and shall be payable to holders of shares of 2012 ESOP Preferred Stock if the date on which such dividends are paid is on or after the effective date of conversion of such shares.

(g) The Company shall not be obligated to deliver to holders of 2012 ESOP Preferred Stock any fractional share or shares of Common Stock issuable upon any conversion of such shares of 2012 ESOP Preferred Stock, but in lieu thereof may make a cash payment in respect thereof in any manner permitted by law.

(h) The Company shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of 2012 ESOP Preferred Stock as herein provided, free from any preemptive rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of 2012 ESOP Preferred Stock then outstanding.

(i) The Company will use its best efforts to cause the listing of the shares of Common Stock required to be delivered upon conversion of the 2012 ESOP Preferred Stock prior to distribution to Plan participants on the national securities exchange, if any, upon which the outstanding Common Stock is listed at the time of such delivery.

(j) The Company will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on conversions of the 2012 ESOP Preferred Stock pursuant hereto; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the holder of the 2012 ESOP Preferred Stock to be converted and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid.

5. Redemption At the Option of the Company. (a) The 2012 ESOP Preferred Stock shall be redeemable, in whole or in part, at the option of the Company at any time, at a redemption price per share of 2012 ESOP Preferred Stock equal to the higher of (x) \$1,000.00 per share, plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for redemption, and (y) the Fair Market Value (as that term is defined in paragraph (d) of this Section 5) per share of 2012 ESOP Preferred Stock on the date fixed for redemption. Payment of the redemption price shall be made by the Company in cash or shares of Common Stock, or a combination thereof, as permitted by paragraph (c) of this Section 5. From and after the date fixed for redemption, dividends on shares of 2012 ESOP Preferred Stock called for redemption will cease to accrue and all rights in respect of such shares of the Company shall cease, except the right to receive the redemption price. Upon payment of the redemption price, such shares shall be deemed to have been transferred to the Company, to be retired as provided in paragraph (a) of Section 1. If the full cumulative dividends have not been paid, or contemporaneously declared and set aside for payment, on all outstanding shares of 2012 ESOP Preferred Stock, the Company may not redeem fewer than all the outstanding shares of 2012 ESOP Preferred Stock pursuant to this Section 5.

(b) Unless otherwise required by law, notice of any redemption pursuant to this Section 5 will be sent to the holders of 2012 ESOP Preferred Stock at the address shown on the books of the Company or any transfer agent for the 2012 ESOP Preferred Stock by hand delivery, by courier, by standard form of telecommunication or by first-class mail (postage prepaid) delivered, sent or mailed, as the case may be, not less than twenty (20) days nor more than sixty (60) days prior to the redemption date. Each such notice shall state: (i) the redemption date; (ii) the total number of shares of the 2012 ESOP Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) whether the redemption price shall be paid in cash or in shares of Common Stock, or in a combination of such Common Stock and cash; (v) in the case of certificated 2012 ESOP Preferred Stock the place or places where certificates for such shares are to be surrendered for payment of the redemption price; (vi) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (vii) the conversion rights of the shares to be redeemed, the period within which conversion rights may be exercised and the manner in which the number of shares of Common Stock issuable upon conversion of a share of 2012 ESOP Preferred Stock will be determined. The Company shall redeem shares so called for redemption and not previously converted at the date fixed for redemption and

at the redemption price set forth in this Section 5, provided that, in the case of certificated 2012 ESOP Preferred Stock, the Company shall not be obligated to pay the redemption price until the certificates for the shares to be redeemed are surrendered (properly endorsed or assigned for transfer, if the Board of Directors of the Company shall so require and the notice shall so state).

(c) The Company, at its option, may make payment of the redemption price required upon redemption of shares of 2012 ESOP Preferred Stock in cash or in shares of Common Stock, or in a combination of such Common Stock and cash, any such shares of Common Stock to be valued for such purposes at their Fair Market Value (as defined in paragraph (d)(ii) of this Section 5) or their Current Market Price, in either case as of the date fixed for redemption of the 2012 ESOP Preferred Stock, whichever value will result in the issuance of the greater number of shares of Common Stock to the holder of the 2012 ESOP Preferred Stock then being redeemed.

(d) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) "Adjustment Period" shall mean the period of five (5) consecutive Trading Days preceding the date as of which the Fair Market Value of a security is to be determined.

(ii) "Fair Market Value" shall mean, as to shares of Common Stock or any other class of capital stock or securities of the Company or any other issue which are publicly traded, the average of the Current Market Prices of such shares or securities for each day of the Adjustment Period. The "Fair Market Value" of any security which is not publicly traded (other than the 2012 ESOP Preferred Stock) or of any other property shall mean the fair value thereof on the date as of which the Fair Market Value of the security is to be determined, as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities or property selected in good faith by the Board or a committee thereof. The "Fair Market Value" of the 2012 ESOP Preferred Stock for purposes of paragraph (a) of Section 5, and for purposes of paragraph (c) of Section 6 shall mean the fair market value thereof determined

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by an independent appraiser, appointed by the Trustee of the Plan in accordance with the provisions of the Plan, as of the date fixed for redemption of the 2012 ESOP Preferred Stock (in the case of a redemption pursuant to Section 5) or as of the date specified in paragraph (c) of Section 6 (in the case of a redemption under that section). For purposes of determining the Fair Market Value of the 2012 ESOP Preferred Stock, the independent appraiser shall assume (i) that all dividends on the 2012 ESOP Preferred Stock would have been paid when due, and (ii) that the mandatory conversion of shares of 2012 ESOP Preferred Stock held by the Plan into shares of Common Stock pursuant to Section 4(a) hereof would have occurred when and as payments of principal (together with accrued interest thereon) would have been made by the Trustee of the Plan in accordance with the terms of that certain 2012 ESOP Cumulative Convertible Preferred Stock Note Agreement dated on or about January 12, 2012 between the Company and the Plan (including any amendments or modifications thereto).

6. Consolidation, Merger, etc. (a) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting corporation (including the Company) that constitutes "qualifying employer securities" with respect to a holder of 2012 ESOP Preferred Stock within the meaning of Section 409(1) of the Internal Revenue Code of 1986, as amended, and Section 407(d)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, the shares of 2012 ESOP Preferred Stock of such holder shall, in connection with such consolidation, merger or similar business combination, be assumed by and shall become Preferred Stock of such successor or resulting corporation, having in respect of such corporation, insofar as possible, the same powers, preferences and relative, participating, optional or other special rights (including the redemption rights provided by Sections 5 and 6 hereof), and the qualifications, limitations or restrictions thereon, that the 2012 ESOP Preferred Stock had immediately prior to such transaction, subject to the following:

(1) After such transaction each share of the 2012 ESOP Preferred Stock shall be convertible, otherwise on the terms and conditions provided by Section 4 hereof, into the number and kind of qualifying employer securities so receivable by a holder of the number of shares of Common Stock into which such shares of 2012 ESOP Preferred Stock could have been converted immediately prior to such transaction.

(2) The Company shall not consummate any such merger, consolidation or similar transaction unless all then outstanding shares of 2012 ESOP Preferred Stock shall be assumed and authorized by the successor or resulting corporation as aforesaid.

(b) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of qualifying employer securities (as referred to in paragraph (a) of this Section 6) and cash payments, if applicable, in lieu of fractional shares, outstanding shares of 2012 ESOP Preferred Stock shall, without any action on the part of the Company or any holder thereof (but subject to paragraph (c) of this Section 6), be automatically converted by virtue of such merger, consolidation or similar transaction immediately prior to such consummation into the number of shares of Common Stock into which such shares of 2012 ESOP Preferred Stock

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could have been converted at such time so that each share of 2012 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2012 ESOP Preferred Stock could have been converted immediately prior to such transaction. However, if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by the holders of the 2012 ESOP Preferred Stock, then the shares of 2012 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2012 ESOP Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election as to the kind or amount of stock, securities, cash or other property receivable upon such transaction. If the kind or amount of stock, securities, cash or other property receivable upon such transaction is not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares.

(c) In the event the Company shall enter into any agreement providing for any consolidation or merger or similar business combination described in paragraph (b) of this Section 6 (a "Business Combination"), then the Company shall as soon as practicable thereafter (and in any event at least fifteen (15) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of 2012 ESOP Preferred Stock and each such holder shall have the right to elect, by written notice to the Company, to receive, upon consummation of such transaction (if and when such transaction is consummated), from the Company or the successor of the Company, in redemption and retirement of such 2012 ESOP Preferred Stock, a cash payment per share of 2012 ESOP Preferred Stock equal to the higher of (x) \$1,000.00, plus accrued and unpaid dividends thereon to the date of consummation of such transaction or (y) the Fair Market Value per share of 2012 ESOP Preferred Stock, as of the last Business Day (as defined in paragraph (c) of Section 4 hereof) immediately preceding the date the Business Combination is consummated. No such notice of redemption shall be effective unless given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction, unless the Company or the successor of the Company shall waive such prior notice, but any notice of redemption so given prior to such time may be withdrawn by notice of withdrawal given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction.

(d) In the event that a Purchase Offer (as defined below) shall have been made and shall be continuing, each holder of 2012 ESOP Preferred Stock shall have the right to convert shares of 2012 ESOP

Preferred Stock into shares of Common Stock at the Conversion Price specified in Section 4(c)(iii)(C) hereof until the date the Purchase Offer is terminated, including without limitation because the original Purchase Offer is withdrawn or because the Purchase Offer has expired and is not renewed, upon notice of such conversion given to the Company not later than the close of business on the date the Purchase Offer terminates (the "Purchase Offer Conversion Period"), unless the Company or any successor of the Company shall

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waive such prior notice, but any notice of conversion so given may be withdrawn by notice of withdrawal given to the Company prior to the end of the Purchase Offer Conversion Period.

For purposes of this paragraph (d), the following terms shall have the meanings set forth below:

(i) "Beneficial Ownership" shall have the meaning ascribed to it in Rule 13d-3 under the Securities Exchange Act of 1934 (the "Exchange Act") and "person" shall have the meanings specified in Sections 3(a)(9) and 13(d)(3) of the Exchange Act.

(ii) A "Purchase Offer" shall have been made when any person (other than the Company or any affiliate of the Company) shall have "commenced" (as such term is defined in Rule 14d-2 under the Exchange Act) a tender offer or exchange offer to purchase shares of Common Stock, such that, upon consummation of such offer, such person would have Beneficial Ownership (as defined herein) or the right to acquire Beneficial Ownership, of twenty percent (20%) or more of the voting power of the Company.

7. Liquidation Rights. (a) Upon the dissolution, liquidation, or winding up of the Company, the holders of the shares of 2012 ESOP Preferred Stock shall be entitled to receive and to be paid out of the assets of the Company available for distribution to its stockholders, before any payment or distribution shall be made on the Common Stock or any other class of stock ranking junior to 2012 ESOP Preferred Stock upon liquidation, the amount of \$1,000.00 per share, plus a sum equal to all dividends (whether or not earned or declared) on such shares accrued and unpaid thereon to the date of final distribution.

(b) Neither the sale of all or substantially all the property and assets of the Company, nor the merger or consolidation of the Company into or with any other corporation, nor the merger or consolidation of any other corporation into or with the Company shall be deemed to be a dissolution, liquidation, or winding up, voluntary or involuntary, for the purposes of this Section 7.

(c) After the payment to the holders of the shares of 2012 ESOP Preferred Stock of the full preferential amounts provided for in this Section 7, the holders of 2012 ESOP Preferred Stock, as such, shall have no right or claim to any of the remaining assets of the Company.

(d) In the event the assets of the Company available for distribution to the holders of shares of 2012 ESOP Preferred Stock upon any dissolution, liquidation, or winding up of the Company, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to paragraph (a) of this Section 7, no such distribution shall be made on account of any shares of any other series of Preferred Stock or other capital stock of the Company ranking on a parity with the shares of 2012 ESOP Preferred Stock upon such dissolution, liquidation, or winding up unless proportionate distributive amounts shall be paid on account of the shares of 2012 ESOP Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation, or winding up.

(e) Subject to the rights of the holders of the shares of any series or class or classes of stock ranking on a parity with or prior to the shares of 2012 ESOP Preferred Stock

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upon liquidation, dissolution, or winding up, upon any liquidation, dissolution, or winding up of the Company, after payment shall have been made in full to the holders of the shares of 2012 ESOP Preferred Stock as provided in this Section 7, but not prior thereto, any other series or class or classes of stock ranking junior to the shares of 2012 ESOP Preferred Stock upon liquidation shall, subject to the respective terms and provisions

(if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the shares of 2012 ESOP Preferred Stock shall not be entitled to share therein.

8. Ranking. For the purposes of these resolutions, any stock of any series or class or classes of the Company shall be deemed to rank:

(a) prior to the shares of 2012 ESOP Preferred Stock, either as to dividends or upon liquidation, if the holders of such series or class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of 2012 ESOP Preferred Stock;

(b) on a parity with shares of 2012 ESOP Preferred Stock, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share, or sinking fund provisions, if any, be different from those of 2012 ESOP Preferred Stock, if the holders of such stock shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and the holders of shares of 2012 ESOP Preferred Stock; and

(c) junior to shares of 2012 ESOP Preferred Stock, either as to dividends or upon liquidation, if such class shall be Common Stock or if the holders of shares of 2012 ESOP Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of such series or class or classes.

9. Priority of 2012 ESOP Preferred Stock. The shares of 2012 ESOP Preferred Stock will rank on a parity, both as to payment of dividends and the distribution of assets upon liquidation, with the Company's 2003 ESOP Cumulative Convertible Preferred Stock, its 2004 ESOP Cumulative Convertible Preferred Stock, its 2005 ESOP Cumulative Convertible Preferred Stock, its 2006 ESOP Cumulative Convertible Preferred Stock, its 2007 ESOP Cumulative Convertible Preferred Stock, its 2008 ESOP Cumulative Convertible Preferred Stock, its 2010 ESOP Cumulative Convertible Preferred Stock and its 2011 ESOP Cumulative Convertible Preferred Stock.

IN WITNESS WHEREOF, the Company has caused this Certificate of Designations to be signed by John G. Stumpf, its Chairman, President and Chief Executive Officer, and attested by Jeannine E. Zahn, its Assistant Secretary, whereby such President and Chief Executive Officer affirms, under penalties of perjury, that this Certificate of Designations is the act and deed of the Company and that the facts stated herein are true, this 10th day of January, 2012.

WELLS FARGO & COMPANY

By /s/ John G. Stumpf
John G. Stumpf
Chairman, President and
Chief Executive Officer

Attest:

/s/ Jeannine E. Zahn
Jeannine E. Zahn
Assistant Secretary

WELLS FARGO & COMPANY

CERTIFICATE OF DESIGNATION
Pursuant to Section 151(g) of the
General Corporation Law
of the State of Delaware

NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES N

(Without Par Value)

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "Board of Directors") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on August 14, 2012, in accordance with Section 141(f) of the General Corporation Law:

Resolved, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated January 27, 2009, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

RIGHTS AND PREFERENCES

Section 1. Designation. The shares of such series of Preferred Stock shall be designated Non-Cumulative Perpetual Class A Preferred Stock, Series N, with no par value and a liquidation preference amount of \$25,000 per share (the "Series N Preferred Stock"). Each share of Series N Preferred Stock shall be identical in all respects to every other share of Series N Preferred Stock except with respect to the date from which dividends may accrue. Series N Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

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Section 2. Number of Shares. The number of authorized shares of Series N Preferred Stock shall be 30,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series N Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series N Preferred Stock.

Section 3. Definitions. As used herein with respect to Series N Preferred Stock:

"*Business Day*" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York.

"*Certificate of Designation*" means this Certificate of Designation relating to the Series N Preferred Stock, as it may be amended from time to time.

"*Common Stock*" means the common stock of the Corporation, par value \$1 $\frac{3}{4}$ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

"*Depository Company*" has the meaning set forth in Section 6(d) hereof.

"*Dividend Payment Date*" has the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" has the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

"*Junior Stock*" means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series N Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Liquidation Preference*" has the meaning set forth in Section 5(a) hereof.

"*Nonpayment Event*" shall have the meaning set forth in Section 7(b).

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"*Parity Stock*" means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series N Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Preference Stock*" means any and all series of preference stock, having no par value, of the Corporation.

"*Preferred Stock*" means any and all series of preferred stock, having no par value, of the Corporation, including the Series N Preferred Stock.

"*Preferred Stock Directors*" shall have the meaning set forth in Section 7(b).

"*Regulatory Capital Treatment Event*" means the Corporation's reasonable determination that as a result of any (i) amendment to, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any shares of Series N Preferred Stock; (ii) proposed change in those laws or regulations that is announced or becomes effective after the initial issuance of any shares of Series N Preferred Stock; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any shares of Series N Preferred Stock, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series N Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series N Preferred Stock is outstanding.

"*Series N Preferred Stock*" has the meaning set forth in Section 1 hereof.

"*Voting Parity Stock*" means any Parity Stock having similar voting rights as the Series N Preferred Stock.

Section 4. Dividends.

(a) Rate. Dividends on the Series N Preferred Stock will not be mandatory. Holders of Series N Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25,000 per share of the Series N Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December of each year (commencing on December 15, 2012); provided, however, if any such day is not a Business Day, then payment of any

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dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay (each such day on which dividends are payable a "*Dividend Payment Date*"). A "*Dividend Period*" means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, August 16, 2012 to, but excluding, December 15, 2012. Dividends on each share of Series N Preferred Stock will accrue at a rate *per annum* equal to 5.20%. The record date for payment of dividends on the Series N Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation's Board of Directors. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

(b) Non-Cumulative Dividends. Dividends on shares of Series N Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series N Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series N Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series N Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

(c) Priority of Dividends. So long as any shares of Series N Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by

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the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after August 9, 2012, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series N Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after August 9, 2012, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business), unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series N Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

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Subject to the succeeding sentence, for so long as any shares of Series N Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series N Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series N Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series N Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as maybe determined by the Board of Directors of the Corporation or any duly authorized committee of the board of Directors of the Corporation maybe declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series N Preferred Stock shall not be entitled to participate in any such dividends.

Section 5. Liquidation Rights.

(a) **Liquidation.** In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series N Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation maybe made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series N Preferred Stock as to such distribution, a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series N Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series N Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series N Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series N Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Series N Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled

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to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series N Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after September 15, 2017, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series N Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series N Preferred Stock at the time outstanding, prior to September 15, 2017, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series N Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

(b) Notice of Redemption. Notice of every redemption of shares of Series N Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of

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Series N Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series N Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series N Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series N Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series N Preferred Stock at the time outstanding, the shares of Series N Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series N Preferred Stock in proportion to the number of Series N Preferred Stock held by such holders or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series N Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depository Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall

forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

Section 7. Voting Rights.

(a) General. The holders of Series N Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

(b) Right To Elect Two Directors Upon Nonpayment Events. Whenever dividends payable on any shares of Series N Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a "*Nonpayment Event*"), the holders of the outstanding Series N Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation's Board of Directors at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "*Preferred Stock Directors*") by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series N Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series N Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series N Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series N Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series N Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series N Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series N Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already

been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

(c) Other Voting Rights. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series N Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series N Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series N Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series N Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the Bylaws that would adversely affect the rights, preferences, privileges or voting powers of the Series N Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or Bylaws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series N Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series N Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series N Preferred Stock will have no right to vote under this section 7(c)(iv) if in each case (a) the shares of Series N Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series N Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to

the holders thereof than the rights, preferences, privileges and voting powers of the Series N Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series N Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect

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the rights, preferences, privileges or voting powers of the Series N Preferred Stock, and holders of the Series N Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series N Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series N Preferred Stock will have 25 votes per share on any matter on which holders of the Series N Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Series N Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series N Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Series N Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the Bylaws, applicable law and any national securities exchange or other trading facility in which the Series N Preferred Stock is listed or traded at the time.

Section 8. Preemption and Conversion. The holders of Series N Preferred Stock shall not have any rights of preemption or rights to convert such Series N Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Reacquired Shares. Shares of Series N Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

Section 10. No Sinking Fund. Shares of Series N Preferred Stock are not subject to the operation of a sinking fund.

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Section 11. Additional Classes or Series of Stock. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series N Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series N Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series N Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

In Witness Whereof, Wells Fargo & Company has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 14th day of August, 2012.

Wells Fargo & Company

By: /s/ Barbara S. Brett

Barbara S. Brett, Senior Vice President and Assistant
Treasurer

/s/ Jeannine E. Zahn

Jeannine E. Zahn, Assistant Secretary

[As filed with the Delaware Secretary of State on August 15, 2012.]

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WELLS FARGO & COMPANY
CERTIFICATE OF DESIGNATION

Pursuant to Section 151(g) of the
General Corporation Law
of the State of Delaware

NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES O
(Without Par Value)

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on November 16, 2012, in accordance with Section 141(f) of the General Corporation Law:

Resolved, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated January 27, 2009, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

RIGHTS AND PREFERENCES

Section 1. Designation. The shares of such series of Preferred Stock shall be designated Non-Cumulative Perpetual Class A Preferred Stock, Series O, with no par value and a liquidation preference amount of \$25,000 per share (the "*Series O Preferred Stock*"). Each share of Series O Preferred Stock shall be identical in all respects to every other share of Series O Preferred Stock except with respect to the date from which dividends may accrue. Series O Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of

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dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series O Preferred Stock shall be 27,600. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series O Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series O Preferred Stock.

Section 3. Definitions. As used herein with respect to Series O Preferred Stock:

"*Business Day*" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York.

"*Certificate of Designation*" means this Certificate of Designation relating to the Series O Preferred Stock, as it may be amended from time to time.

"*Common Stock*" means the common stock of the Corporation, par value \$1 $\frac{2}{3}$ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

"*Depository Company*" has the meaning set forth in Section 6(d) hereof.

"*Dividend Payment Date*" has the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" has the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

“Junior Stock” means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series O Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“Liquidation Preference” has the meaning set forth in Section 5(a) hereof.

“Nonpayment Event” shall have the meaning set forth in Section 7(b).

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“Parity Stock” means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series O Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“Preference Stock” means any and all series of preference stock, having no par value, of the Corporation.

“Preferred Stock” means any and all series of preferred stock, having no par value, of the Corporation, including the Series O Preferred Stock.

“Preferred Stock Directors” shall have the meaning set forth in Section 7(b).

“Regulatory Capital Treatment Event” means the Corporation’s reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision or in the United States that is enacted or becomes effective on or after November 13, 2012; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after November 13, 2012; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after November 13, 2012, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series O Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series O Preferred Stock is outstanding.

“Series O Preferred Stock” has the meaning set forth in Section 1 hereof.

“Voting Parity Stock” means any Parity Stock having similar voting rights as the Series O Preferred Stock.

Section 4. Dividends.

(a) Rate. Dividends on the Series O Preferred Stock will not be mandatory. Holders of Series O Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25,000 per share of the Series O Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December of each year (commencing on March 15, 2013); provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a

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Business Day, without any interest or other payment in respect of such delay (each such day on which dividends are payable a *“Dividend Payment Date”*). A *“Dividend Period”* means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, November 20, 2012 to, but excluding, March 15, 2013. Dividends on each share of Series O Preferred Stock will accrue at a rate *per annum* equal to 5.125%. The record date for payment of dividends on the Series O Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation’s Board of Directors. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

(b) Non-Cumulative Dividends. Dividends on shares of Series O Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series O Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series O Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series O Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

(c) Priority of Dividends. So long as any shares of Series O Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the

redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any

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dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after November 13, 2012, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series O Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after November 13, 2012, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business), unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series O Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

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Subject to the succeeding sentence, for so long as any shares of Series O Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series O Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series O Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series O Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as maybe determined by the Board of Directors of the Corporation or any duly authorized committee of the board of Directors of the Corporation maybe declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series O Preferred Stock shall not be entitled to participate in any such dividends.

Section 5. Liquidation Rights.

(a) **Liquidation.** In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series O Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation maybe made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series O Preferred Stock as to such distribution, a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series O Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series O Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series O Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series O Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Series O Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled

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to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series O Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after December 15, 2017, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series O Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series O Preferred Stock at the time outstanding, prior to December 15, 2017, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series O Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

(b) Notice of Redemption. Notice of every redemption of shares of Series O Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of

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Series O Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series O Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series O Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series O Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series O Preferred Stock at the time outstanding, the shares of Series O Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series O Preferred Stock in proportion to the number of Series O Preferred Stock held by such holders or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series O Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depository Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on

such redemption from the Depository Company at any time after the redemption date from the funds so deposited, with out interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

Section 7. Voting Rights.

(a) General. The holders of Series O Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

(b) Right To Elect Two Directors Upon Nonpayment Events. Whenever dividends payable on any shares of Series O Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a "*Nonpayment Event*"), the holders of the outstanding Series O Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation's Board of Directors at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "*Preferred Stock Directors*") by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series O Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series O Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series O Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series O Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series O Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series O Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series O Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already

been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

(c) Other Voting Rights. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series O Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series O Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series O Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series O Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the Bylaws that would adversely affect the rights, preferences, privileges or voting powers of the Series O Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or Bylaws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series O Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series O Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series O Preferred Stock will have no right to vote under this section 7(c)(iv) if in each case (a) the shares of Series O Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series O Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series O Preferred Stock, taken as a whole;

provided, however, that any authorization, creation or increase in the authorized amount of or issuance of the Series O Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely

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affect the rights, preferences, privileges or voting powers of the Series O Preferred Stock, and holders of the Series O Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series O Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series O Preferred Stock will have 25 votes per share on any matter on which holders of the Series O Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Series O Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series O Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Series O Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the Bylaws, applicable law and any national securities exchange or other trading facility in which the Series O Preferred Stock is listed or traded at the time.

Section 8. Preemption and Conversion. The holders of Series O Preferred Stock shall not have any rights of preemption or rights to convert such Series O Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Reacquired Shares. Shares of Series O Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

Section 10. No Sinking Fund. Shares of Series O Preferred Stock are not subject to the operation of a sinking fund.

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Section 11. Additional Classes or Series of Stock. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series O Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series O Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series O Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

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In Witness Whereof, Wells Fargo & Company has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 19th day of November, 2012.

Wells Fargo & Company

By: /s/ Barbara S. Brett

Barbara S. Brett, Senior Vice President
and Assistant Treasurer

[As filed with the Delaware Secretary of State on November 19, 2012.]

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WELLS FARGO & COMPANY

CERTIFICATE OF DESIGNATION
Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

2013 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK
(Without Par Value)

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Company"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Company (the "Board") by the provisions of the Restated Certificate of Incorporation of the Company, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value (the "Preferred Stock"), and pursuant to authority conferred upon the ESOP Preferred Stock Committee of the Board (the "ESOP Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law") and by the resolutions of the Board set forth herein, the following resolutions were duly adopted by the Board at meetings of the Board duly held on January 25, 2000, January 27, 2009, and February 24, 2009, and by the ESOP Committee pursuant to the written consent of the ESOP Committee duly adopted on January 7, 2013, in accordance with Section 141(f) of the General Corporation Law:

1. On January 25, 2000, the Board adopted the following resolution (the "ESOP Board Resolutions") appointing the ESOP Committee and delegating to the ESOP Committee the full powers of the Board, subject to the ESOP Board Resolutions, in all matters relating to issuance of one or more series of Preferred Stock ("ESOP Preferred Stock") to the trustee on behalf of the Company's 401(k) Plan hereinafter referred to:

RESOLVED that a committee of one member of the Board of the Company is hereby appointed by the Board as the ESOP Preferred Stock Committee (the "First Committee"), which shall have and may exercise the full powers of the Board, subject to these resolutions, to issue from time to time one or more series of ESOP Preferred Stock, including any shares of Company common stock (\$1 2/3 par value) issuable upon conversion of ESOP Preferred Stock, and in connection therewith, to fix the designations, voting powers, preferences, and all other rights, qualifications and restrictions of such ESOP Preferred Stock, to sell such ESOP Preferred Stock to the Plan on such terms and conditions and for such purchase price as the First Committee in its discretion shall approve, and to take any and all actions as the First Committee shall deem necessary or appropriate.

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2. On January 27, 2009, the Board adopted the following resolutions (the "January 2009 Resolutions") amending the ESOP Board Resolutions to allow the ESOP Committee to establish the voting rights of any series of ESOP Preferred Stock:

RESOLVED that the resolution set forth in the [ESOP Board Resolutions] under the caption "Voting Rights of ESOP Preferred Stock" is hereby deleted in its entirety.

RESOLVED that the [ESOP Board Resolutions] are hereby further amended to delete "Appendix A – Voting Rights" in its entirety.

3. Pursuant to resolutions adopted on February 24, 2009, the Board designated John G. Stumpf as the sole member of the ESOP Committee, effective April 29, 2009.

4. On January 7, 2013, pursuant to authority conferred upon it by the Board in the ESOP Board Resolutions as amended by the January 2009 Resolutions, the ESOP Committee adopted the following resolution by written consent in accordance with Section 141(f) of the General Corporation Law:

RESOLVED that the issuance of a series of Preferred Stock, without par value, of the Company is hereby authorized and the designation, voting powers, preferences, and relative, participating, optional, and other special rights, and qualifications, limitations and restrictions thereof, in addition to those set forth in the Restated Certificate of Incorporation of the Company, as amended, are hereby fixed as follows:

2013 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK

1. Designation and Number of Shares; Restricted Issue.

(a) The designation of the series of Preferred Stock, without par value, provided for herein shall be "2013 ESOP Cumulative Convertible Preferred Stock" (hereinafter referred to as the "2013 ESOP Preferred Stock") and the number of authorized shares constituting the 2013 ESOP Preferred Stock is 1,200,000, based on an offering price for the 2013 ESOP Preferred Stock of \$1,090.00 per share. Each share of 2013 ESOP Preferred Stock shall have a stated value of \$1,000.00 per share. The number of authorized shares of 2013 ESOP Preferred Stock may be reduced by further resolution duly adopted by the Board or the Securities Committee and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such reduction has been so authorized, provided, however, that the authorized number of shares of 2013 ESOP Preferred Stock shall not be decreased below the then outstanding number of such shares, and provided further that the number of authorized shares of 2013 ESOP Preferred Stock shall not be increased. All shares of the 2013 ESOP Preferred Stock purchased, redeemed, or converted by the Company shall be retired and canceled and shall be restored to the status of authorized

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but unissued shares of Preferred Stock, without designation as to series, and may thereafter be issued, but not as shares of 2013 ESOP Preferred Stock.

(b) Shares of 2013 ESOP Preferred Stock shall be issued only to a trustee (the "Trustee") acting on behalf of the Wells Fargo & Company 401(k) Plan, or any successor to such plan (the "Plan"). All references to the holder of shares of 2013 ESOP Preferred Stock shall mean the Trustee or any company with which or into which the Trustee may merge or any successor trustee under the trust agreement with respect to the Plan. In the event of any transfer of record ownership of shares of 2013 ESOP Preferred Stock to any person other than any successor trustee under the Plan, the shares of 2013 ESOP Preferred Stock so transferred, upon such transfer and without any further action by the Company or the holder thereof, shall be automatically converted into shares of the common stock, par value \$1-2/3 per share, of the Company (the "Common Stock") on the terms otherwise provided for the conversion of the shares of 2013 ESOP Preferred Stock into shares of Common Stock pursuant to paragraph (a) of Section 4 hereof, and no such transferee shall have any of the voting powers, preferences, and relative, participating, optional or special rights ascribed to shares of 2013 ESOP Preferred Stock hereunder but, rather, only the powers and rights pertaining to the Common Stock into which such shares of 2013 ESOP Preferred Stock shall be so converted. In the event of such a conversion, the transferee of the shares of 2013 ESOP Preferred Stock shall be treated for all purposes as the record holder of the shares of Common Stock into which such shares of 2013 ESOP Preferred Stock have been automatically converted as of the date of such transfer. Shares of 2013 ESOP Preferred Stock may be certificated or uncertificated, at the Company's option. Certificates representing shares of 2013 ESOP Preferred Stock shall bear a legend to reflect the foregoing provisions. In the case of uncertificated 2013 ESOP Preferred Stock, the transfer agent for the 2013 ESOP Preferred Stock shall note the foregoing provisions on each 2013 ESOP Preferred Stock book entry account. The Company may require that, as a condition to transferring record ownership of any uncertificated 2013 ESOP Preferred Stock, the proposed transferee acknowledge in writing that the shares of 2013 ESOP Preferred Stock are subject to the foregoing provisions. Notwithstanding the foregoing provisions of this paragraph (b) of Section 1, shares of 2013 ESOP Preferred Stock (i)(A) shall be converted into shares of Common Stock as provided in paragraph (a) of Section 4 hereof, and (B) may be converted into shares of Common Stock as provided by paragraph (b) of Section 4 hereof and the shares of Common Stock issued upon such conversion may be transferred by the holder thereof as permitted by law and (ii) shall be redeemable by the Company upon the terms and conditions provided in Sections 5 and 6(c) hereof.

2. Voting Rights. No shares of 2013 ESOP Preferred Stock shall have voting rights except such voting rights as may from time to time be required by law and as set forth in this Section 2, as follows:

(a) Whenever, at any time or times, dividends payable on shares of 2013 ESOP Preferred Stock shall be in arrears for such number of dividend periods which shall

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in the aggregate contain not less than 540 days, the holders of the outstanding shares of 2013 ESOP Preferred Stock shall have the exclusive right, voting together as a class with holders of shares of any one or more series of Voting Parity Stock, as defined in paragraph (e) of this Section 2, whose voting rights are exercisable, to elect two directors of the Company's Board at the Company's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "Preferred Stock Directors") by a plurality of the votes cast; provided that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). At elections for such directors, each holder of the shares of 2013 ESOP Preferred Stock shall be entitled to one vote for each share held (the holders of shares of any series of Voting Parity Stock being entitled to such number of votes, if any, for each share of Preferred Stock held as may be granted to them). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of such outstanding shares of 2013 ESOP Preferred Stock (together with the holders of shares of any one or more series of Voting Parity Stock whose voting rights are exercisable) as herein set forth. The right of such holders of such shares of 2013 ESOP Preferred Stock (voting together as a class with the holders of shares of any one or more series of Voting Parity Stock whose voting rights are exercisable) to elect Preferred Stock Directors as aforesaid shall continue until such time as all dividends accumulated on such shares of 2013 ESOP Preferred Stock shall have been paid in full, at which time such right with respect to such shares of 2013 ESOP Preferred Stock shall terminate, except as herein or by law expressly provided, subject to revesting in the event of each and every subsequent default of the character above mentioned.

(b) Upon any termination of the right of the holders of all shares of 2013 ESOP Preferred Stock and Voting Parity Stock entitled to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by such holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of 2013 ESOP Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of 2013 ESOP Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this resolution shall have expired, the number of directors shall be such number as may be provided for in the By-Laws of the Company irrespective of any increase made pursuant to the provisions of this Section 2(b).

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(c) In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of 2013 ESOP Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of 2013 ESOP Preferred Stock and outstanding shares of all series of Voting Parity Stock entitled to vote on the matter, by a vote of at least two-thirds in voting power of all such outstanding shares of 2013 ESOP Preferred Stock and such series of Voting Parity Stock voting together as a class, given in person or by proxy, either in writing or at any special or annual meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following whether or not such approval is required by Delaware law:

(i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to shares of 2013 ESOP Preferred Stock with respect to payment of dividends or the distribution of assets on the Company's voluntary or involuntary liquidation, dissolution or winding up, or

(ii) the amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Restated Certificate of Incorporation or of the resolutions set forth in a Certificate of Designation designating shares of 2013 ESOP Preferred Stock and the preferences, powers and relative, participating, optional and other special rights and qualifications, limitations and restrictions thereof which would materially and adversely affect any right, preference, privilege or voting power of the shares of 2013 ESOP Preferred Stock or of the holders thereof; provided, however, that any increase in the amount of authorized Preferred Stock, or the creation and issuance of other series of Preferred Stock, or any increase in the amount of authorized shares of any series of Preferred Stock, in each case ranking on a parity with or junior to the shares of 2013 ESOP Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

(d) The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of 2013 ESOP Preferred Stock shall have been redeemed or sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

(e) As used in this Section 2, "Voting Parity Stock" means any other class or series of stock of the Company now existing or hereafter authorized that ranks on par with the 2013 ESOP Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company and having similar voting rights as the 2013 ESOP Preferred Stock.

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3. Dividends. (a)(i) Holders of shares of 2013 ESOP Preferred Stock will be entitled to receive, when and as declared by the Board or a duly authorized committee thereof, out of assets of the Company legally available for payment, an annual cash dividend of \$85.00 (the "Base Dividend") per share, which Base Dividend shall be subject to adjustment from time to time as provided in this Section 3.

(ii) The Base Dividend shall be adjusted, effective on December 1, 2014 and on each December 1 thereafter until December 1, 2021, as follows:

(1) If the Current Market Price (as hereinafter defined) of one share of Common Stock on November 30 (or the next preceding Trading Day (as hereinafter defined) if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the First Target Price but less than the Second Target Price shown opposite that year in such table, then holders of shares of the 2013 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to \$90.00 per share (the "First Adjusted Dividend").

(2) If the Current Market Price of one share of Common Stock on November 30 (or the next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the Second Target Price shown opposite that year in such table, then holders of shares of 2013 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to \$95.00 per share (the "Second Adjusted Dividend").

(3) If the Current Market Price of one share of Common Stock on November 30 (or next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is less than the First

Target Price shown opposite that year in such table, then the holders of shares of 2013 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to the Base Dividend.

Dividend Adjustment Table

<u>Closing Price on 11/30</u>	<u>First Target Price</u>	<u>Second Target Price</u>
2014	\$36.562	\$39.174
2015	\$39.761	\$44.316
2016	\$43.240	\$50.132
2017	\$47.023	\$56.712
2018	\$51.138	\$64.156
2019	\$55.612	\$72.576
2020	\$60.479	\$82.102
2021	\$65.770	\$92.878

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(4) As an example of the adjustments described in subparagraphs (1) through (3) above, if on November 30, 2014, the Current Market Price of one share of Common Stock is \$37.00, then the cash dividend payable for the immediately following twelve month period per share of 2013 ESOP Preferred Stock would equal \$90.00, with the first quarterly payment of such \$90.00 dividend to be made on March 1, 2015. If on November 30, 2015, the Current Market Price of one share of Common Stock is \$45.00, then the cash dividend payable for the immediately following twelve month period per share of 2013 ESOP Preferred Stock would equal \$95.00, with the first quarterly payment of such \$95.00 dividend to be made on March 1, 2016. If on November 30, 2016, the Current Market Price of one share of Common Stock is \$40.00, then the cash dividend payable for the immediately following twelve month period per share of 2013 ESOP Preferred Stock would equal \$85.00, with the first quarterly payment of such \$85.00 dividend to be made on March 1, 2017.

(5) For purposes of this Section 3, the terms "First Adjusted Dividend" and "Second Adjusted Dividend" are sometimes referred to as an "Adjusted Dividend;" the term "Current Market Price" shall have the meaning given to it in Section 4(c)(iv); and the term "Trading Day" shall have the meaning given to it in Section 4(c)(vi).

(iii) If one share of Common Stock in any year listed in the Dividend Adjustment Table shall be changed into a different number of shares or a different class of shares by reason of any reclassification, recapitalization, split-up, combination, exchange of shares or readjustment, or if a stock dividend thereon shall be declared with a record date within such period, then the First Target Price and the Second Target Price listed in such table for that year and each subsequent year will be appropriately and proportionately adjusted.

(iv) Dividends payable on shares of the 2013 ESOP Preferred Stock (whether such dividends are equal to the Base Dividend or to an Adjusted Dividend) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing March 1, 2013. Dividends on shares of the 2013 ESOP Preferred Stock will be cumulative from the date of initial issuance of such shares of 2013 ESOP Preferred Stock. Dividends will be payable, in arrears, to holders of record as they appear on the stock books of the Company on such record dates, not more than 30 days nor less than 15 days preceding the payment dates thereof, as shall be fixed by the Board or a duly authorized committee thereof. The amount of dividends payable per share for each dividend period shall be computed by dividing by four the Base Dividend or the Adjusted Dividend, whichever is then applicable. The amount of dividends payable for the initial dividend period or any period shorter than a full dividend period shall be calculated on the basis of actual days elapsed in a 360-day year of twelve 30-day months.

(b)(i) No full dividends shall be declared or paid or set apart for payment on any stock of the Company ranking, as to dividends, on a parity with or junior to the 2013 ESOP Preferred Stock for any period unless full cumulative dividends have been or

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contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been set apart for such payment on shares of 2013 ESOP Preferred Stock for all dividend payment periods terminating on or prior to the date of payment of such full cumulative dividends. When dividends are not paid in full, as aforesaid, upon the shares of 2013 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2013 ESOP Preferred Stock, all dividends declared upon shares of 2013 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2013 ESOP Preferred Stock shall be declared pro rata so that the amount of dividends declared per share on 2013 ESOP Preferred Stock and such other series of Preferred Stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of 2013 ESOP Preferred Stock and such other series of Preferred Stock bear to each other. Holders of shares of 2013 ESOP Preferred Stock shall not be entitled to any dividend, whether payable in cash, property, or stock, in excess of full cumulative dividends, as herein provided, on 2013 ESOP Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on 2013 ESOP Preferred Stock which may be in arrears.

(ii) So long as any shares of 2013 ESOP Preferred Stock are outstanding, no dividend (other than dividends or distributions paid in shares of, or options, warrants, or rights to subscribe for or purchase shares of, Common Stock or any other stock ranking junior to 2013 ESOP Preferred Stock as to dividends or upon liquidation and other than as provided in paragraph (b)(i) of this Section 3) shall be declared or paid or set aside for payment or other distribution declared or made upon Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2013 ESOP Preferred Stock as to dividends or upon liquidation, nor shall any Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2013 ESOP Preferred Stock as to dividends or upon liquidation, dissolution or winding up be redeemed, purchased, or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Company (except by conversion into or exchange for stock of the Company ranking junior to 2013 ESOP Preferred Stock as to dividends or upon liquidation, dissolution or winding up), unless, in each case, the full cumulative dividends on all outstanding shares of 2013 ESOP Preferred Stock shall have been paid or declared and set aside for payment of the then current dividend payment period and all past dividend payment periods.

4. Conversion. Shares of 2013 ESOP Preferred Stock are convertible from time to time hereafter pursuant to the provisions of paragraphs (a) or (b) of this Section 4 into that number of shares of Common Stock determined by dividing the stated value of each share of 2013 ESOP Preferred Stock by the then applicable Conversion Price, (as determined in accordance with the provisions of paragraph (c)(iii) of this Section 4), as follows:

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(a) Each share of 2013 ESOP Preferred Stock released from the unallocated reserve of the Plan in accordance with the terms thereof shall be automatically converted, without any further action by the Company or the holder thereof, as of the date such release occurs (the "Release Date"), into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for the 2013 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(b) Subject to and upon compliance with the provisions of this Section 4, a holder of 2013 ESOP Preferred Stock shall be entitled at any time, prior to the close of business on the date fixed for redemption of such shares pursuant to Sections 5 or 6 hereof, to cause any or all of the shares of 2013 ESOP Preferred Stock held by such holder to be converted into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for 2013 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(c) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) The "Average Current Market Price" per share of Common Stock on any date shall be deemed to be the average of the Current Market Price for one share of Common Stock for the twenty (20) consecutive Trading Days ending on the Trading Day occurring prior to the date the "Purchase Offer" is made (as that term is defined in Section 6(d) hereof).

(ii) A "Business Day" means each day that is not a Saturday, Sunday, or a day on which state or federally chartered banking institutions in the State of New York are not required to be open.

(iii) (A) For purposes of a mandatory conversion of shares of 2013 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (a) of this Section 4, the "Conversion Price" for such shares of 2013 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the relevant Release Date.

(B) For purposes of an optional conversion of shares of 2013 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (b) of this Section 4, the "Conversion Price" for such shares of 2013 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the date the Conversion Notice (as that term is defined in paragraph (d) of this Section 4) is received by the Company, by the transfer agent for the 2013 ESOP Preferred Stock or by any agent for conversion of the 2013 ESOP Preferred Stock designated as such pursuant to paragraph (d) of this Section 4.

(C) For purposes of a conversion of shares of 2013 ESOP Preferred Stock into shares of Common Stock in connection with a "Purchase Offer" (as

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defined in Section 6(d) hereof), the "Conversion Price" for such shares of 2013 ESOP Preferred Stock shall be the Average Current Market Price of one share of Common Stock.

Each share of 2013 ESOP Preferred Stock shall be valued at its stated value of \$1,000.00 for purposes of computing, based on the applicable Conversion Price, the number of shares of Common Stock into which the shares of 2013 ESOP Preferred Stock will be converted.

(iv) The "Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Company or any other issuer for any day shall mean the reported last sale price, regular way, or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange only or, if the Common Stock is not listed or admitted to trading on the New York Stock Exchange, on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or, if the Common Stock is not quoted on such National Market System, the average of the closing bid

and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for the Common Stock on each such day shall not have been reported through NASDAQ, the average of the bid and asked prices for such day as furnished by any New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof or, if no such quotations are available, the fair market value of the Common Stock as determined by a New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof.

(v) "Common Stock" shall mean the Common Stock of the Company as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

(vi) "Trading Day" with respect to Common Stock means (x) if the Common Stock is listed or admitted for trading on the New York Stock Exchange or another national securities exchange, a day on which the New York Stock Exchange or such other national securities exchange is open for business or (y) if the Common Stock is quoted on the National Market System of NASDAQ, a day on which trades may be made on such National Market System or (z) otherwise, any Business Day.

(d) In connection with any conversion of 2013 ESOP Preferred Stock pursuant to this Section 4, a written notice of conversion (the "Conversion Notice") shall be delivered to the Company at its principal executive office or the offices of the transfer agent for the 2013 ESOP Preferred Stock or such office or offices in the continental United States of an agent for conversion as may from time to time be designated by

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notice to the holders of the 2013 ESOP Preferred Stock by the Company or the transfer agent for the 2013 ESOP Preferred Stock, which Conversion Notice shall be accompanied by (a) in the case of certificated 2013 ESOP Preferred Stock, the certificate or certificates representing the shares of 2013 ESOP Preferred Stock being converted pursuant to this Section 4, duly assigned or endorsed for transfer to the Company (or accompanied by duly executed stock powers relating thereto) and (b) in the case of uncertificated 2013 ESOP Preferred Stock, duly executed assignment and transfer documents for the shares of 2013 ESOP Preferred Stock being converted pursuant to this Section 4. Each Conversion Notice shall specify (i) (y) in the case of a mandatory conversion pursuant to paragraph (a) of this Section 4, the number of shares of 2013 ESOP Preferred Stock released from the unallocated reserve of the Plan on the Release Date or (z) in the case of an optional conversion pursuant to paragraph (b) of this Section 4, the number of shares of 2013 ESOP Preferred Stock being converted, and (ii) in connection with any conversion hereunder, (x) the name or names in which such holder wishes the certificate or certificates for Common Stock and, in the case of certificated 2013 ESOP Preferred Stock, for any shares of 2013 ESOP Preferred Stock not to be so converted to be issued, (y) the address to which such holder wishes delivery to be made of such new certificates to be issued upon such conversion, and (z) such other information as the Company or its agents may reasonably request.

(e) Upon delivery to the Company or the transfer agent for the 2013 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4, the Company shall issue and send by hand delivery, by courier or by first-class mail (postage prepaid) to the holder thereof or to such holder's designee, at the address designated by such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled upon conversion. If there shall have been surrendered a certificate or certificates representing shares of 2013 ESOP Preferred Stock only part of which are to be converted, the Company shall issue and deliver to such holder or such holder's designee, in the manner set forth in the preceding sentence, a new certificate or certificates representing the number of shares of 2013 ESOP Preferred Stock which shall not have been converted.

(f) The issuance by the Company of shares of Common Stock upon a conversion of shares of 2013 ESOP Preferred Stock into shares of Common Stock made pursuant to this Section 4 shall be effective (i) in the case of a mandatory conversion of shares of 2013 ESOP Preferred Stock pursuant to paragraph (a) of this Section 4, as of the Release Date; and (ii) in the case of an optional conversion of such shares pursuant to paragraph (b) of this Section 4, as of the earlier of (A) the delivery to such holder or such holder's designee of the certificates representing the shares of Common Stock issued upon conversion thereof or (B) the commencement of business on the second Business Day after the delivery to the Company or the transfer agent for the 2013 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4. On and after the effective date of a conversion, the person or persons entitled to receive the

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Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock, but no allowance or adjustment shall be made in respect of dividends payable to holders of Common Stock in respect of any period prior to such effective date. The Company shall not be obligated to pay any dividends which shall have accrued or have been declared and shall be payable to holders of shares of 2013 ESOP Preferred Stock if the date on which such dividends are paid is on or after the effective date of conversion of such shares.

(g) The Company shall not be obligated to deliver to holders of 2013 ESOP Preferred Stock any fractional share or shares of Common Stock issuable upon any conversion of such shares of 2013 ESOP Preferred Stock, but in lieu thereof may make a cash payment in respect thereof in any manner permitted by law.

(h) The Company shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of 2013 ESOP Preferred Stock as herein provided, free from any preemptive rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of 2013 ESOP Preferred Stock then outstanding.

(i) The Company will use its best efforts to cause the listing of the shares of Common Stock required to be delivered upon conversion of the 2013 ESOP Preferred Stock prior to distribution to Plan participants on the national securities exchange, if any, upon which the outstanding Common Stock is listed at the time of such delivery.

(j) The Company will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on conversions of the 2013 ESOP Preferred Stock pursuant hereto; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the holder of the 2013 ESOP Preferred Stock to be converted and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid.

5. Redemption At the Option of the Company. (a) The 2013 ESOP Preferred Stock shall be redeemable out of assets legally available therefor, in whole or in part, at the option of the Company at any time, at a redemption price per share of 2013 ESOP Preferred Stock equal to the higher of (x) \$1,000.00 per share, plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for redemption, and (y) the Fair Market Value (as that term is defined in paragraph (d) of this Section 5) per share of 2013 ESOP Preferred Stock on the date fixed for redemption. Payment of the redemption price shall be made by the Company in cash or shares of Common Stock, or a combination thereof, as permitted by paragraph (c) of this Section 5. From and after the date fixed for redemption, dividends on shares of 2013 ESOP Preferred Stock called for redemption will cease to accrue and all rights in respect

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of such shares of the Company shall cease, except the right to receive the redemption price. Upon payment of the redemption price, such shares shall be deemed to have been transferred to the Company, to be retired as provided in paragraph (a) of Section 1. If the full cumulative dividends have not been paid, or contemporaneously declared and set aside for payment, on all outstanding shares of 2013 ESOP Preferred Stock, the Company may not redeem fewer than all the outstanding shares of 2013 ESOP Preferred Stock pursuant to this Section 5.

(b) Unless otherwise required by law, notice of any redemption pursuant to this Section 5 will be sent to the holders of 2013 ESOP Preferred Stock at the address shown on the books of the Company or any transfer agent for the 2013 ESOP Preferred Stock by hand delivery, by courier, by standard form of telecommunication or by first-class mail (postage prepaid) delivered, sent or mailed, as the case may be, not less than twenty (20) days nor more than sixty (60) days prior to the redemption date. Each such notice shall state: (i) the redemption date; (ii) the total number of shares of the 2013 ESOP Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) whether the redemption price shall be paid in cash or in shares of Common Stock, or in a combination of such Common Stock and cash; (v) in the case of certificated 2013 ESOP Preferred Stock the place or places where certificates for such shares are to be surrendered for payment of the redemption price; (vi) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (vii) the conversion rights of the shares to be redeemed, the period within which conversion rights may be exercised and the manner in which the number of shares of Common Stock issuable upon conversion of a share of 2013 ESOP Preferred Stock will be determined. The Company shall redeem shares so called for redemption and not previously converted at the date fixed for redemption and at the redemption price set forth in this Section 5, provided that, in the case of certificated 2013 ESOP Preferred Stock, the Company shall not be obligated to pay the redemption price until the certificates for the shares to be redeemed are surrendered (properly endorsed or assigned for transfer, if the Board of Directors of the Company shall so require and the notice shall so state).

(c) The Company, at its option, may make payment of the redemption price required upon redemption of shares of 2013 ESOP Preferred Stock in cash or in shares of Common Stock, or in a combination of such Common Stock and cash, any such shares of Common Stock to be valued for such purposes at their Fair Market Value (as defined in paragraph (d)(ii) of this Section 5) or their Current Market Price, in either case as of the date fixed for redemption of the 2013 ESOP Preferred Stock, whichever value will result in the issuance of the greater number of shares of Common Stock to the holder of the 2013 ESOP Preferred Stock then being redeemed.

(d) For purposes of these resolutions, the following terms shall have the meanings set forth below:

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(i) "Adjustment Period" shall mean the period of five (5) consecutive Trading Days preceding the date as of which the Fair Market Value of a security is to be determined.

(ii) "Fair Market Value" shall mean, as to shares of Common Stock or any other class of capital stock or securities of the Company or any other issue which are publicly traded, the average of the Current Market Prices of such shares or securities for each day of the Adjustment Period. The "Fair Market Value" of any security which is not publicly traded (other than the 2013 ESOP Preferred Stock) or of any other property shall mean the fair value thereof on the date as of which the Fair Market Value of the security is to be determined, as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities or property selected in good faith by the Board or a committee thereof. The "Fair Market Value" of the 2013 ESOP Preferred Stock for purposes of paragraph (a) of Section 5, and for purposes of paragraph (c) of Section 6 shall mean the fair market value thereof determined by an independent appraiser, appointed by the Trustee of the Plan in accordance with the provisions of the Plan, as of the date fixed for redemption of the 2013 ESOP Preferred Stock (in the case of a redemption pursuant to Section 5) or as of

the date specified in paragraph (c) of Section 6 (in the case of a redemption under that section). For purposes of determining the Fair Market Value of the 2013 ESOP Preferred Stock, the independent appraiser shall assume (i) that all dividends on the 2013 ESOP Preferred Stock would have been paid when due, and (ii) that the mandatory conversion of shares of 2013 ESOP Preferred Stock held by the Plan into shares of Common Stock pursuant to Section 4(a) hereof would have occurred when and as payments of principal (together with accrued interest thereon) would have been made by the Trustee of the Plan in accordance with the terms of that certain 2013 ESOP Cumulative Convertible Preferred Stock Note Agreement dated on or about January 10, 2013 between the Company and the Plan (including any amendments or modifications thereto).

6. Consolidation, Merger, etc. (a) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting corporation (including the Company) that constitutes "qualifying employer securities" with respect to a holder of 2013 ESOP Preferred Stock within the meaning of Section 409(1) of the Internal Revenue Code of 1986, as amended, and Section 407(d)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, the shares of 2013 ESOP Preferred Stock of such holder shall, in connection with such consolidation, merger or similar business combination, be assumed by and shall become Preferred Stock of such successor or resulting corporation, having in respect of such corporation, insofar as possible, the same powers, preferences and relative, participating, optional or other special rights (including the redemption rights provided by Sections 5 and 6 hereof), and the qualifications, limitations or restrictions thereon, that the 2013

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ESOP Preferred Stock had immediately prior to such transaction, subject to the following:

(1) After such transaction each share of the 2013 ESOP Preferred Stock shall be convertible, otherwise on the terms and conditions provided by Section 4 hereof, into the number and kind of qualifying employer securities so receivable by a holder of the number of shares of Common Stock into which such shares of 2013 ESOP Preferred Stock could have been converted immediately prior to such transaction.

(2) The Company shall not consummate any such merger, consolidation or similar transaction unless all then outstanding shares of 2013 ESOP Preferred Stock shall be assumed and authorized by the successor or resulting corporation as aforesaid.

(b) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of qualifying employer securities (as referred to in paragraph (a) of this Section 6) and cash payments, if applicable, in lieu of fractional shares, outstanding shares of 2013 ESOP Preferred Stock shall, without any action on the part of the Company or any holder thereof (but subject to paragraph (c) of this Section 6), be automatically converted by virtue of such merger, consolidation or similar transaction immediately prior to such consummation into the number of shares of Common Stock into which such shares of 2013 ESOP Preferred Stock could have been converted at such time so that each share of 2013 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2013 ESOP Preferred Stock could have been converted immediately prior to such transaction. However, if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by the holders of the 2013 ESOP Preferred Stock, then the shares of 2013 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2013 ESOP Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election as to the kind or amount of stock, securities, cash or other property receivable upon such transaction. If the kind or amount of stock, securities, cash or other property receivable upon such transaction is not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property

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receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares.

(c) In the event the Company shall enter into any agreement providing for any consolidation or merger or similar business combination described in paragraph (b) of this Section 6 (a "Business Combination"), then the Company shall as soon as practicable thereafter (and in any event at least fifteen (15) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of 2013 ESOP Preferred Stock and each such holder shall have the right to elect, by written notice to the Company, to receive, upon consummation of such transaction (if and when such transaction is consummated), from the Company or the successor of the Company, in redemption and retirement of such 2013 ESOP Preferred Stock, a cash payment per share of 2013 ESOP Preferred Stock equal to the higher of (x) \$1,000.00, plus accrued and unpaid dividends thereon to the date of consummation of such transaction or (y) the Fair Market Value per share of 2013 ESOP Preferred Stock, as of the last Business Day (as defined in paragraph (c) of Section 4 hereof) immediately preceding the date the Business Combination is consummated. No such notice of redemption shall be effective unless given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction, unless the Company or the successor of the Company

shall waive such prior notice, but any notice of redemption so given prior to such time may be withdrawn by notice of withdrawal given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction.

(d) In the event that a Purchase Offer (as defined below) shall have been made and shall be continuing, each holder of 2013 ESOP Preferred Stock shall have the right to convert shares of 2013 ESOP Preferred Stock into shares of Common Stock at the Conversion Price specified in Section 4(c)(iii)(C) hereof until the date the Purchase Offer is terminated, including without limitation because the original Purchase Offer is withdrawn or because the Purchase Offer has expired and is not renewed, upon notice of such conversion given to the Company not later than the close of business on the date the Purchase Offer terminates (the "Purchase Offer Conversion Period"), unless the Company or any successor of the Company shall waive such prior notice, but any notice of conversion so given may be withdrawn by notice of withdrawal given to the Company prior to the end of the Purchase Offer Conversion Period.

For purposes of this paragraph (d), the following terms shall have the meanings set forth below:

(i) "Beneficial Ownership" shall have the meaning ascribed to it in Rule 13d-3 under the Securities Exchange Act of 1934 (the "Exchange Act") and "person" shall have the meanings specified in Sections 3(a)(9) and 13(d)(3) of the Exchange Act.

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(ii) A "Purchase Offer" shall have been made when any person (other than the Company or any affiliate of the Company) shall have "commenced" (as such term is defined in Rule 14d-2 under the Exchange Act) a tender offer or exchange offer to purchase shares of Common Stock, such that, upon consummation of such offer, such person would have Beneficial Ownership (as defined herein) or the right to acquire Beneficial Ownership, of twenty percent (20%) or more of the voting power of the Company.

7. Liquidation Rights. (a) Upon the dissolution, liquidation, or winding up of the Company, the holders of the shares of 2013 ESOP Preferred Stock shall be entitled to receive and to be paid out of the assets of the Company available for distribution to its stockholders, before any payment or distribution shall be made on or set aside for the Common Stock or any other class of stock ranking junior to 2013 ESOP Preferred Stock and subject to the rights of the holders of the shares of any series or class or classes of stock ranking on parity with or senior to the 2013 ESOP Preferred Stock, the amount of \$1,000.00 per share, plus a sum equal to all dividends (whether or not earned or declared) on such shares accrued and unpaid thereon to the date of final distribution.

(b) Neither the sale of all or substantially all the property and assets of the Company, nor the merger, consolidation or other business combination of the Company into or with any other corporation, nor the merger, consolidation or other business combination of any other corporation into or with the Company shall be deemed to be a dissolution, liquidation, or winding up, voluntary or involuntary, for the purposes of this Section 7.

(c) After the payment to the holders of the shares of 2013 ESOP Preferred Stock of the full preferential amounts provided for in this Section 7, the holders of 2013 ESOP Preferred Stock, as such, shall have no right or claim to any of the remaining assets of the Company.

(d) In the event the assets of the Company available for distribution to the holders of shares of 2013 ESOP Preferred Stock upon any dissolution, liquidation, or winding up of the Company, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to paragraph (a) of this Section 7, no such distribution shall be made on account of any shares of any other series of Preferred Stock or other capital stock of the Company ranking on a parity with the shares of 2013 ESOP Preferred Stock upon such dissolution, liquidation, or winding up unless proportionate distributive amounts shall be paid on account of the shares of 2013 ESOP Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation, or winding up.

(e) Subject to the rights of the holders of the shares of any series or class or classes of stock ranking on parity with or prior to the shares of 2013 ESOP Preferred Stock upon liquidation, dissolution, or winding up, upon any liquidation, dissolution, or

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winding up of the Company, after payment shall have been made in full to the holders of the shares of 2013 ESOP Preferred Stock as provided in this Section 7, but not prior thereto, any other series or class or classes of stock ranking junior to the shares of 2013 ESOP Preferred Stock upon liquidation shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the shares of 2013 ESOP Preferred Stock shall not be entitled to share therein.

8. Ranking. For the purposes of these resolutions, any stock of any series or class or classes of the Company shall be deemed to rank:

(a) prior to the shares of 2013 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, if the holders of such series or class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of 2013 ESOP Preferred Stock;

(b) on a parity with shares of 2013 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share, or sinking fund provisions, if any, be different from those of 2013 ESOP Preferred Stock, if the holders of such stock shall be entitled to the receipt of

dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and the holders of shares of 2013 ESOP Preferred Stock; and

(c) junior to shares of 2013 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, if such class shall be Common Stock or if the holders of shares of 2013 ESOP Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of such series or class or classes.

9. Priority of 2013 ESOP Preferred Stock. The shares of 2013 ESOP Preferred Stock will rank on a parity, both as to payment of dividends and the distribution of assets upon liquidation, with the Company's 2004 ESOP Cumulative Convertible Preferred Stock, its 2005 ESOP Cumulative Convertible Preferred Stock, its 2006 ESOP Cumulative Convertible Preferred Stock, its 2007 ESOP Cumulative Convertible Preferred Stock, its 2008 ESOP Cumulative Convertible Preferred Stock, its 2010 ESOP Cumulative Convertible Preferred Stock, its 2011 ESOP Cumulative Convertible Preferred Stock, and its 2012 ESOP Cumulative Convertible Preferred Stock.

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IN WITNESS WHEREOF, the Company has caused this Certificate of Designation to be signed by John G. Stumpf, its Chairman, President and Chief Executive Officer, and attested by Jeannine E. Zahn, its Assistant Secretary, on this 9th day of January, 2013.

WELLS FARGO & COMPANY

By /s/ John G. Stumpf
John G. Stumpf
Chairman, President and
Chief Executive Officer

Attest:

/s/ Jeannine E. Zahn
Jeannine E. Zahn
Assistant Secretary

[As filed with the Delaware Secretary of State on January 9, 2013.]

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WELLS FARGO & COMPANY

CERTIFICATE OF DESIGNATION

Pursuant to Section 151(g) of the
General Corporation Law
of the State of Delaware

**NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES P
(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "Board of Directors") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on March 19, 2013, in accordance with Section 141(f) of the General Corporation Law:

Resolved, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated January 27, 2009, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and

number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

RIGHTS AND PREFERENCES

Section 1. Designation. The shares of such series of Preferred Stock shall be designated Non-Cumulative Perpetual Class A Preferred Stock, Series P, with no par value and a liquidation preference amount of \$25,000 per share (the "*Series P Preferred Stock*"). Each share of Series P Preferred Stock shall be identical in all respects to every other share of Series P Preferred Stock except with respect to the date from which dividends may accrue. Series P Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of

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dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series P Preferred Stock shall be 26,400. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series P Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series P Preferred Stock.

Section 3. Definitions. As used herein with respect to Series P Preferred Stock:

"*Business Day*" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York.

"*Certificate of Designation*" means this Certificate of Designation relating to the Series P Preferred Stock, as it may be amended from time to time.

"*Common Stock*" means the common stock of the Corporation, par value \$1 $\frac{3}{4}$ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

"*Depository Company*" has the meaning set forth in Section 6(d) hereof.

"*Dividend Payment Date*" has the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" has the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

"*Junior Stock*" means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series P Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Liquidation Preference*" has the meaning set forth in Section 5(a) hereof.

"*Nonpayment Event*" shall have the meaning set forth in Section 7(b).

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"*Parity Stock*" means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series P Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Preference Stock*" means any and all series of preference stock, having no par value, of the Corporation.

"*Preferred Stock*" means any and all series of preferred stock, having no par value, of the Corporation, including the Series P Preferred Stock.

"*Preferred Stock Directors*" shall have the meaning set forth in Section 7(b).

"*Regulatory Capital Treatment Event*" means the Corporation's reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after March 15, 2013; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after March 15, 2013; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is

announced on or after March 15, 2013, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series P Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series P Preferred Stock is outstanding.

"Series P Preferred Stock" has the meaning set forth in Section 1 hereof.

"Voting Parity Stock" means any Parity Stock having similar voting rights as the Series P Preferred Stock.

Section 4. Dividends.

(a) **Rate.** Dividends on the Series P Preferred Stock will not be mandatory. Holders of Series P Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25,000 per share of the Series P Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December of each year (commencing on June 15, 2013); provided, however, if any such day is not a Business Day, then payment of any dividend

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otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay (each such day on which dividends are payable a "Dividend Payment Date"). A "Dividend Period" means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, March 22, 2013 to, but excluding, June 15, 2013. Dividends on each share of Series P Preferred Stock will accrue at a rate *per annum* equal to 5.25%. The record date for payment of dividends on the Series P Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation's Board of Directors. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

(b) **Non-Cumulative Dividends.** Dividends on shares of Series P Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series P Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series P Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series P Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

(c) **Priority of Dividends.** So long as any shares of Series P Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by

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the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after March 15, 2013, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series P Preferred Stock and such Parity Stock

during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after March 15, 2013, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business), unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series P Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series P Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series P Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series P Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series P Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as maybe determined by the Board of Directors of the Corporation or any duly authorized committee of the board of Directors of the Corporation maybe declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series P Preferred Stock shall not be entitled to participate in any such dividends.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series P Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation maybe made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series P Preferred Stock as to such distribution, a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series P Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series P Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series P Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series P Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Series P Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled

to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series P Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after June 15, 2018, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series P Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series P Preferred Stock at the time outstanding, prior to June 15, 2018, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series P Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

(b) Notice of Redemption. Notice of every redemption of shares of Series P Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of

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Series P Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series P Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series P Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series P Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series P Preferred Stock at the time outstanding, the shares of Series P Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series P Preferred Stock in proportion to the number of Series P Preferred Stock held by such holders or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series P Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depository Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

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Section 7. Voting Rights.

(a) General. The holders of Series P Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

(b) Right To Elect Two Directors Upon Nonpayment Events. Whenever dividends payable on any shares of Series P Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a "*Nonpayment Event*"), the holders of the outstanding Series P Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation's Board of Directors at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "*Preferred Stock Directors*") by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series P Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series P Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series P Preferred Stock (voting together as a class with the

holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series P Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series P Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series P Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series P Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled.

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The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

(c) Other Voting Rights. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series P Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series P Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series P Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series P Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the Bylaws that would adversely affect the rights, preferences, privileges or voting powers of the Series P Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or Bylaws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series P Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series P Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series P Preferred Stock will have no right to vote under this section 7(c)(iv) if in each case (a) the shares of Series P Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series P Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series P Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series P Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights,

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preferences, privileges or voting powers of the Series P Preferred Stock, and holders of the Series P Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series P Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series P Preferred Stock will have 25 votes per share on any matter on which holders of the Series P Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Series P Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series P Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Series P Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the Bylaws, applicable law and any national securities exchange or other trading facility in which the Series P Preferred Stock is listed or traded at the time.

Section 8. Preemption and Conversion. The holders of Series P Preferred Stock shall not have any rights of preemption or rights to convert such Series P Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Reacquired Shares. Shares of Series P Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

Section 10. No Sinking Fund. Shares of Series P Preferred Stock are not subject to the operation of a sinking fund.

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Section 11. Additional Classes or Series of Stock. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series P Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series P Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series P Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

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In Witness Whereof, Wells Fargo & Company has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 21st day of March, 2013.

Wells Fargo & Company

By: /s/ Barbara S. Brett

Barbara S. Brett, Senior Vice President and Assistant
Treasurer

/s/ Jeannine E. Zahn
Jeannine E. Zahn, Assistant Secretary

[As filed with the Delaware Secretary of State on March 21, 2013.]

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WELLS FARGO & COMPANY

CERTIFICATE OF DESIGNATION

Pursuant to Section 151(g) of the
General Corporation Law
of the State of Delaware

**5.85% FIXED-TO-FLOATING RATE NON-CUMULATIVE PERPETUAL
CLASS A PREFERRED STOCK, SERIES Q
(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "Board of Directors") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on July 19, 2013, in accordance with Section 141(f) of the General Corporation Law:

Resolved, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated January 27, 2009, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

RIGHTS AND PREFERENCES

Section 1. Designation. The shares of such series of Preferred Stock shall be designated 5.85% Fixed-to-Floating Rate Non-Cumulative Perpetual Class A Preferred Stock, Series Q, with no par value and a liquidation preference amount of \$25,000 per share (the "*Series Q Preferred Stock*"). Each share of Series Q Preferred Stock shall be identical in all respects to every other share of Series Q Preferred Stock except with respect to the date from which dividends may accrue. Series Q Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the

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payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series Q Preferred Stock shall be 69,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series Q Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series Q Preferred Stock.

Section 3. Definitions. As used herein with respect to Series Q Preferred Stock:

"*Business Day*" means for dividends payable for the Fixed Rate Period (as defined below) any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York, and for dividends payable for the Floating Rate Period (as defined below), it means any date that would be considered a Business Day during the Fixed Rate Period that is also a London Banking Day (as defined below).

"*Calculation Agent*" means Wells Fargo Bank, N.A. or any other successor appointed by the Corporation, acting as Calculation Agent.

"*Certificate of Designation*" means this Certificate of Designation relating to the Series Q Preferred Stock, as it may be amended from time to time.

"*Common Stock*" means the common stock of the Corporation, par value \$1 $\frac{3}{4}$ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

"*Depository Company*" has the meaning set forth in Section 6(d) hereof.

"*Designated LIBOR Page*" means the display on Reuters, or any successor service, on page LIBOR01, or any other page as may replace that page on that service, for the purpose of displaying the London interbank rates for U.S. dollars.

"*Dividend Payment Date*" has the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" has the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

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"*Fixed Rate Period*" has the meaning set forth in Section 4(a) hereof.

"*Floating Rate Period*" has the meaning set forth in Section 4(a) hereof.

"*Junior Stock*" means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series Q Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*LIBOR Determination Date*" means the second London Banking Day immediately preceding the first day of the relevant Dividend Period.

"*Liquidation Preference*" has the meaning set forth in Section 5(a) hereof.

"*London Banking Day*" means any day on which commercial banks and foreign exchange markets settle payments in London.

"*Nonpayment Event*" shall have the meaning set forth in Section 7(b).

"*Parity Stock*" means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series Q Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Preference Stock*" means any and all series of preference stock, having no par value, of the Corporation.

"*Preferred Stock*" means any and all series of preferred stock, having no par value, of the Corporation, including the Series Q Preferred Stock.

"*Preferred Stock Directors*" shall have the meaning set forth in Section 7(b).

"*Regulatory Capital Treatment Event*" means the Corporation's reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after July 15, 2013; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after July 15, 2013; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after July 15, 2013, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series Q

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Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series Q Preferred Stock is outstanding.

"*Series Q Preferred Stock*" has the meaning set forth in Section 1 hereof.

"*Three-month LIBOR*" means, for any LIBOR Determination Date, the arithmetic mean of the offered rates for deposits in U.S. dollars for a three-month period commencing on the second London Banking Day immediately following that LIBOR Determination Date that appear on the Designated LIBOR Page as of 11:00 a.m., London time, on that LIBOR Determination Date, if at least two offered rates appear on the Designated LIBOR Page, provided that if the specified Designated LIBOR Page by its terms provides only for a single rate, that single rate will be used. If (i) fewer than two offered rates appear or (ii) no rate appears and the Designated LIBOR Page by its terms provides only for a single rate, then the Calculation Agent will request the principal London offices of each of four major banks in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in U.S. dollars for a three-month period commencing on the second London Banking Day immediately following that LIBOR Determination Date to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that LIBOR Determination Date and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, Three-month LIBOR determined on that LIBOR Determination Date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, Three-month LIBOR will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York City time, on that LIBOR Determination Date by three major banks in New York City selected by the Calculation Agent for loans in U.S. dollars to leading European banks for a three-month period and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If the banks so selected by the Calculation Agent are not quoting as set forth above, Three-month LIBOR for that LIBOR Determination Date will remain Three-month LIBOR for the immediately preceding Dividend Period or, in the case of the Dividend Period beginning September 15, 2023, 5.85%. All percentages used in or resulting from any calculation of Three-month LIBOR will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with .000005% rounded up to .00001%. The determination of Three-month LIBOR for each relevant Dividend Period by the Calculation Agent will (in the absence of manifest error) be final and binding.

"*Voting Parity Stock*" means any Parity Stock having similar voting rights as the Series Q Preferred Stock.

Section 4. Dividends.

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(a) Rate. Dividends on the Series Q Preferred Stock will not be mandatory. Holders of Series Q Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25,000 per share of the Series Q Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December, commencing September 15, 2013. From July 22, 2013 to, but excluding, September 15, 2023 (the "*Fixed Rate Period*"), dividends will accrue at an annual rate of 5.85%, and from, and including, September 15, 2023 (the "*Floating Rate Period*"), dividends will accrue at an annual rate equal to Three-month LIBOR plus 3.09%. Notwithstanding the foregoing, if any date on or prior to September 15, 2023 on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay, and if any date after September 15, 2023 on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding Business Day unless that day falls in the next calendar month, in which case payment of any dividend otherwise payable on that date will be the immediately preceding Business Day, and dividends will accrue to the actual payment date (each such day on which dividends are payable a "*Dividend Payment Date*"). A "*Dividend Period*" means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, July 22,

2013 to, but excluding, September 15, 2013. The record date for payment of dividends on the Series Q Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation's Board of Directors. The amount of dividends payable for the Fixed Rate Period shall be computed on the basis of a 360-day year of twelve 30-day months. The amount of dividends payable for the Floating Rate Period shall be computed on the basis of a 360-day year and the actual number of days elapsed. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward. The Calculation Agent's determination of any dividend rate, and its calculation of the amount of dividends payable for the Floating Rate Period, will be maintained on file at the Calculation Agent's principal offices.

(b) Non-Cumulative Dividends. Dividends on shares of Series Q Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series Q Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series Q Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series Q Preferred Stock or

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any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

(c) Priority of Dividends. So long as any shares of Series Q Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after July 15, 2013, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after July 15, 2013, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

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(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series Q Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after July 15, 2013, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business), unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series Q Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series Q Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series Q Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series Q Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis

among the holders of shares of Series Q Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series Q Preferred Stock shall not be entitled to participate in any such dividends.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series Q Preferred

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Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series Q Preferred Stock as to such distribution, a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series Q Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series Q Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series Q Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series Q Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Series Q Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series Q Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after September 15, 2023, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series Q Preferred Stock shall be \$25,000 per share plus

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an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series Q Preferred Stock at the time outstanding, prior to September 15, 2023, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series Q Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

(b) Notice of Redemption. Notice of every redemption of shares of Series Q Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series Q Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series Q Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series Q Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for

those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series Q Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series Q Preferred Stock at the time outstanding, the shares of Series Q Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series Q Preferred Stock in proportion to the number of Series Q Preferred Stock held by such holders or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series Q Preferred Stock shall be redeemed from time to time.

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(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depository Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

Section 7. Voting Rights.

(a) General. The holders of Series Q Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

(b) Right To Elect Two Directors Upon Nonpayment Events. Whenever dividends payable on any shares of Series Q Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a "*Nonpayment Event*"), the holders of the outstanding Series Q Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation's Board of Directors at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "*Preferred Stock Directors*") by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series Q Preferred

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Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series Q Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series Q Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series Q Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series Q Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series Q Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series Q Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

(c) Other Voting Rights. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series Q Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series Q Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series Q Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series Q Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the Bylaws that would adversely affect the rights, preferences, privileges

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or voting powers of the Series Q Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or Bylaws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series Q Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series Q Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series Q Preferred Stock will have no right to vote under this section 7(c)(iv) if in each case (a) the shares of Series Q Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series Q Preferred Stock remaining outstanding or such preference securities, as the case maybe, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series Q Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series Q Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series Q Preferred Stock, and holders of the Series Q Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series Q Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series Q Preferred Stock will have 25 votes per share on any matter on which holders of the Series Q Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Series Q Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series Q Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

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(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Series Q Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the Bylaws, applicable law and any national securities exchange or other trading facility in which the Series Q Preferred Stock is listed or traded at the time.

Section 8. Preemption and Conversion. The holders of Series Q Preferred Stock shall not have any rights of preemption or rights to convert such Series Q Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Reacquired Shares. Shares of Series Q Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

Section 10. No Sinking Fund. Shares of Series Q Preferred Stock are not subject to the operation of a sinking fund.

Section 11. Additional Classes or Series of Stock. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series Q Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series Q Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock

senior to the Series Q Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

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In Witness Whereof, Wells Fargo & Company has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 19th day of July, 2013.

Wells Fargo & Company

By: /s/ Barbara S. Brett

Barbara S. Brett, Senior Vice President and Assistant
Treasurer

/s/ Jeannine E. Zahn
Jeannine E. Zahn, Assistant Secretary

[As filed with the Delaware Secretary of State on July 19, 2013.]

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WELLS FARGO & COMPANY

CERTIFICATE OF DESIGNATION

Pursuant to Section 151(g) of the
General Corporation Law
of the State of Delaware

**6.625% FIXED-TO-FLOATING RATE NON-CUMULATIVE PERPETUAL
CLASS A PREFERRED STOCK, SERIES R
(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on December 11, 2013, in accordance with Section 141(f) of the General Corporation Law:

Resolved, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated January 27, 2009, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

RIGHTS AND PREFERENCES

Section 1. Designation. The shares of such series of Preferred Stock shall be designated 6.625% Fixed-to-Floating Rate Non-Cumulative Perpetual Class A Preferred Stock, Series R, with no par value and a liquidation preference amount of \$25,000 per share (the "*Series R Preferred Stock*"). Each share of Series R Preferred Stock shall be identical in all respects to every other share of Series R Preferred Stock except with respect to the date from which dividends may accrue. Series R Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the

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payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series R Preferred Stock shall be 34,500. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series R Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series R Preferred Stock.

Section 3. Definitions. As used herein with respect to Series R Preferred Stock:

“Business Day” means for dividends payable for the Fixed Rate Period (as defined below) any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York, and for dividends payable for the Floating Rate Period (as defined below), it means any date that would be considered a Business Day during the Fixed Rate Period that is also a London Banking Day (as defined below).

“Calculation Agent” means Wells Fargo Bank, N.A. or any other successor appointed by the Corporation, acting as Calculation Agent.

“Certificate of Designation” means this Certificate of Designation relating to the Series R Preferred Stock, as it may be amended from time to time.

“Common Stock” means the common stock of the Corporation, par value \$1 $\frac{2}{3}$ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

“Depository Company” has the meaning set forth in Section 6(d) hereof.

“Designated LIBOR Page” means the display on Reuters, or any successor service, on page LIBOR01, or any other page as may replace that page on that service, for the purpose of displaying the London interbank rates for U.S. dollars.

“Dividend Payment Date” has the meaning set forth in Section 4(a) hereof.

“Dividend Period” has the meaning set forth in Section 4(a) hereof.

“DTC” means The Depository Trust Company, together with its successors and assigns.

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“Fixed Rate Period” has the meaning set forth in Section 4(a) hereof.

“Floating Rate Period” has the meaning set forth in Section 4(a) hereof.

“Junior Stock” means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series R Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“LIBOR Determination Date” means the second London Banking Day immediately preceding the first day of the relevant Dividend Period.

“Liquidation Preference” has the meaning set forth in Section 5(a) hereof.

“London Banking Day” means any day on which commercial banks and foreign exchange markets settle payments in London.

“Nonpayment Event” shall have the meaning set forth in Section 7(b).

“Parity Stock” means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series R Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“Preference Stock” means any and all series of preference stock, having no par value, of the Corporation.

“Preferred Stock” means any and all series of preferred stock, having no par value, of the Corporation, including the Series R Preferred Stock.

“Preferred Stock Directors” shall have the meaning set forth in Section 7(b).

“Regulatory Capital Treatment Event” means the Corporation’s reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after December 11, 2013; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after December 11, 2013; or (iii) official administrative

decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after December 11, 2013, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all

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shares of Series R Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series R Preferred Stock is outstanding.

“*Series R Preferred Stock*” has the meaning set forth in Section 1 hereof.

“*Three-month LIBOR*” means, for any LIBOR Determination Date, the arithmetic mean of the offered rates for deposits in U.S. dollars for a three-month period commencing on the second London Banking Day immediately following that LIBOR Determination Date that appear on the Designated LIBOR Page as of 11:00 a.m., London time, on that LIBOR Determination Date, if at least two offered rates appear on the Designated LIBOR Page, provided that if the specified Designated LIBOR Page by its terms provides only for a single rate, that single rate will be used. If (i) fewer than two offered rates appear or (ii) no rate appears and the Designated LIBOR Page by its terms provides only for a single rate, then the Calculation Agent will request the principal London offices of each of four major banks in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in U.S. dollars for a three-month period commencing on the second London Banking Day immediately following that LIBOR Determination Date to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that LIBOR Determination Date and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, Three-month LIBOR determined on that LIBOR Determination Date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, Three-month LIBOR will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York City time, on that LIBOR Determination Date by three major banks in New York City selected by the Calculation Agent for loans in U.S. dollars to leading European banks for a three-month period and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If the banks so selected by the Calculation Agent are not quoting as set forth above, Three-month LIBOR for that LIBOR Determination Date will remain Three-month LIBOR for the immediately preceding Dividend Period or, in the case of the Dividend Period beginning March 15, 2024, 6.625%. All percentages used in or resulting from any calculation of Three-month LIBOR will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with .000005% rounded up to .00001%. The determination of Three-month LIBOR for each relevant Dividend Period by the Calculation Agent will (in the absence of manifest error) be final and binding.

“*Voting Parity Stock*” means any Parity Stock having similar voting rights as the Series R Preferred Stock.

Section 4. Dividends.

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(a) Rate. Dividends on the Series R Preferred Stock will not be mandatory. Holders of Series R Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25,000 per share of the Series R Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December, commencing March 15, 2014. From December 18, 2013 to, but excluding, March 15, 2024 (the “*Fixed Rate Period*”), dividends will accrue at an annual rate of 6.625%, and from, and including, March 15, 2024 (the “*Floating Rate Period*”), dividends will accrue at an annual rate equal to Three-month LIBOR plus 3.69%. Notwithstanding the foregoing, if any date on or prior to March 15, 2024 on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay, and if any date after March 15, 2024 on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding Business Day unless that day falls in the next calendar month, in which case payment of any dividend otherwise payable on that date will be the immediately preceding Business Day, and dividends will accrue to the actual payment date (each such day on which dividends are payable a “*Dividend Payment Date*”). A “*Dividend Period*” means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, December 18, 2013 to, but excluding, March 15, 2014. The record date for payment of dividends on the Series R Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation’s Board of Directors. The amount of dividends payable for the Fixed Rate Period shall be computed on the basis of a 360-day year of twelve 30-day months. The amount of dividends payable for the Floating Rate Period shall be computed on the basis of a 360-day year and the actual number of days elapsed. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward. The Calculation Agent’s determination of any dividend rate, and its calculation of the amount of dividends payable for the Floating Rate Period, will be maintained on file at the Calculation Agent’s principal offices.

(b) Non-Cumulative Dividends. Dividends on shares of Series R Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series R Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series R Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series R Preferred Stock or

any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

(c) Priority of Dividends. So long as any shares of Series R Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after December 11, 2013, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series R Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after December 11, 2013, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business), unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series R Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series R Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series R Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series R Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series R Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as maybe determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation maybe declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series R Preferred Stock shall not be entitled to participate in any such dividends.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series R Preferred

Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series R Preferred Stock as to such distribution, a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "Liquidation Preference"). The holders of Series R Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series R Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series R Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series R Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Series R Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series R Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after March 15, 2024, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series R Preferred Stock shall be \$25,000 per share plus

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an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series R Preferred Stock at the time outstanding, prior to March 15, 2024, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series R Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

(b) Notice of Redemption. Notice of every redemption of shares of Series R Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series R Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series R Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series R Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series R Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series R Preferred Stock at the time outstanding, the shares of Series R Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series R Preferred Stock in proportion to the number of Series R Preferred Stock held by such holders or in such other manner consistent with the rules and policies of the New York Stock Exchange as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series R Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the “*Depository Company*”) in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

Section 7. Voting Rights.

(a) General. The holders of Series R Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

(b) Right To Elect Two Directors Upon Nonpayment Events. Whenever dividends payable on any shares of Series R Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a “*Nonpayment Event*”), the holders of the outstanding Series R Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation’s Board of Directors at the Corporation’s next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the “*Preferred Stock Directors*”) by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series R Preferred

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Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series R Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series R Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series R Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series R Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series R Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series R Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

(c) Other Voting Rights. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series R Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series R Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series R Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series R Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation’s voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the Bylaws that would adversely affect the rights, preferences, privileges or voting powers of the Series

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R Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or Bylaws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series R Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series R Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series R Preferred Stock will have no right to vote under this section 7(c)(iv) if in each case (a) the shares of Series R Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series R Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series R Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series R Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series R Preferred Stock, and holders of the Series R Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series R Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series R Preferred Stock will have 25 votes per share on any matter on which holders of the Series R Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Series R Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series R Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

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(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Series R Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the Bylaws, applicable law and any national securities exchange or other trading facility in which the Series R Preferred Stock is listed or traded at the time.

Section 8. Preemption and Conversion. The holders of Series R Preferred Stock shall not have any rights of preemption or rights to convert such Series R Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Reacquired Shares. Shares of Series R Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

Section 10. No Sinking Fund. Shares of Series R Preferred Stock are not subject to the operation of a sinking fund.

Section 11. Additional Classes or Series of Stock. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series R Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series R Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series R Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

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In Witness Whereof, Wells Fargo & Company has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 17th day of December, 2013.

Wells Fargo & Company

By: /s/ Barbara S. Brett

Barbara S. Brett, Senior Vice President and Assistant
Treasurer

/s/ Jeannine E. Zahn

Jeannine E. Zahn, Assistant Secretary

[As filed with the Delaware Secretary of State on December 17, 2013.]

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WELLS FARGO & COMPANY

CERTIFICATE OF DESIGNATION
Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

2014 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK
(Without Par Value)

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Company"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Company (the "Board") by the provisions of the Restated Certificate of Incorporation of the Company, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value (the "Preferred Stock"), and pursuant to authority conferred upon the ESOP Preferred Stock Committee of the Board (the "ESOP Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law") and by the resolutions of the Board set forth herein, the following resolutions were duly adopted by the Board at meetings of the Board duly held on January 25, 2000, January 27, 2009, and February 24, 2009, and by the ESOP Committee pursuant to the written consent of the ESOP Committee duly adopted on January 7, 2014, in accordance with Section 141(f) of the General Corporation Law:

1. On January 25, 2000, the Board adopted the following resolution (the "ESOP Board Resolutions") appointing the ESOP Committee and delegating to the ESOP Committee the full powers of the Board, subject to the ESOP Board Resolutions, in all matters relating to issuance of one or more series of Preferred Stock ("ESOP Preferred Stock") to the trustee on behalf of the Company's 401(k) Plan hereinafter referred to:

RESOLVED that a committee of one member of the Board of the Company is hereby appointed by the Board as the ESOP Preferred Stock Committee I (the "First Committee"), which shall have and may exercise the full powers of the Board, subject to these resolutions, to issue from time to time one or more series of ESOP Preferred Stock, including any shares of Company common stock (\$1 2/3 par value) issuable upon conversion of ESOP Preferred Stock, and in connection therewith, to fix the designations, voting powers, preferences, and all other rights, qualifications and restrictions of such ESOP Preferred Stock, to sell such ESOP Preferred Stock to the Plan on such terms and conditions and for such purchase price as the First Committee in its discretion shall approve, and to take any and all actions as the First Committee shall deem necessary or appropriate.

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2. On January 27, 2009, the Board adopted the following resolutions (the "January 2009 Resolutions") amending the ESOP Board Resolutions to allow the ESOP Committee to establish the voting rights of any series of ESOP Preferred Stock:

RESOLVED that the resolution set forth in the [ESOP Board Resolutions] under the caption "Voting Rights of ESOP Preferred Stock" is hereby deleted in its entirety.

RESOLVED that the [ESOP Board Resolutions] are hereby further amended to delete "Appendix A – Voting Rights" in its entirety.

3. Pursuant to resolutions adopted on February 24, 2009, the Board designated John G. Stumpf as the sole member of the ESOP Committee, effective April 29, 2009.

4. On January 7, 2014, pursuant to authority conferred upon it by the Board in the ESOP Board Resolutions as amended by the January 2009 Resolutions, the ESOP Committee adopted the following resolution by written consent in accordance with Section 141(f) of the General Corporation Law:

RESOLVED that the issuance of a series of Preferred Stock, without par value, of the Company is hereby authorized and the designation, voting powers, preferences, and relative, participating, optional, and other special rights, and qualifications, limitations and restrictions thereof, in addition to those set forth in the Restated Certificate of Incorporation of the Company, as amended, are hereby fixed as follows:

2014 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK

1. Designation and Number of Shares; Restricted Issue.

(a) The designation of the series of Preferred Stock, without par value, provided for herein shall be "2014 ESOP Cumulative Convertible Preferred Stock" (hereinafter referred to as the "2014 ESOP Preferred Stock") and the number of authorized shares constituting the 2014 ESOP Preferred Stock is 1,217,000, based on an offering price for the 2014 ESOP Preferred Stock of \$1,089.00 per share. Each share of 2014 ESOP Preferred Stock shall have a stated value of \$1,000.00 per share. The number of authorized shares of 2014 ESOP Preferred Stock may be reduced by further resolution duly adopted by the Board or the Securities Committee and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such reduction has been so authorized, provided, however, that the authorized number of shares of 2014 ESOP Preferred Stock shall not be decreased below the then outstanding number of such shares, and provided further that the number of authorized shares of 2014 ESOP Preferred Stock shall not be increased. All shares of the 2014 ESOP Preferred Stock purchased, redeemed, or converted by the

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Company shall be retired and canceled and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series, and may thereafter be issued, but not as shares of 2014 ESOP Preferred Stock.

(b) Shares of 2014 ESOP Preferred Stock shall be issued only to a trustee (the "Trustee") acting on behalf of the Wells Fargo & Company 401(k) Plan, or any successor to such plan (the "Plan"). All references to the holder of shares of 2014 ESOP Preferred Stock shall mean the Trustee or any company with which or into which the Trustee may merge or any successor trustee under the trust agreement with respect to the Plan. In the event of any transfer of record ownership of shares of 2014 ESOP Preferred Stock to any person other than any successor trustee under the Plan, the shares of 2014 ESOP Preferred Stock so transferred, upon such transfer and without any further action by the Company or the holder thereof, shall be automatically converted into shares of the common stock, par value \$1-2/3 per share, of the Company (the "Common Stock") on the terms otherwise provided for the conversion of the shares of 2014 ESOP Preferred Stock into shares of Common Stock pursuant to paragraph (a) of Section 4 hereof, and no such transferee shall have any of the voting powers, preferences, and relative, participating, optional or special rights ascribed to shares of 2014 ESOP Preferred Stock hereunder but, rather, only the powers and rights pertaining to the Common Stock into which such shares of 2014 ESOP Preferred Stock shall be so converted. In the event of such a conversion, the transferee of the shares of 2014 ESOP Preferred Stock shall be treated for all purposes as the record holder of the shares of Common Stock into which such shares of 2014 ESOP Preferred Stock have been automatically converted as of the date of such transfer. Shares of 2014 ESOP Preferred Stock may be certificated or uncertificated, at the Company's option. Certificates representing shares of 2014 ESOP Preferred Stock shall bear a legend to reflect the foregoing provisions. In the case of uncertificated 2014 ESOP Preferred Stock, the transfer agent for the 2014 ESOP Preferred Stock shall note the foregoing provisions on each 2014 ESOP Preferred Stock book entry account. The Company may require that, as a condition to transferring record ownership of any uncertificated 2014 ESOP Preferred Stock, the proposed transferee acknowledge in writing that the shares of 2014 ESOP Preferred Stock are subject to the foregoing provisions. Notwithstanding the foregoing provisions of this paragraph (b) of Section 1, shares of 2014 ESOP Preferred Stock (i)(A) shall be converted into shares of Common Stock as provided in paragraph (a) of Section 4 hereof, and (B) may be converted into shares of Common Stock as provided by paragraph (b) of Section 4 hereof and the shares of Common Stock issued upon such conversion may be transferred by the holder thereof as permitted by law and (ii) shall be redeemable by the Company upon the terms and conditions provided in Sections 5 and 6(c) hereof.

2. Voting Rights. No shares of 2014 ESOP Preferred Stock shall have voting rights except such voting rights as may from time to time be required by law and as set forth in this Section 2, as follows:

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(a) Whenever, at any time or times, dividends payable on shares of 2014 ESOP Preferred Stock shall be in arrears for such number of dividend periods which shall in the aggregate contain not less than 540 days, the holders of the outstanding shares of 2014 ESOP Preferred Stock shall have the exclusive right, voting together as a class with holders of shares of any one or more series of Voting Parity Stock, as defined in paragraph (e) of this Section 2, whose voting rights are exercisable, to elect two directors of the Company's Board at the Company's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "Preferred Stock Directors") by a plurality of the votes cast; provided that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). At elections for such directors, each holder of the shares of 2014 ESOP Preferred Stock shall be entitled to one vote for each share held (the holders of shares of any series of Voting Parity Stock being entitled to such number of votes, if any, for each share of Preferred Stock held as may be granted to them). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of such outstanding shares of 2014 ESOP Preferred Stock (together with the holders of shares of any one or more series of Voting Parity Stock whose voting rights are exercisable) as herein set forth. The right of such holders of such shares of 2014 ESOP Preferred Stock (voting together as a class with the holders of shares of any one or

more series of Voting Parity Stock whose voting rights are exercisable) to elect Preferred Stock Directors as aforesaid shall continue until such time as all dividends accumulated on such shares of 2014 ESOP Preferred Stock shall have been paid in full, at which time such right with respect to such shares of 2014 ESOP Preferred Stock shall terminate, except as herein or by law expressly provided, subject to reversion in the event of each and every subsequent default of the character above mentioned.

(b) Upon any termination of the right of the holders of all shares of 2014 ESOP Preferred Stock and Voting Parity Stock entitled to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by such holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of 2014 ESOP Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of 2014 ESOP Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this resolution shall have expired, the number of directors shall be such number as may be

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provided for in the By-Laws of the Company irrespective of any increase made pursuant to the provisions of this Section 2(b).

(c) In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of 2014 ESOP Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of 2014 ESOP Preferred Stock and outstanding shares of all series of Voting Parity Stock entitled to vote on the matter, by a vote of at least two-thirds in voting power of all such outstanding shares of 2014 ESOP Preferred Stock and such series of Voting Parity Stock voting together as a class, given in person or by proxy, either in writing or at any special or annual meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following whether or not such approval is required by Delaware law:

(i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to shares of 2014 ESOP Preferred Stock with respect to payment of dividends or the distribution of assets on the Company's voluntary or involuntary liquidation, dissolution or winding up, or

(ii) the amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Restated Certificate of Incorporation or of the resolutions set forth in a Certificate of Designation designating shares of 2014 ESOP Preferred Stock and the preferences, powers and relative, participating, optional and other special rights and qualifications, limitations and restrictions thereof which would materially and adversely affect any right, preference, privilege or voting power of the shares of 2014 ESOP Preferred Stock or of the holders thereof; provided, however, that any increase in the amount of authorized Preferred Stock, or the creation and issuance of other series of Preferred Stock, or any increase in the amount of authorized shares of any series of Preferred Stock, in each case ranking on a parity with or junior to the shares of 2014 ESOP Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

(d) The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of 2014 ESOP Preferred Stock shall have been redeemed or sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

(e) As used in this Section 2, "Voting Parity Stock" means any other class or series of stock of the Company now existing or hereafter authorized that ranks on par with the 2014 ESOP Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event

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of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company and having similar voting rights as the 2014 ESOP Preferred Stock.

3. Dividends. (a)(i) Holders of shares of 2014 ESOP Preferred Stock will be entitled to receive, when and as declared by the Board or a duly authorized committee thereof, out of assets of the Company legally available for payment, an annual cash dividend of \$87.00 (the "Base Dividend") per share, which Base Dividend shall be subject to adjustment from time to time as provided in this Section 3.

(ii) The Base Dividend shall be adjusted, effective on December 1, 2015 and on each December 1 thereafter until December 1, 2022, as follows:

(1) If the Current Market Price (as hereinafter defined) of one share of Common Stock on November 30 (or the next preceding Trading Day (as hereinafter defined) if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the First Target Price but less than the Second Target Price shown opposite that year in such table, then holders of shares of the 2014 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to \$92.00 per share (the "First Adjusted Dividend").

(2) If the Current Market Price of one share of Common Stock on November 30 (or the next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or

greater than the Second Target Price shown opposite that year in such table, then holders of shares of 2014 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to \$97.00 per share (the "Second Adjusted Dividend").

(3) If the Current Market Price of one share of Common Stock on November 30 (or next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is less than the First Target Price shown opposite that year in such table, then the holders of shares of 2014 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to the Base Dividend.

Dividend Adjustment Table

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<u>Closing Price on 11/30</u>	<u>First Target Price</u>	<u>Second Target Price</u>
2015	\$50.366	\$53.676
2016	\$54.396	\$60.117
2017	\$58.747	\$67.331
2018	\$63.447	\$75.411
2019	\$68.523	\$84.461
2020	\$74.005	\$94.596
2021	\$79.925	\$105.947
2022	\$86.319	\$118.661

(4) As an example of the adjustments described in subparagraphs (1) through (3) above, if on November 30, 2015, the Current Market Price of one share of Common Stock is \$51.00, then the cash dividend payable for the immediately following twelve month period per share of 2014 ESOP Preferred Stock would equal \$92.00, with the first quarterly payment of such \$92.00 dividend to be made on March 1, 2016. If on November 30, 2016, the Current Market Price of one share of Common Stock is \$61.00, then the cash dividend payable for the immediately following twelve month period per share of 2014 ESOP Preferred Stock would equal \$97.00, with the first quarterly payment of such \$97.00 dividend to be made on March 1, 2017. If on November 30, 2017, the Current Market Price of one share of Common Stock is \$55.00, then the cash dividend payable for the immediately following twelve month period per share of 2014 ESOP Preferred Stock would equal \$87.00, with the first quarterly payment of such \$87.00 dividend to be made on March 1, 2018.

(5) For purposes of this Section 3, the terms "First Adjusted Dividend" and "Second Adjusted Dividend" are sometimes referred to as an "Adjusted Dividend;" the term "Current Market Price" shall have the meaning given to it in Section 4(c)(iv); and the term "Trading Day" shall have the meaning given to it in Section 4(c)(vi).

(iii) If one share of Common Stock in any year listed in the Dividend Adjustment Table shall be changed into a different number of shares or a different class of shares by reason of any reclassification, recapitalization, split-up, combination, exchange of shares or readjustment, or if a stock dividend thereon shall be declared with a record date within such period, then the First Target Price and the Second Target Price listed in such table for that year and each subsequent year will be appropriately and proportionately adjusted.

(iv) Dividends payable on shares of the 2014 ESOP Preferred Stock (whether such dividends are equal to the Base Dividend or to an Adjusted Dividend) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing March 1, 2014. Dividends on shares of the 2014 ESOP Preferred Stock will be cumulative from the date of initial issuance of such shares of 2014 ESOP Preferred Stock. Dividends will be payable, in arrears, to holders of record as they appear on the stock books of the Company on such record dates, not more than 30 days nor less than

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15 days preceding the payment dates thereof, as shall be fixed by the Board or a duly authorized committee thereof. The amount of dividends payable per share for each dividend period shall be computed by dividing by four the Base Dividend or the Adjusted Dividend, whichever is then applicable. The amount of dividends payable for the initial dividend period or any period shorter than a full dividend period shall be calculated on the basis of actual days elapsed in a 360-day year of twelve 30-day months.

(b)(i) No full dividends shall be declared or paid or set apart for payment on any stock of the Company ranking, as to dividends, on a parity with or junior to the 2014 ESOP Preferred Stock for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been set apart for such payment on shares of 2014 ESOP Preferred Stock for all dividend payment periods terminating on or prior to the date of payment of such full cumulative dividends. When dividends are not paid in full, as aforesaid, upon the shares of 2014 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2014 ESOP Preferred Stock, all dividends declared upon shares of 2014 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2014 ESOP Preferred Stock shall be declared pro rata so that the amount of dividends declared per share on 2014 ESOP Preferred Stock and such other series of Preferred Stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of 2014 ESOP Preferred Stock and such other series of Preferred Stock bear to each other. Holders of shares of 2014 ESOP Preferred

Stock shall not be entitled to any dividend, whether payable in cash, property, or stock, in excess of full cumulative dividends, as herein provided, on 2014 ESOP Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on 2014 ESOP Preferred Stock which may be in arrears.

(ii) So long as any shares of 2014 ESOP Preferred Stock are outstanding, no dividend (other than dividends or distributions paid in shares of, or options, warrants, or rights to subscribe for or purchase shares of, Common Stock or any other stock ranking junior to 2014 ESOP Preferred Stock as to dividends or upon liquidation and other than as provided in paragraph (b)(i) of this Section 3) shall be declared or paid or set aside for payment or other distribution declared or made upon Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2014 ESOP Preferred Stock as to dividends or upon liquidation, nor shall any Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2014 ESOP Preferred Stock as to dividends or upon liquidation, dissolution or winding up be redeemed, purchased, or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Company (except by conversion into or exchange for stock of the Company ranking junior to 2014 ESOP Preferred Stock as to dividends or upon liquidation, dissolution or winding up), unless, in each case, the full cumulative dividends on all outstanding shares of 2014 ESOP Preferred Stock shall have been paid or declared and set aside for payment of the then current dividend payment period and all past dividend payment periods.

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4. Conversion. Shares of 2014 ESOP Preferred Stock are convertible from time to time hereafter pursuant to the provisions of paragraphs (a) or (b) of this Section 4 into that number of shares of Common Stock determined by dividing the stated value of each share of 2014 ESOP Preferred Stock by the then applicable Conversion Price, (as determined in accordance with the provisions of paragraph (c)(iii) of this Section 4), as follows:

(a) Each share of 2014 ESOP Preferred Stock released from the unallocated reserve of the Plan in accordance with the terms thereof shall be automatically converted, without any further action by the Company or the holder thereof, as of the date such release occurs (the "Release Date"), into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for the 2014 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(b) Subject to and upon compliance with the provisions of this Section 4, a holder of 2014 ESOP Preferred Stock shall be entitled at any time, prior to the close of business on the date fixed for redemption of such shares pursuant to Sections 5 or 6 hereof, to cause any or all of the shares of 2014 ESOP Preferred Stock held by such holder to be converted into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for 2014 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(c) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) The "Average Current Market Price" per share of Common Stock on any date shall be deemed to be the average of the Current Market Price for one share of Common Stock for the twenty (20) consecutive Trading Days ending on the Trading Day occurring prior to the date the "Purchase Offer" is made (as that term is defined in Section 6(d) hereof).

(ii) A "Business Day" means each day that is not a Saturday, Sunday, or a day on which state or federally chartered banking institutions in the State of New York are not required to be open.

(iii) (A) For purposes of a mandatory conversion of shares of 2014 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (a) of this Section 4, the "Conversion Price" for such shares of 2014 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the relevant Release Date.

(B) For purposes of an optional conversion of shares of 2014 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (b) of this Section 4, the "Conversion Price" for such shares of 2014 ESOP

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Preferred Stock shall be the Current Market Price of one share of Common Stock on the date the Conversion Notice (as that term is defined in paragraph (d) of this Section 4) is received by the Company, by the transfer agent for the 2014 ESOP Preferred Stock or by any agent for conversion of the 2014 ESOP Preferred Stock designated as such pursuant to paragraph (d) of this Section 4.

(C) For purposes of a conversion of shares of 2014 ESOP Preferred Stock into shares of Common Stock in connection with a "Purchase Offer" (as defined in Section 6(d) hereof), the "Conversion Price" for such shares of 2014 ESOP Preferred Stock shall be the Average Current Market Price of one share of Common Stock.

Each share of 2014 ESOP Preferred Stock shall be valued at its stated value of \$1,000.00 for purposes of computing, based on the applicable Conversion Price, the number of shares of Common Stock into which the shares of 2014 ESOP Preferred Stock will be converted.

(iv) The "Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Company or any other issuer for any day shall mean the reported last sale price, regular way, or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange only or, if the Common Stock is not listed or admitted to trading on the New York Stock Exchange, on the

principal national securities exchange on which the Common Stock is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or, if the Common Stock is not quoted on such National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for the Common Stock on each such day shall not have been reported through NASDAQ, the average of the bid and asked prices for such day as furnished by any New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof or, if no such quotations are available, the fair market value of the Common Stock as determined by a New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof.

(v) "Common Stock" shall mean the Common Stock of the Company as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

(vi) "Trading Day" with respect to Common Stock means (x) if the Common Stock is listed or admitted for trading on the New York Stock Exchange or another national securities exchange, a day on which the New York Stock Exchange or such other national securities exchange is open for business or (y) if the Common Stock

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is quoted on the National Market System of NASDAQ, a day on which trades may be made on such National Market System or (z) otherwise, any Business Day.

(d) In connection with any conversion of 2014 ESOP Preferred Stock pursuant to this Section 4, a written notice of conversion (the "Conversion Notice") shall be delivered to the Company at its principal executive office or the offices of the transfer agent for the 2014 ESOP Preferred Stock or such office or offices in the continental United States of an agent for conversion as may from time to time be designated by notice to the holders of the 2014 ESOP Preferred Stock by the Company or the transfer agent for the 2014 ESOP Preferred Stock, which Conversion Notice shall be accompanied by (a) in the case of certificated 2014 ESOP Preferred Stock, the certificate or certificates representing the shares of 2014 ESOP Preferred Stock being converted pursuant to this Section 4, duly assigned or endorsed for transfer to the Company (or accompanied by duly executed stock powers relating thereto) and (b) in the case of uncertificated 2014 ESOP Preferred Stock, duly executed assignment and transfer documents for the shares of 2014 ESOP Preferred Stock being converted pursuant to this Section 4. Each Conversion Notice shall specify (i) (y) in the case of a mandatory conversion pursuant to paragraph (a) of this Section 4, the number of shares of 2014 ESOP Preferred Stock released from the unallocated reserve of the Plan on the Release Date or (z) in the case of an optional conversion pursuant to paragraph (b) of this Section 4, the number of shares of 2014 ESOP Preferred Stock being converted, and (ii) in connection with any conversion hereunder, (x) the name or names in which such holder wishes the certificate or certificates for Common Stock and, in the case of certificated 2014 ESOP Preferred Stock, for any shares of 2014 ESOP Preferred Stock not to be so converted to be issued, (y) the address to which such holder wishes delivery to be made of such new certificates to be issued upon such conversion, and (z) such other information as the Company or its agents may reasonably request.

(e) Upon delivery to the Company or the transfer agent for the 2014 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4, the Company shall issue and send by hand delivery, by courier or by first-class mail (postage prepaid) to the holder thereof or to such holder's designee, at the address designated by such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled upon conversion. If there shall have been surrendered a certificate or certificates representing shares of 2014 ESOP Preferred Stock only part of which are to be converted, the Company shall issue and deliver to such holder or such holder's designee, in the manner set forth in the preceding sentence, a new certificate or certificates representing the number of shares of 2014 ESOP Preferred Stock which shall not have been converted.

(f) The issuance by the Company of shares of Common Stock upon a conversion of shares of 2014 ESOP Preferred Stock into shares of Common Stock made pursuant to this Section 4 shall be effective (i) in the case of a mandatory conversion of shares of 2014 ESOP Preferred Stock pursuant to paragraph (a) of this Section 4, as of

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the Release Date; and (ii) in the case of an optional conversion of such shares pursuant to paragraph (b) of this Section 4, as of the earlier of (A) the delivery to such holder or such holder's designee of the certificates representing the shares of Common Stock issued upon conversion thereof or (B) the commencement of business on the second Business Day after the delivery to the Company or the transfer agent for the 2014 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4. On and after the effective date of a conversion, the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock, but no allowance or adjustment shall be made in respect of dividends payable to holders of Common Stock in respect of any period prior to such effective date. The Company shall not be obligated to pay any dividends which shall have accrued or have been declared and shall be payable to holders of shares of 2014 ESOP Preferred Stock if the date on which such dividends are paid is on or after the effective date of conversion of such shares.

(g) The Company shall not be obligated to deliver to holders of 2014 ESOP Preferred Stock any fractional share or shares of Common Stock issuable upon any conversion of such shares of 2014 ESOP Preferred Stock, but in lieu thereof may make a cash payment in respect thereof in any manner permitted by law.

(h) The Company shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of 2014 ESOP Preferred Stock as herein provided, free from any preemptive rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of 2014 ESOP Preferred Stock then outstanding.

(i) The Company will use its best efforts to cause the listing of the shares of Common Stock required to be delivered upon conversion of the 2014 ESOP Preferred Stock prior to distribution to Plan participants on the national securities exchange, if any, upon which the outstanding Common Stock is listed at the time of such delivery.

(j) The Company will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on conversions of the 2014 ESOP Preferred Stock pursuant hereto; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the holder of the 2014 ESOP Preferred Stock to be converted and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid.

5. Redemption At the Option of the Company. (a) The 2014 ESOP Preferred Stock shall be redeemable out of assets legally available therefor, in whole or in part, at the option of the Company at any time, at a redemption price per share of

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2014 ESOP Preferred Stock equal to the higher of (x) \$1,000.00 per share, plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for redemption, and (y) the Fair Market Value (as that term is defined in paragraph (d) of this Section 5) per share of 2014 ESOP Preferred Stock on the date fixed for redemption. Payment of the redemption price shall be made by the Company in cash or shares of Common Stock, or a combination thereof, as permitted by paragraph (c) of this Section 5. From and after the date fixed for redemption, dividends on shares of 2014 ESOP Preferred Stock called for redemption will cease to accrue and all rights in respect of such shares of the Company shall cease, except the right to receive the redemption price. Upon payment of the redemption price, such shares shall be deemed to have been transferred to the Company, to be retired as provided in paragraph (a) of Section 1. If the full cumulative dividends have not been paid, or contemporaneously declared and set aside for payment, on all outstanding shares of 2014 ESOP Preferred Stock, the Company may not redeem fewer than all the outstanding shares of 2014 ESOP Preferred Stock pursuant to this Section 5.

(b) Unless otherwise required by law, notice of any redemption pursuant to this Section 5 will be sent to the holders of 2014 ESOP Preferred Stock at the address shown on the books of the Company or any transfer agent for the 2014 ESOP Preferred Stock by hand delivery, by courier, by standard form of telecommunication or by first-class mail (postage prepaid) delivered, sent or mailed, as the case may be, not less than twenty (20) days nor more than sixty (60) days prior to the redemption date. Each such notice shall state: (i) the redemption date; (ii) the total number of shares of the 2014 ESOP Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) whether the redemption price shall be paid in cash or in shares of Common Stock, or in a combination of such Common Stock and cash; (v) in the case of certificated 2014 ESOP Preferred Stock the place or places where certificates for such shares are to be surrendered for payment of the redemption price; (vi) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (vii) the conversion rights of the shares to be redeemed, the period within which conversion rights may be exercised and the manner in which the number of shares of Common Stock issuable upon conversion of a share of 2014 ESOP Preferred Stock will be determined. The Company shall redeem shares so called for redemption and not previously converted at the date fixed for redemption and at the redemption price set forth in this Section 5, provided that, in the case of certificated 2014 ESOP Preferred Stock, the Company shall not be obligated to pay the redemption price until the certificates for the shares to be redeemed are surrendered (properly endorsed or assigned for transfer, if the Board of Directors of the Company shall so require and the notice shall so state).

(c) The Company, at its option, may make payment of the redemption price required upon redemption of shares of 2014 ESOP Preferred Stock in cash or in shares of Common Stock, or in a combination of such Common Stock and cash, any such shares of Common Stock to be valued for such purposes at their Fair Market Value (as

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defined in paragraph (d)(ii) of this Section 5) or their Current Market Price, in either case as of the date fixed for redemption of the 2014 ESOP Preferred Stock, whichever value will result in the issuance of the greater number of shares of Common Stock to the holder of the 2014 ESOP Preferred Stock then being redeemed.

(d) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) "Adjustment Period" shall mean the period of five (5) consecutive Trading Days preceding the date as of which the Fair Market Value of a security is to be determined.

(ii) "Fair Market Value" shall mean, as to shares of Common Stock or any other class of capital stock or securities of the Company or any other issue which are publicly traded, the average of the Current Market Prices of such shares or securities for each day of the Adjustment Period. The "Fair Market Value" of any security which is not publicly traded (other than the 2014 ESOP Preferred Stock) or of any other property shall mean the fair value thereof on the date as of which the Fair Market Value of the security is to be determined, as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities or property selected in good faith by the Board or a committee thereof. The "Fair Market Value" of the 2014 ESOP

Preferred Stock for purposes of paragraph (a) of Section 5, and for purposes of paragraph (c) of Section 6 shall mean the fair market value thereof determined by an independent appraiser, appointed by the Trustee of the Plan in accordance with the provisions of the Plan, as of the date fixed for redemption of the 2014 ESOP Preferred Stock (in the case of a redemption pursuant to Section 5) or as of the date specified in paragraph (c) of Section 6 (in the case of a redemption under that section). For purposes of determining the Fair Market Value of the 2014 ESOP Preferred Stock, the independent appraiser shall assume (i) that all dividends on the 2014 ESOP Preferred Stock would have been paid when due, and (ii) that the mandatory conversion of shares of 2014 ESOP Preferred Stock held by the Plan into shares of Common Stock pursuant to Section 4(a) hereof would have occurred when and as payments of principal (together with accrued interest thereon) would have been made by the Trustee of the Plan in accordance with the terms of that certain 2014 ESOP Cumulative Convertible Preferred Stock Note Agreement dated on or about January 10, 2014 between the Company and the Plan (including any amendments or modifications thereto).

6. Consolidation, Merger, etc. (a) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting corporation (including the Company) that constitutes "qualifying employer securities" with respect to a holder of 2014 ESOP Preferred Stock within the meaning of Section 409(1) of the Internal Revenue Code of 1986, as amended, and Section 407(d)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor

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provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, the shares of 2014 ESOP Preferred Stock of such holder shall, in connection with such consolidation, merger or similar business combination, be assumed by and shall become Preferred Stock of such successor or resulting corporation, having in respect of such corporation, insofar as possible, the same powers, preferences and relative, participating, optional or other special rights (including the redemption rights provided by Sections 5 and 6 hereof), and the qualifications, limitations or restrictions thereon, that the 2014 ESOP Preferred Stock had immediately prior to such transaction, subject to the following:

(1) After such transaction each share of the 2014 ESOP Preferred Stock shall be convertible, otherwise on the terms and conditions provided by Section 4 hereof, into the number and kind of qualifying employer securities so receivable by a holder of the number of shares of Common Stock into which such shares of 2014 ESOP Preferred Stock could have been converted immediately prior to such transaction.

(2) The Company shall not consummate any such merger, consolidation or similar transaction unless all then outstanding shares of 2014 ESOP Preferred Stock shall be assumed and authorized by the successor or resulting corporation as aforesaid.

(b) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of qualifying employer securities (as referred to in paragraph (a) of this Section 6) and cash payments, if applicable, in lieu of fractional shares, outstanding shares of 2014 ESOP Preferred Stock shall, without any action on the part of the Company or any holder thereof (but subject to paragraph (c) of this Section 6), be automatically converted by virtue of such merger, consolidation or similar transaction immediately prior to such consummation into the number of shares of Common Stock into which such shares of 2014 ESOP Preferred Stock could have been converted at such time so that each share of 2014 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2014 ESOP Preferred Stock could have been converted immediately prior to such transaction. However, if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by the holders of the 2014 ESOP Preferred Stock, then the shares of 2014 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into

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which such shares of 2014 ESOP Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election as to the kind or amount of stock, securities, cash or other property receivable upon such transaction. If the kind or amount of stock, securities, cash or other property receivable upon such transaction is not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares.

(c) In the event the Company shall enter into any agreement providing for any consolidation or merger or similar business combination described in paragraph (b) of this Section 6 (a "Business Combination"), then the Company shall as soon as practicable thereafter (and in any event at least fifteen (15) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of 2014 ESOP Preferred Stock and each such holder shall have the right to elect, by written notice to the Company, to receive, upon consummation of such transaction (if and when such transaction is consummated), from the Company or the successor of the Company, in redemption and retirement of such 2014 ESOP Preferred Stock, a cash payment per share of 2014 ESOP Preferred Stock equal to the higher of (x) \$1,000.00, plus accrued and unpaid dividends thereon to the date of consummation of such transaction or (y) the Fair Market Value per share of 2014 ESOP Preferred Stock, as of the last Business Day (as defined in paragraph (c) of Section 4 hereof) immediately preceding the date the Business Combination is consummated. No such notice of redemption shall be effective unless given to the Company prior to the close of

business on the last Business Day prior to consummation of such transaction, unless the Company or the successor of the Company shall waive such prior notice, but any notice of redemption so given prior to such time may be withdrawn by notice of withdrawal given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction.

(d) In the event that a Purchase Offer (as defined below) shall have been made and shall be continuing, each holder of 2014 ESOP Preferred Stock shall have the right to convert shares of 2014 ESOP Preferred Stock into shares of Common Stock at the Conversion Price specified in Section 4(c)(iii)(C) hereof until the date the Purchase Offer is terminated, including without limitation because the original Purchase Offer is withdrawn or because the Purchase Offer has expired and is not renewed, upon notice of such conversion given to the Company not later than the close of business on the date the Purchase Offer terminates (the "Purchase Offer Conversion Period"), unless the Company or any successor of the Company shall waive such prior notice, but any notice of conversion so given may be withdrawn by notice of withdrawal given to the Company prior to the end of the Purchase Offer Conversion Period.

For purposes of this paragraph (d), the following terms shall have the meanings set forth below:

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(i) "Beneficial Ownership" shall have the meaning ascribed to it in Rule 13d-3 under the Securities Exchange Act of 1934 (the "Exchange Act") and "person" shall have the meanings specified in Sections 3(a)(9) and 13(d)(3) of the Exchange Act.

(ii) A "Purchase Offer" shall have been made when any person (other than the Company or any affiliate of the Company) shall have "commenced" (as such term is defined in Rule 14d-2 under the Exchange Act) a tender offer or exchange offer to purchase shares of Common Stock, such that, upon consummation of such offer, such person would have Beneficial Ownership (as defined herein) or the right to acquire Beneficial Ownership, of twenty percent (20%) or more of the voting power of the Company.

7. Liquidation Rights. (a) Upon the dissolution, liquidation, or winding up of the Company, the holders of the shares of 2014 ESOP Preferred Stock shall be entitled to receive and to be paid out of the assets of the Company available for distribution to its stockholders, before any payment or distribution shall be made on or set aside for the Common Stock or any other class of stock ranking junior to 2014 ESOP Preferred Stock and subject to the rights of the holders of the shares of any series or class or classes of stock ranking on parity with or senior to the 2014 ESOP Preferred Stock, the amount of \$1,000.00 per share, plus a sum equal to all dividends (whether or not earned or declared) on such shares accrued and unpaid thereon to the date of final distribution.

(b) Neither the sale of all or substantially all the property and assets of the Company, nor the merger, consolidation or other business combination of the Company into or with any other corporation, nor the merger, consolidation or other business combination of any other corporation into or with the Company shall be deemed to be a dissolution, liquidation, or winding up, voluntary or involuntary, for the purposes of this Section 7.

(c) After the payment to the holders of the shares of 2014 ESOP Preferred Stock of the full preferential amounts provided for in this Section 7, the holders of 2014 ESOP Preferred Stock, as such, shall have no right or claim to any of the remaining assets of the Company.

(d) In the event the assets of the Company available for distribution to the holders of shares of 2014 ESOP Preferred Stock upon any dissolution, liquidation, or winding up of the Company, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to paragraph (a) of this Section 7, no such distribution shall be made on account of any shares of any other series of Preferred Stock or other capital stock of the Company ranking on a parity with the shares of 2014 ESOP Preferred Stock upon such dissolution, liquidation, or winding up unless proportionate distributive amounts shall be paid on account of the shares of 2014 ESOP Preferred Stock, ratably, in proportion to the full distributable amounts for which

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holders of all such parity shares are respectively entitled upon such dissolution, liquidation, or winding up.

(e) Subject to the rights of the holders of the shares of any series or class or classes of stock ranking on parity with or prior to the shares of 2014 ESOP Preferred Stock upon liquidation, dissolution, or winding up, upon any liquidation, dissolution, or winding up of the Company, after payment shall have been made in full to the holders of the shares of 2014 ESOP Preferred Stock as provided in this Section 7, but not prior thereto, any other series or class or classes of stock ranking junior to the shares of 2014 ESOP Preferred Stock upon liquidation shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the shares of 2014 ESOP Preferred Stock shall not be entitled to share therein.

8. Ranking. For the purposes of these resolutions, any stock of any series or class or classes of the Company shall be deemed to rank:

(a) prior to the shares of 2014 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, if the holders of such series or class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of 2014 ESOP Preferred Stock;

(b) on a parity with shares of 2014 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share, or sinking fund

provisions, if any, be different from those of 2014 ESOP Preferred Stock, if the holders of such stock shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and the holders of shares of 2014 ESOP Preferred Stock; and

(c) junior to shares of 2014 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, if such class shall be Common Stock or if the holders of shares of 2014 ESOP Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of such series or class or classes.

9. Priority of 2014 ESOP Preferred Stock. The shares of 2014 ESOP Preferred Stock will rank on a parity, both as to payment of dividends and the distribution of assets upon liquidation, with the Company's 2005 ESOP Cumulative Convertible Preferred Stock, its 2006 ESOP Cumulative Convertible Preferred Stock, its 2007 ESOP Cumulative Convertible Preferred Stock, its 2008 ESOP Cumulative Convertible

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Preferred Stock, its 2010 ESOP Cumulative Convertible Preferred Stock, its 2011 ESOP Cumulative Convertible Preferred Stock, its 2012 ESOP Cumulative Convertible Preferred Stock, and its 2013 ESOP Cumulative Convertible Preferred Stock.

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IN WITNESS WHEREOF, the Company has caused this Certificate of Designation to be signed by John G. Stumpf, its Chairman, President and Chief Executive Officer, and attested by Jeannine E. Zahn, its Assistant Secretary, on this 8th day of January, 2014.

WELLS FARGO & COMPANY

By /s/ John G. Stumpf
John G. Stumpf
Chairman, President and
Chief Executive Officer

Attest:

/s/ Jeannine E. Zahn
Jeannine E. Zahn
Assistant Secretary

[As filed with the Delaware Secretary of State on January 8, 2014.]

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WELLS FARGO & COMPANY

CERTIFICATE OF DESIGNATION

Pursuant to Section 151(g) of the
General Corporation Law
of the State of Delaware

**5.90% FIXED-TO-FLOATING RATE NON-CUMULATIVE PERPETUAL
CLASS A PREFERRED STOCK, SERIES S
(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on April 17, 2014, in accordance with Section 141(f) of the General Corporation Law:

Resolved, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated January 27, 2009, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

RIGHTS AND PREFERENCES

Section 1. Designation. The shares of such series of Preferred Stock shall be designated 5.90% Fixed-to-Floating Rate Non-Cumulative Perpetual Class A Preferred Stock, Series S, with no par value and a liquidation preference amount of \$25,000 per share (the "*Series S Preferred Stock*"). Each share of Series S Preferred Stock shall be identical in all respects to every other share of Series S Preferred Stock except with

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respect to the date from which dividends may accrue. Series S Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series S Preferred Stock shall be 80,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series S Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series S Preferred Stock.

Section 3. Definitions. As used herein with respect to Series S Preferred Stock:

"*Business Day*" means for dividends payable for the Fixed Rate Period (as defined below) any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York, and for dividends payable for the Floating Rate Period (as defined below), it means any date that would be considered a Business Day during the Fixed Rate Period that is also a London Banking Day (as defined below).

"*Calculation Agent*" means Wells Fargo Securities, LLC or any other successor appointed by the Corporation, acting as Calculation Agent.

"*Certificate of Designation*" means this Certificate of Designation relating to the Series S Preferred Stock, as it may be amended from time to time.

"*Common Stock*" means the common stock of the Corporation, par value \$1 $\frac{2}{3}$ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

"*Depository Company*" has the meaning set forth in Section 6(d) hereof.

"*Designated LIBOR Page*" means the display on Reuters, or any successor service, on page LIBOR01, or any other page as may replace that page on that service, for the purpose of displaying the London interbank rates for U.S. dollars.

"*Dividend Payment Date*" has the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" has the meaning set forth in Section 4(a) hereof.

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"*DTC*" means The Depository Trust Company, together with its successors and assigns.

"*Fixed Rate Period*" has the meaning set forth in Section 4(a) hereof.

"*Floating Rate Period*" has the meaning set forth in Section 4(a) hereof.

“Junior Stock” means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series S Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“LIBOR Determination Date” means the second London Banking Day immediately preceding the first day of the relevant Dividend Period.

“Liquidation Preference” has the meaning set forth in Section 5(a) hereof.

“London Banking Day” means any day on which commercial banks and foreign exchange markets settle payments in London.

“Nonpayment Event” shall have the meaning set forth in Section 7(b).

“Parity Stock” means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series S Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“Preference Stock” means any and all series of preference stock, having no par value, of the Corporation.

“Preferred Stock” means any and all series of preferred stock, having no par value, of the Corporation, including the Series S Preferred Stock.

“Preferred Stock Directors” shall have the meaning set forth in Section 7(b).

“Regulatory Capital Treatment Event” means the Corporation’s reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after April 14, 2014; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after April 14, 2014; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after April 14, 2014, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series S

Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series S Preferred Stock is outstanding.

“Series S Preferred Stock” has the meaning set forth in Section 1 hereof.

“Three-month LIBOR” means, for any LIBOR Determination Date, the arithmetic mean of the offered rates for deposits in U.S. dollars for a three-month period commencing on the second London Banking Day immediately following that LIBOR Determination Date that appear on the Designated LIBOR Page as of 11:00 a.m., London time, on that LIBOR Determination Date, if at least two offered rates appear on the Designated LIBOR Page, provided that if the specified Designated LIBOR Page by its terms provides only for a single rate, that single rate will be used. If (i) fewer than two offered rates appear or (ii) no rate appears and the Designated LIBOR Page by its terms provides only for a single rate, then the Calculation Agent will request the principal London offices of each of four major banks in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in U.S. dollars for a three-month period commencing on the second London Banking Day immediately following that LIBOR Determination Date to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that LIBOR Determination Date and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, Three-month LIBOR determined on that LIBOR Determination Date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, Three-month LIBOR will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York City time, on that LIBOR Determination Date by three major banks in New York City selected by the Calculation Agent for loans in U.S. dollars to leading European banks for a three-month period and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If the banks so selected by the Calculation Agent are not quoting as set forth above, Three-month LIBOR for that LIBOR Determination Date will remain Three-month LIBOR for the immediately preceding Dividend Period or, in the case of the Dividend Period beginning June 15, 2024, 5.90%. All percentages used in or resulting from any calculation of Three-month LIBOR will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with .000005% rounded up to .00001%. The determination of Three-month LIBOR for each relevant Dividend Period by the Calculation Agent will (in the absence of manifest error) be final and binding.

“Voting Parity Stock” means any Parity Stock having similar voting rights as the Series S Preferred Stock.

Section 4. Dividends.

(a) Rate. Dividends on the Series S Preferred Stock will not be mandatory. Holders of Series S Preferred Stock shall be entitled to receive, when, as and if declared

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by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25,000 per share of the Series S Preferred Stock, payable (i) from April 22, 2014 to, but excluding, June 15, 2024 (the "*Fixed Rate Period*"), semi-annually in arrears on the 15th day of each June and December, commencing December 15, 2014 at an annual rate of 5.90%, and (ii) from, and including, June 15, 2024 (the "*Floating Rate Period*"), quarterly in arrears on the 15th day of each March, June, September and December, commencing September 15, 2024, at an annual rate equal to Three-month LIBOR plus 3.11%. Notwithstanding the foregoing, if any date on or prior to June 15, 2024 on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay, and if any date after June 15, 2024 on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding Business Day unless that day falls in the next calendar month, in which case payment of any dividend otherwise payable on that date will be the immediately preceding Business Day, and dividends will accrue to the actual payment date (each such day on which dividends are payable a "*Dividend Payment Date*"). A "*Dividend Period*" means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, April 22, 2014 to, but excluding, December 15, 2014. The record date for payment of dividends on the Series S Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation's Board of Directors. The amount of dividends payable for the Fixed Rate Period shall be computed on the basis of a 360-day year of twelve 30-day months. The amount of dividends payable for the Floating Rate Period shall be computed on the basis of a 360-day year and the actual number of days elapsed. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward. The Calculation Agent's determination of any dividend rate, and its calculation of the amount of dividends payable for the Floating Rate Period, will be maintained on file at the Calculation Agent's principal offices.

(b) Non-Cumulative Dividends. Dividends on shares of Series S Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series S Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series S Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series S Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

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(c) Priority of Dividends. So long as any shares of Series S Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after April 14, 2014, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series S Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for

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or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after April 14, 2014, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business),

unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series S Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series S Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series S Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series S Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series S Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series S Preferred Stock shall not be entitled to participate in any such dividends.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series S Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the

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Corporation ranking senior to the Series S Preferred Stock as to such distribution, a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series S Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series S Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series S Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series S Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Series S Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series S Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after June 15, 2024, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series S Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation,

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at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series S Preferred Stock at the time outstanding, prior to June 15, 2024, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series S Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

(b) Notice of Redemption. Notice of every redemption of shares of Series S Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series S Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series S Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series S Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series S Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series S Preferred Stock at the time outstanding, the shares of Series S Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series S Preferred Stock in proportion to the number of Series S Preferred Stock held by such holders as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series S Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the

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Corporation or any duly authorized committee of the Board of Directors (the "*Depository Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

Section 7. Voting Rights.

(a) General. The holders of Series S Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

(b) Right To Elect Two Directors Upon Nonpayment Events. Whenever dividends payable on any shares of Series S Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to

any class or series, at least three semi-annual Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a "Nonpayment Event"), the holders of the outstanding Series S Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation's Board of Directors at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "Preferred Stock Directors") by a plurality of the votes cast; provided that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series S Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series S Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series S Preferred Stock (voting together as a class with the holders of shares of any one

or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least two semi-annual Dividend Periods or their equivalent, at which time such right with respect to the Series S Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series S Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series S Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series S Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

(c) Other Voting Rights. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series S Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series S Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series S Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series S Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the Bylaws that would adversely affect the rights, preferences, privileges or voting powers of the Series S Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or Bylaws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series S Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary

liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series S Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series S Preferred Stock will have no right to vote under this section 7(c)(iv) if in each case (a) the shares of Series S Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series S Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series S Preferred Stock, taken as a whole; provided, however, that any authorization, creation or increase in the authorized amount of or issuance of the Series S Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series S Preferred Stock, and holders of the Series S Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series S Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series S Preferred Stock will have 25 votes per share on any matter on which holders of the Series S Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Series S Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series S Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Series S Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which

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rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the Bylaws and applicable law.

Section 8. Preemption and Conversion. The holders of Series S Preferred Stock shall not have any rights of preemption or rights to convert such Series S Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Reacquired Shares. Shares of Series S Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

Section 10. No Sinking Fund. Shares of Series S Preferred Stock are not subject to the operation of a sinking fund.

Section 11. Additional Classes or Series of Stock. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series S Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series S Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series S Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

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In Witness Whereof, Wells Fargo & Company has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 17th day of April, 2014.

Wells Fargo & Company

By: /s/ Barbara S. Brett

Barbara S. Brett, Senior Vice President and Assistant Treasurer

/s/ Jeannine E. Zahn

Jeannine E. Zahn, Assistant Secretary

[As filed with the Delaware Secretary of State on April 21, 2014.]

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WELLS FARGO & COMPANY

CERTIFICATE OF DESIGNATION

Pursuant to Section 151(g) of the
General Corporation Law
of the State of Delaware

5.875% FIXED-TO-FLOATING RATE NON-CUMULATIVE PERPETUAL
CLASS A PREFERRED STOCK, SERIES U
(Without Par Value)

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the “Corporation”), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the “Board of Directors”) by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the “Committee”) in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the “General Corporation Law”), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on January 22, 2015, in accordance with Section 141(f) of the General Corporation Law:

Resolved, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated April 29, 2014, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

RIGHTS AND PREFERENCES

Section 1. Designation. The shares of such series of Preferred Stock shall be designated 5.875% Fixed -to-Floating Rate Non-Cumulative Perpetual Class A Preferred

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Stock, Series U, with no par value and a liquidation preference amount of \$25,000 per share (the “Series U Preferred Stock”). Each share of Series U Preferred Stock shall be identical in all respects to every other share of Series U Preferred Stock except with respect to the date from which dividends may accrue. Series U Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series U Preferred Stock shall be 80,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series U Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series U Preferred Stock.

Section 3. Definitions. As used herein with respect to Series U Preferred Stock:

“*Business Day*” means for dividends payable for the Fixed Rate Period (as defined below) any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York, and for dividends payable for the Floating Rate Period (as defined below), it means any date that would be considered a Business Day during the Fixed Rate Period that is also a London Banking Day (as defined below).

“*Calculation Agent*” means Wells Fargo Securities, LLC or any other successor appointed by the Corporation, acting as Calculation Agent.

“*Certificate of Designation*” means this Certificate of Designation relating to the Series U Preferred Stock, as it may be amended from time to time.

“*Common Stock*” means the common stock of the Corporation, par value \$1 $\frac{2}{3}$ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

“*Depository Company*” has the meaning set forth in Section 6(d) hereof.

“Designated LIBOR Page” means the display on Reuters, or any successor service, on page LIBOR01, or any other page as may replace that page on that service, for the purpose of displaying the London interbank rates for U.S. dollars.

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“Dividend Payment Date” has the meaning set forth in Section 4(a) hereof.

“Dividend Period” has the meaning set forth in Section 4(a) hereof.

“DTC” means The Depository Trust Company, together with its successors and assigns.

“Fixed Rate Period” has the meaning set forth in Section 4(a) hereof.

“Floating Rate Period” has the meaning set forth in Section 4(a) hereof.

“Junior Stock” means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series U Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“LIBOR Determination Date” means the second London Banking Day immediately preceding the first day of the relevant Dividend Period.

“Liquidation Preference” has the meaning set forth in Section 5(a) hereof.

“London Banking Day” means any day on which commercial banks and foreign exchange markets settle payments in London.

“Nonpayment Event” shall have the meaning set forth in Section 7(b).

“Parity Stock” means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series U Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“Preference Stock” means any and all series of preference stock, having no par value, of the Corporation.

“Preferred Stock” means any and all series of preferred stock, having no par value, of the Corporation, including the Series U Preferred Stock.

“Preferred Stock Directors” shall have the meaning set forth in Section 7(b).

“Regulatory Capital Treatment Event” means the Corporation’s reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after January 15, 2015; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after January 15, 2015; or (iii) official

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administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after January 15, 2015, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series U Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series U Preferred Stock is outstanding.

“Series U Preferred Stock” has the meaning set forth in Section 1 hereof.

“Three-month LIBOR” means, for any LIBOR Determination Date, the arithmetic mean of the offered rates for deposits in U.S. dollars for a three-month period commencing on the second London Banking Day immediately following that LIBOR Determination Date that appear on the Designated LIBOR Page as of 11:00 a.m., London time, on that LIBOR Determination Date, if at least two offered rates appear on the Designated LIBOR Page, provided that if the specified Designated LIBOR Page by its terms provides only for a single rate, that single rate will be used. If (i) fewer than two offered rates appear or (ii) no rate appears and the Designated LIBOR Page by its terms provides only for a single rate, then the Calculation Agent will request the principal London offices of each of four major banks in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in U.S. dollars for a three-month period commencing on the second London Banking Day immediately following that LIBOR Determination Date to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that LIBOR Determination Date and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, Three-month LIBOR determined on that LIBOR Determination Date will be the arithmetic

mean of those quotations. If fewer than two quotations are provided, Three-month LIBOR will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York City time, on that LIBOR Determination Date by three major banks in New York City selected by the Calculation Agent for loans in U.S. dollars to leading European banks for a three-month period and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If the banks so selected by the Calculation Agent are not quoting as set forth above, Three-month LIBOR for that LIBOR Determination Date will remain Three-month LIBOR for the immediately preceding Dividend Period or, in the case of the Dividend Period beginning June 15, 2025, 5.875%. All percentages used in or resulting from any calculation of Three-month LIBOR will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with .000005% rounded up to .00001%. The determination of Three-month LIBOR for each relevant Dividend Period by the Calculation Agent will (in the absence of manifest error) be final and binding.

“Voting Parity Stock” means any Parity Stock having similar voting rights as the Series U Preferred Stock.

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Section 4. Dividends.

(a) **Rate.** Dividends on the Series U Preferred Stock will not be mandatory. Holders of Series U Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25,000 per share of the Series U Preferred Stock, payable (i) from January 23, 2015 to, but excluding, June 15, 2025 (the “Fixed Rate Period”), semi-annually in arrears on the 15th day of each June and December, commencing June 15, 2015 at an annual rate of 5.875%, and (ii) from, and including, June 15, 2025 (the “Floating Rate Period”), quarterly in arrears on the 15th day of each March, June, September and December, commencing September 15, 2025, at an annual rate equal to Three-month LIBOR plus 3.99%. Notwithstanding the foregoing, if any date on or prior to June 15, 2025 on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay, and if any date after June 15, 2025 on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding Business Day unless that day falls in the next calendar month, in which case payment of any dividend otherwise payable on that date will be the immediately preceding Business Day, and dividends will accrue to the actual payment date (each such day on which dividends are payable a “Dividend Payment Date”). A “Dividend Period” means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, January 23, 2015 to, but excluding, June 15, 2015. The record date for payment of dividends on the Series U Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation’s Board of Directors. The amount of dividends payable for the Fixed Rate Period shall be computed on the basis of a 360-day year of twelve 30-day months. The amount of dividends payable for the Floating Rate Period shall be computed on the basis of a 360-day year and the actual number of days elapsed. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward. The Calculation Agent’s determination of any dividend rate, and its calculation of the amount of dividends payable for the Floating Rate Period, will be maintained on file at the Calculation Agent’s principal offices.

(b) **Non-Cumulative Dividends.** Dividends on shares of Series U Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series U Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series U Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time.

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in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series U Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

(c) **Priority of Dividends.** So long as any shares of Series U Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options

or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after January 15, 2015, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series U Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after January 15, 2015, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business),

unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series U Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series U Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series U Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series U Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series U Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series U Preferred Stock shall not be entitled to participate in any such dividends.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series U Preferred

Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series U Preferred Stock as to such distribution, a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series U Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series U Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series U Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series U Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Series U Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series U Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after June 15, 2025, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series U Preferred Stock shall be \$25,000 per share plus

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an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series U Preferred Stock at the time outstanding, prior to June 15, 2025, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series U Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

(b) Notice of Redemption. Notice of every redemption of shares of Series U Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series U Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series U Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series U Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series U Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series U Preferred Stock at the time outstanding, the shares of Series U Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series U Preferred Stock in proportion to the number of Series U Preferred Stock held by such holders as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series U Preferred Stock shall be redeemed from time to time.

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(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depository Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without

interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

Section 7. Voting Rights.

(a) General. The holders of Series U Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

(b) Right To Elect Two Directors Upon Nonpayment Events. Whenever dividends payable on any shares of Series U Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least three semi-annual Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a "Nonpayment Event"), the holders of the outstanding Series U Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation's Board of Directors at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "Preferred Stock Directors") by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series U

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Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series U Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series U Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least two semi-annual Dividend Periods or their equivalent, at which time such right with respect to the Series U Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series U Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series U Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series U Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

(c) Other Voting Rights. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series U Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series U Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series U Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series U Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the Bylaws that would adversely affect the rights, preferences, privileges or voting powers of the Series

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U Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or Bylaws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series U Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series U Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series U Preferred Stock will have no right to vote under this section 7(c)(iv) if in each case (a) the shares of Series U Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to

which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series U Preferred Stock remaining outstanding or such preference securities, as the case maybe, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series U Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series U Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series U Preferred Stock, and holders of the Series U Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series U Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series U Preferred Stock will have 25 votes per share on any matter on which holders of the Series U Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Series U Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series U Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

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(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Series U Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the Bylaws and applicable law.

Section 8. Preemption and Conversion. The holders of Series U Preferred Stock shall not have any rights of preemption or rights to convert such Series U Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Reacquired Shares. Shares of Series U Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

Section 10. No Sinking Fund. Shares of Series U Preferred Stock are not subject to the operation of a sinking fund.

Section 11. Additional Classes or Series of Stock. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series U Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series U Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series U Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

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In Witness Whereof, Wells Fargo & Company has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 22nd day of January, 2015.

Wells Fargo & Company

By: /s/ Barbara S. Brett
Barbara S. Brett, Senior Vice President and Assistant Treasurer

/s/ Jeannine E. Zahn
Jeannine E. Zahn, Assistant Secretary

WELLS FARGO & COMPANY

CERTIFICATE OF DESIGNATION
Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

2015 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK
(Without Par Value)

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Company"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Company (the "Board") by the provisions of the Restated Certificate of Incorporation of the Company, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value (the "Preferred Stock"), and pursuant to authority conferred upon the ESOP Preferred Stock Committee of the Board (the "ESOP Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law") and by the resolutions of the Board set forth herein, the following resolutions were duly adopted by the Board at meetings of the Board duly held on January 25, 2000, January 27, 2009, and February 24, 2009, and by the ESOP Committee pursuant to the written consent of the ESOP Committee duly adopted on March 20, 2015, in accordance with Section 141(f) of the General Corporation Law:

1. On January 25, 2000, the Board adopted the following resolution (the "ESOP Board Resolutions") appointing the ESOP Committee and delegating to the ESOP Committee the full powers of the Board, subject to the ESOP Board Resolutions, in all matters relating to issuance of one or more series of Preferred Stock ("ESOP Preferred Stock") to the trustee on behalf of the Company's 401(k) Plan hereinafter referred to:

RESOLVED that a committee of one member of the Board of the Company is hereby appointed by the Board as the ESOP Preferred Stock Committee (the "First Committee"), which shall have and may exercise the full powers of the Board, subject to these resolutions, to issue from time to time one or more series of ESOP Preferred Stock, including any shares of Company common stock (\$1 2/3 par value) issuable upon conversion of ESOP Preferred Stock, and in connection therewith, to fix the designations, voting powers, preferences, and all other rights, qualifications and restrictions of such ESOP Preferred Stock, to sell such ESOP Preferred Stock to the Plan on such terms and conditions and for such purchase price as the First Committee in its

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discretion shall approve, and to take any and all actions as the First Committee shall deem necessary or appropriate.

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2. On January 27, 2009, the Board adopted the following resolutions (the "January 2009 Resolutions") amending the ESOP Board Resolutions to allow the ESOP Committee to establish the voting rights of any series of ESOP Preferred Stock:

RESOLVED that the resolution set forth in the ESOP Board Resolutions under the caption "Voting Rights of ESOP Preferred Stock" is hereby deleted in its entirety.

RESOLVED that the ESOP Board Resolutions are hereby further amended to delete "Appendix A - Voting Rights" in its entirety.

3. Pursuant to resolutions adopted on February 24, 2009, the Board designated John G. Stumpf as the sole member of the ESOP Committee, effective April 29, 2009.

4. On March 20, 2015, pursuant to authority conferred upon it by the Board in the ESOP Board Resolutions as amended by the January 2009 Resolutions, the ESOP Committee adopted the following resolution by written consent in accordance with Section 141(f) of the General Corporation Law:

RESOLVED that the issuance of a series of Preferred Stock, without par value, of the Company is hereby authorized and the designation, voting powers, preferences, and relative, participating, optional, and other special rights, and qualifications, limitations and restrictions thereof, in addition to those set forth in the Restated Certificate of Incorporation of the Company, as amended, are hereby fixed as follows:

2015 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK

1. Designation and Number of Shares; Restricted Issue.

(a) The designation of the series of Preferred Stock, without par value, provided for herein shall be "2015 ESOP Cumulative Convertible Preferred Stock" (hereinafter referred to as the "2015 ESOP Preferred Stock") and the number of authorized shares constituting the 2015 ESOP Preferred Stock is 826,598, based on an offering price for the 2015 ESOP Preferred Stock of \$1,088.80 per share. Each share of 2015 ESOP Preferred Stock shall have a stated value of \$1,000.00 per share. The number of authorized shares of 2015 ESOP Preferred Stock may be reduced by further resolution duly adopted by the Board or the Securities Committee and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such reduction has been so authorized, provided, however, that the authorized number of shares of 2015 ESOP Preferred Stock shall not be decreased below the then outstanding number of such shares, and provided further that the number of authorized shares of 2015 ESOP Preferred Stock shall not be increased. All

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shares of the 2015 ESOP Preferred Stock purchased, redeemed, or converted by the Company shall be retired and canceled and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series, and may thereafter be issued, but not as shares of 2015 ESOP Preferred Stock.

(b) Shares of 2015 ESOP Preferred Stock shall be issued only to a trustee (the "Trustee") acting on behalf of the Wells Fargo & Company 401(k) Plan, or any successor to such plan (the "Plan"). All references to the holder of shares of 2015 ESOP Preferred Stock shall mean the Trustee or any company with which or into which the Trustee may merge or any successor trustee under the trust agreement with respect to the Plan. In the event of any transfer of record ownership of shares of 2015 ESOP Preferred Stock to any person other than any successor trustee under the Plan, the shares of 2015 ESOP Preferred Stock so transferred, upon such transfer and without any further action by the Company or the holder thereof, shall be automatically converted into shares of the common stock, par value \$1-2/3 per share, of the Company (the "Common Stock") on the terms otherwise provided for the conversion of the shares of 2015 ESOP Preferred Stock into shares of Common Stock pursuant to paragraph (a) of Section 4 hereof, and no such transferee shall have any of the voting powers, preferences, and relative, participating, optional or special rights ascribed to shares of 2015 ESOP Preferred Stock hereunder but, rather, only the powers and rights pertaining to the Common Stock into which such shares of 2015 ESOP Preferred Stock shall be so converted. In the event of such a conversion, the transferee of the shares of 2015 ESOP Preferred Stock shall be treated for all purposes as the record holder of the shares of Common Stock into which such shares of 2015 ESOP Preferred Stock have been automatically converted as of the date of such transfer. Shares of 2015 ESOP Preferred Stock may be certificated or uncertificated, at the Company's option. Certificates representing shares of 2015 ESOP Preferred Stock shall bear a legend to reflect the foregoing provisions. In the case of uncertificated 2015 ESOP Preferred Stock, the transfer agent for the 2015 ESOP Preferred Stock shall note the foregoing provisions on each 2015 ESOP Preferred Stock book entry account. The Company may require that, as a condition to transferring record ownership of any uncertificated 2015 ESOP Preferred Stock, the proposed transferee acknowledge in writing that the shares of 2015 ESOP Preferred Stock are subject to the foregoing provisions. Notwithstanding the foregoing provisions of this paragraph (b) of Section 1, shares of 2015 ESOP Preferred Stock (i)(A) shall be converted into shares of Common Stock as provided in paragraph (a) of Section 4 hereof, and (B) may be converted into shares of Common Stock as provided by paragraph (b) of Section 4 hereof and the shares of Common Stock issued upon such conversion may be transferred by the holder thereof as permitted by law and (ii) shall be redeemable by the Company upon the terms and conditions provided in Sections 5 and 6(c) hereof.

2. Voting Rights. No shares of 2015 ESOP Preferred Stock shall have voting rights except such voting rights as may from time to time be required by law and as set forth in this Section 2, as follows:

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(a) Whenever, at any time or times, dividends payable on shares of 2015 ESOP Preferred Stock shall be in arrears for such number of dividend periods which shall in the aggregate contain not less than 540 days, the holders of the outstanding shares of 2015 ESOP Preferred Stock shall have the exclusive right, voting together as a class with holders of shares of any one or more series of Voting Parity Stock, as defined in paragraph (e) of this Section 2, whose voting rights are exercisable, to elect two directors of the Company's Board at the Company's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "Preferred Stock Directors") by a plurality of the votes cast; provided that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). At elections for such directors, each holder of the shares of 2015 ESOP Preferred Stock shall be entitled to one vote for each share held (the holders of shares of any series of Voting Parity Stock being entitled to such number of

votes, if any, for each share of Preferred Stock held as may be granted to them). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of such outstanding shares of 2015 ESOP Preferred Stock (together with the holders of shares of any one or more series of Voting Parity Stock whose voting rights are exercisable) as herein set forth. The right of such holders of such shares of 2015 ESOP Preferred Stock (voting together as a class with the holders of shares of any one or more series of Voting Parity Stock whose voting rights are exercisable) to elect Preferred Stock Directors as aforesaid shall continue until such time as all dividends accumulated on such shares of 2015 ESOP Preferred Stock shall have been paid in full, at which time such right with respect to such shares of 2015 ESOP Preferred Stock shall terminate, except as herein or by law expressly provided, subject to re-vesting in the event of each and every subsequent default of the character above mentioned.

(b) Upon any termination of the right of the holders of all shares of 2015 ESOP Preferred Stock and Voting Parity Stock entitled to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by such holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of 2015 ESOP Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of 2015 ESOP Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this resolution shall have expired, the number of directors shall be such number as may be

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provided for in the By-Laws of the Company irrespective of any increase made pursuant to the provisions of this Section 2(b).

(c) In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of 2015 ESOP Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of 2015 ESOP Preferred Stock and outstanding shares of all series of Voting Parity Stock entitled to vote on the matter, by a vote of at least two-thirds in voting power of all such outstanding shares of 2015 ESOP Preferred Stock and such series of Voting Parity Stock voting together as a class, given in person or by proxy, either in writing or at any special or annual meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following whether or not such approval is required by Delaware law:

(i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to shares of 2015 ESOP Preferred Stock with respect to payment of dividends or the distribution of assets on the Company's voluntary or involuntary liquidation, dissolution or winding up, or

(ii) the amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Restated Certificate of Incorporation or of the resolutions set forth in a Certificate of Designation designating shares of 2015 ESOP Preferred Stock and the preferences, powers and relative, participating, optional and other special rights and qualifications, limitations and restrictions thereof which would materially and adversely affect any right, preference, privilege or voting power of the shares of 2015 ESOP Preferred Stock or of the holders thereof; provided, however, that any increase in the amount of authorized Preferred Stock, or the creation and issuance of other series of Preferred Stock, or any increase in the amount of authorized shares of any series of Preferred Stock, in each case ranking on a parity with or junior to the shares of 2015 ESOP Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

(d) The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of 2015 ESOP Preferred Stock shall have been redeemed or sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

(e) As used in this Section 2, "Voting Parity Stock" means any other class or series of stock of the Company now existing or hereafter authorized that ranks on par with the 2015 ESOP Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company and having similar voting rights as the 2015 ESOP Preferred Stock.

3. Dividends. (a)(i) Holders of shares of 2015 ESOP Preferred Stock will be entitled to receive, when and as declared by the Board or a duly authorized committee

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thereof, out of assets of the Company legally available for payment, an annual cash dividend of \$89.00 (the "Base Dividend") per share, which Base Dividend shall be subject to adjustment from time to time as provided in this Section 3.

(ii) The Base Dividend shall be adjusted, effective on December 1, 2016 and on each December 1 thereafter until December 1, 2023, as follows:

(1) If the Current Market Price (as hereinafter defined) of one share of Common Stock on November 30 (or the next preceding Trading Day (as hereinafter defined) if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the First Target Price but less than the Second Target Price shown opposite that year in such table, then

holders of shares of the 2015 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to \$94.00 per share (the "First Adjusted Dividend").

(2) If the Current Market Price of one share of Common Stock on November 30 (or the next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the Second Target Price shown opposite that year in such table, then holders of shares of 2015 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to \$99.00 per share (the "Second Adjusted Dividend").

(3) If the Current Market Price of one share of Common Stock on November 30 (or next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is less than the First Target Price shown opposite that year in such table, then the holders of shares of 2015 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to the Base Dividend.

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<u>Dividend Adjustment Table</u>		
<u>Closing Price on 11/30</u>	<u>First Target Price</u>	<u>Second Target Price</u>
2016	\$61.50	\$64.98
2017	\$65.80	\$71.80
2018	\$70.41	\$79.34
2019	\$75.34	\$87.67
2020	\$80.61	\$96.87
2021	\$86.25	\$107.04
2022	\$92.29	\$118.28
2023	\$98.75	\$130.70

(4) As an example of the adjustments described in subparagraphs (1) through (3) above, if on November 30, 2016, the Current Market Price of one share of Common Stock is \$62.00, then the cash dividend payable for the immediately following twelve month period per share of 2015 ESOP Preferred Stock would equal \$94.00, with the first quarterly payment of such \$94.00 dividend to be made on March 1, 2017. If on November 30, 2017, the Current Market Price of one share of Common Stock is \$72.00, then the cash dividend payable for the immediately following twelve month period per share of 2015 ESOP Preferred Stock would equal \$99.00, with the first quarterly payment of such \$99.00 dividend to be made on March 1, 2018. If on November 30, 2018, the Current Market Price of one share of Common Stock is \$65.00, then the cash dividend payable for the immediately following twelve month period per share of 2015 ESOP Preferred Stock would equal \$89.00, with the first quarterly payment of such \$89.00 dividend to be made on March 1, 2019.

(5) For purposes of this Section 3, the terms "First Adjusted Dividend" and "Second Adjusted Dividend" are sometimes referred to as an "Adjusted Dividend;" the term "Current Market Price" shall have the meaning given to it in Section 4(c)(iv); and the term "Trading Day" shall have the meaning given to it in Section 4(c)(vi).

(iii) If one share of Common Stock in any year listed in the Dividend Adjustment Table shall be changed into a different number of shares or a different class of shares by reason of any reclassification, recapitalization, split-up, combination, exchange of shares or readjustment, or if a stock dividend thereon shall be declared with a record date within such period, then the First Target Price and the Second Target Price listed in such table for that year and each subsequent year will be appropriately and proportionately adjusted.

(iv) Dividends payable on shares of the 2015 ESOP Preferred Stock (whether such dividends are equal to the Base Dividend or to an Adjusted Dividend) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing June 1, 2015. Dividends on shares of the 2015 ESOP Preferred Stock will

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be cumulative from the date of initial issuance of such shares of 2015 ESOP Preferred Stock. Dividends will be payable, in arrears, to holders of record as they appear on the stock books of the Company on such record dates, not more than 30 days nor less than 15 days preceding the payment dates thereof, as shall be fixed by the Board or a duly authorized committee thereof. The amount of dividends payable per share for each dividend period shall be computed by dividing by four the Base Dividend or the Adjusted Dividend, whichever is then applicable. The amount of dividends payable for the initial dividend period or any period shorter than a full dividend period shall be calculated on the basis of actual days elapsed in a 360-day year of twelve 30-day months.

(b)(i) No full dividends shall be declared or paid or set apart for payment on any stock of the Company ranking, as to dividends, on a parity with or junior to the 2015 ESOP Preferred Stock for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been set apart for such payment on shares of 2015 ESOP Preferred Stock for all dividend payment periods terminating on or prior to the date of payment of

such full cumulative dividends. When dividends are not paid in full, as aforesaid, upon the shares of 2015 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2015 ESOP Preferred Stock, all dividends declared upon shares of 2015 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2015 ESOP Preferred Stock shall be declared pro rata so that the amount of dividends declared per share on 2015 ESOP Preferred Stock and such other series of Preferred Stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of 2015 ESOP Preferred Stock and such other series of Preferred Stock bear to each other. Holders of shares of 2015 ESOP Preferred Stock shall not be entitled to any dividend, whether payable in cash, property, or stock, in excess of full cumulative dividends, as herein provided, on 2015 ESOP Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on 2015 ESOP Preferred Stock which may be in arrears.

(ii) So long as any shares of 2015 ESOP Preferred Stock are outstanding, no dividend (other than dividends or distributions paid in shares of, or options, warrants, or rights to subscribe for or purchase shares of, Common Stock or any other stock ranking junior to 2015 ESOP Preferred Stock as to dividends or upon liquidation and other than as provided in paragraph (b)(i) of this Section 3) shall be declared or paid or set aside for payment or other distribution declared or made upon Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2015 ESOP Preferred Stock as to dividends or upon liquidation, nor shall any Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2015 ESOP Preferred Stock as to dividends or upon liquidation, dissolution or winding up be redeemed, purchased, or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Company (except by conversion into or exchange for stock of the Company ranking junior to 2015 ESOP Preferred Stock as to dividends or upon

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liquidation, dissolution or winding up), unless, in each case, the full cumulative dividends on all outstanding shares of 2015 ESOP Preferred Stock shall have been paid or declared and set aside for payment of the then current dividend payment period and all past dividend payment periods.

4. Conversion. Shares of 2015 ESOP Preferred Stock are convertible from time to time hereafter pursuant to the provisions of paragraphs (a) or (b) of this Section 4 into that number of shares of Common Stock determined by dividing the stated value of each share of 2015 ESOP Preferred Stock by the then applicable Conversion Price, (as determined in accordance with the provisions of paragraph (c)(iii) of this Section 4), as follows:

(a) Each share of 2015 ESOP Preferred Stock released from the unallocated reserve of the Plan in accordance with the terms thereof shall be automatically converted, without any further action by the Company or the holder thereof, as of the date such release occurs (the "Release Date"), into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for the 2015 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(b) Subject to and upon compliance with the provisions of this Section 4, a holder of 2015 ESOP Preferred Stock shall be entitled at any time, prior to the close of business on the date fixed for redemption of such shares pursuant to Sections 5 or 6 hereof, to cause any or all of the shares of 2015 ESOP Preferred Stock held by such holder to be converted into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for 2015 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(c) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) The "Average Current Market Price" per share of Common Stock on any date shall be deemed to be the average of the Current Market Price for one share of Common Stock for the twenty (20) consecutive Trading Days ending on the Trading Day occurring prior to the date the "Purchase Offer" is made (as that term is defined in Section 6(d) hereof).

(ii) A "Business Day" means each day that is not a Saturday, Sunday, or a day on which state or federally chartered banking institutions in the State of New York are not required to be open.

(iii) (A) For purposes of a mandatory conversion of shares of 2015 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (a) of this Section 4, the "Conversion Price" for such shares of 2015 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the relevant Release Date.

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(B) For purposes of an optional conversion of shares of 2015 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (b) of this Section 4, the "Conversion Price" for such shares of 2015 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the date the Conversion Notice (as that term is defined in paragraph (d) of this Section 4) is received by the Company, by the transfer agent for the 2015 ESOP Preferred Stock or by any agent for conversion of the 2015 ESOP Preferred Stock designated as such pursuant to paragraph (d) of this Section 4.

(C) For purposes of a conversion of shares of 2015 ESOP Preferred Stock into shares of Common Stock in connection with a "Purchase Offer" (as defined in Section 6(d) hereof), the "Conversion Price" for such shares of 2015 ESOP Preferred Stock shall be the Average Current Market Price of one share of Common Stock.

Each share of 2015 ESOP Preferred Stock shall be valued at its stated value of \$1,000.00 for purposes of computing, based on the applicable Conversion Price, the number of shares of Common Stock into which the shares of 2015 ESOP Preferred Stock will be converted.

(iv) The "Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Company or any other issuer for any day shall mean the reported last sale price, regular way, or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange only or, if the Common Stock is not listed or admitted to trading on the New York Stock Exchange, on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or, if the Common Stock is not quoted on such National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for the Common Stock on each such day shall not have been reported through NASDAQ, the average of the bid and asked prices for such day as furnished by any New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof or, if no such quotations are available, the fair market value of the Common Stock as determined by a New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof.

(v) "Common Stock" shall mean the Common Stock of the Company as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

(vi) "Trading Day" with respect to Common Stock means (x) if the Common Stock is listed or admitted for trading on the New York Stock Exchange or

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another national securities exchange, a day on which the New York Stock Exchange or such other national securities exchange is open for business or (y) if the Common Stock is quoted on the National Market System of NASDAQ, a day on which trades may be made on such National Market System or (z) otherwise, any Business Day.

(d) In connection with any conversion of 2015 ESOP Preferred Stock pursuant to this Section 4, a written notice of conversion (the "Conversion Notice") shall be delivered to the Company at its principal executive office or the offices of the transfer agent for the 2015 ESOP Preferred Stock or such office or offices in the continental United States of an agent for conversion as may from time to time be designated by notice to the holders of the 2015 ESOP Preferred Stock by the Company or the transfer agent for the 2015 ESOP Preferred Stock, which Conversion Notice shall be accompanied by (a) in the case of certificated 2015 ESOP Preferred Stock, the certificate or certificates representing the shares of 2015 ESOP Preferred Stock being converted pursuant to this Section 4, duly assigned or endorsed for transfer to the Company (or accompanied by duly executed stock powers relating thereto) and (b) in the case of uncertificated 2015 ESOP Preferred Stock, duly executed assignment and transfer documents for the shares of 2015 ESOP Preferred Stock being converted pursuant to this Section 4. Each Conversion Notice shall specify (i) (y) in the case of a mandatory conversion pursuant to paragraph (a) of this Section 4, the number of shares of 2015 ESOP Preferred Stock released from the unallocated reserve of the Plan on the Release Date or (z) in the case of an optional conversion pursuant to paragraph (b) of this Section 4, the number of shares of 2015 ESOP Preferred Stock being converted, and (ii) in connection with any conversion hereunder, (x) the name or names in which such holder wishes the certificate or certificates for Common Stock and, in the case of certificated 2015 ESOP Preferred Stock, for any shares of 2015 ESOP Preferred Stock not to be so converted to be issued, (y) the address to which such holder wishes delivery to be made of such new certificates to be issued upon such conversion, and (z) such other information as the Company or its agents may reasonably request.

(e) Upon delivery to the Company or the transfer agent for the 2015 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4, the Company shall issue and send by hand delivery, by courier or by first-class mail (postage prepaid) to the holder thereof or to such holder's designee, at the address designated by such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled upon conversion. If there shall have been surrendered a certificate or certificates representing shares of 2015 ESOP Preferred Stock only part of which are to be converted, the Company shall issue and deliver to such holder or such holder's designee, in the manner set forth in the preceding sentence, a new certificate or certificates representing the number of shares of 2015 ESOP Preferred Stock which shall not have been converted.

(f) The issuance by the Company of shares of Common Stock upon a conversion of shares of 2015 ESOP Preferred Stock into shares of Common Stock made

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pursuant to this Section 4 shall be effective (i) in the case of a mandatory conversion of shares of 2015 ESOP Preferred Stock pursuant to paragraph (a) of this Section 4, as of the Release Date; and (ii) in the case of an optional conversion of such shares pursuant to paragraph (b) of this Section 4, as of the earlier of (A) the delivery to such holder or such holder's designee of the certificates representing the shares of Common Stock issued upon conversion thereof or (B) the commencement of business on the second Business Day after the delivery to the Company or the transfer agent for the 2015 ESOP Preferred Stock of the Conversion Notice and

all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4. On and after the effective date of a conversion, the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock, but no allowance or adjustment shall be made in respect of dividends payable to holders of Common Stock in respect of any period prior to such effective date. The Company shall not be obligated to pay any dividends which shall have accrued or have been declared and shall be payable to holders of shares of 2015 ESOP Preferred Stock if the date on which such dividends are paid is on or after the effective date of conversion of such shares.

(g) The Company shall not be obligated to deliver to holders of 2015 ESOP Preferred Stock any fractional share or shares of Common Stock issuable upon any conversion of such shares of 2015 ESOP Preferred Stock, but in lieu thereof may make a cash payment in respect thereof in any manner permitted by law.

(h) The Company shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of 2015 ESOP Preferred Stock as herein provided, free from any preemptive rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of 2015 ESOP Preferred Stock then outstanding.

(i) The Company will use its best efforts to cause the listing of the shares of Common Stock required to be delivered upon conversion of the 2015 ESOP Preferred Stock prior to distribution to Plan participants on the national securities exchange, if any, upon which the outstanding Common Stock is listed at the time of such delivery.

(j) The Company will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on conversions of the 2015 ESOP Preferred Stock pursuant hereto; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the holder of the 2015 ESOP Preferred Stock to be converted and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid.

5. Redemption At the Option of the Company. (a) The 2015 ESOP Preferred Stock shall be redeemable out of assets legally available therefor, in whole or

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in part, at the option of the Company at any time, at a redemption price per share of 2015 ESOP Preferred Stock equal to the higher of (x) \$1,000.00 per share, plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for redemption, and (y) the Fair Market Value (as that term is defined in paragraph (d) of this Section 5) per share of 2015 ESOP Preferred Stock on the date fixed for redemption. Payment of the redemption price shall be made by the Company in cash or shares of Common Stock, or a combination thereof, as permitted by paragraph (c) of this Section 5. From and after the date fixed for redemption, dividends on shares of 2015 ESOP Preferred Stock called for redemption will cease to accrue and all rights in respect of such shares of the Company shall cease, except the right to receive the redemption price. Upon payment of the redemption price, such shares shall be deemed to have been transferred to the Company, to be retired as provided in paragraph (a) of Section 1. If the full cumulative dividends have not been paid, or contemporaneously declared and set aside for payment, on all outstanding shares of 2015 ESOP Preferred Stock, the Company may not redeem fewer than all the outstanding shares of 2015 ESOP Preferred Stock pursuant to this Section 5.

(b) Unless otherwise required by law, notice of any redemption pursuant to this Section 5 will be sent to the holders of 2015 ESOP Preferred Stock at the address shown on the books of the Company or any transfer agent for the 2015 ESOP Preferred Stock by hand delivery, by courier, by standard form of telecommunication or by first-class mail (postage prepaid) delivered, sent or mailed, as the case may be, not less than twenty (20) days nor more than sixty (60) days prior to the redemption date. Each such notice shall state: (i) the redemption date; (ii) the total number of shares of the 2015 ESOP Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) whether the redemption price shall be paid in cash or in shares of Common Stock, or in a combination of such Common Stock and cash; (v) in the case of certificated 2015 ESOP Preferred Stock the place or places where certificates for such shares are to be surrendered for payment of the redemption price; (vi) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (vii) the conversion rights of the shares to be redeemed, the period within which conversion rights may be exercised and the manner in which the number of shares of Common Stock issuable upon conversion of a share of 2015 ESOP Preferred Stock will be determined. The Company shall redeem shares so called for redemption and not previously converted at the date fixed for redemption and at the redemption price set forth in this Section 5, provided that, in the case of certificated 2015 ESOP Preferred Stock, the Company shall not be obligated to pay the redemption price until the certificates for the shares to be redeemed are surrendered (properly endorsed or assigned for transfer, if the Board of Directors of the Company shall so require and the notice shall so state).

(c) The Company, at its option, may make payment of the redemption price required upon redemption of shares of 2015 ESOP Preferred Stock in cash or in shares of Common Stock, or in a combination of such Common Stock and cash, any such

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shares of Common Stock to be valued for such purposes at their Fair Market Value (as defined in paragraph (d)(ii) of this Section 5) or their Current Market Price, in either case as of the date fixed for redemption of the 2015 ESOP Preferred Stock, whichever value will result in the issuance of the greater number of shares of Common Stock to the holder of the 2015 ESOP Preferred Stock then being redeemed.

(d) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) "Adjustment Period" shall mean the period of five (5) consecutive Trading Days preceding the date as of which the Fair Market Value of a security is to be determined.

(ii) "Fair Market Value" shall mean, as to shares of Common Stock or any other class of capital stock or securities of the Company or any other issue which are publicly traded, the average of the Current Market Prices of such shares or securities for each day of the Adjustment Period. The "Fair Market Value" of any security which is not publicly traded (other than the 2015 ESOP Preferred Stock) or of any other property shall mean the fair value thereof on the date as of which the Fair Market Value of the security is to be determined, as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities or property selected in good faith by the Board or a committee thereof. The "Fair Market Value" of the 2015 ESOP Preferred Stock for purposes of paragraph (a) of Section 5, and for purposes of paragraph (c) of Section 6 shall mean the fair market value thereof determined by an independent appraiser, appointed by the Trustee of the Plan in accordance with the provisions of the Plan, as of the date fixed for redemption of the 2015 ESOP Preferred Stock (in the case of a redemption pursuant to Section 5) or as of the date specified in paragraph (c) of Section 6 (in the case of a redemption under that section). For purposes of determining the Fair Market Value of the 2015 ESOP Preferred Stock, the independent appraiser shall assume (i) that all dividends on the 2015 ESOP Preferred Stock would have been paid when due, and (ii) that the mandatory conversion of shares of 2015 ESOP Preferred Stock held by the Plan into shares of Common Stock pursuant to Section 4(a) hereof would have occurred when and as payments of principal (together with accrued interest thereon) would have been made by the Trustee of the Plan in accordance with the terms of that certain 2015 ESOP Cumulative Convertible Preferred Stock Note Agreement dated on or about March 26, 2015 between the Company and the Plan (including any amendments or modifications thereto).

6. Consolidation, Merger, etc. (a) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting corporation (including the Company) that constitutes "qualifying employer securities" with respect to a holder of 2015 ESOP Preferred Stock within the meaning of Section 409(1) of the Internal Revenue Code of 1986, as amended, and Section 407(d)(5) of the

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Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, the shares of 2015 ESOP Preferred Stock of such holder shall, in connection with such consolidation, merger or similar business combination, be assumed by and shall become Preferred Stock of such successor or resulting corporation, having in respect of such corporation, insofar as possible, the same powers, preferences and relative, participating, optional or other special rights (including the redemption rights provided by Sections 5 and 6 hereof), and the qualifications, limitations or restrictions thereon, that the 2015 ESOP Preferred Stock had immediately prior to such transaction, subject to the following:

(1) After such transaction each share of the 2015 ESOP Preferred Stock shall be convertible, otherwise on the terms and conditions provided by Section 4 hereof, into the number and kind of qualifying employer securities so receivable by a holder of the number of shares of Common Stock into which such shares of 2015 ESOP Preferred Stock could have been converted immediately prior to such transaction.

(2) The Company shall not consummate any such merger, consolidation or similar transaction unless all then outstanding shares of 2015 ESOP Preferred Stock shall be assumed and authorized by the successor or resulting corporation as aforesaid.

(b) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of qualifying employer securities (as referred to in paragraph (a) of this Section 6) and cash payments, if applicable, in lieu of fractional shares, outstanding shares of 2015 ESOP Preferred Stock shall, without any action on the part of the Company or any holder thereof (but subject to paragraph (c) of this Section 6), be automatically converted by virtue of such merger, consolidation or similar transaction immediately prior to such consummation into the number of shares of Common Stock into which such shares of 2015 ESOP Preferred Stock could have been converted at such time so that each share of 2015 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2015 ESOP Preferred Stock could have been converted immediately prior to such transaction. However, if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by the holders of the 2015 ESOP Preferred Stock, then the shares of 2015 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or

exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2015 ESOP Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election as to the kind or amount of stock, securities, cash or other property receivable upon such transaction. If the kind or amount of stock, securities, cash or other property receivable upon such transaction is not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares.

(c) In the event the Company shall enter into any agreement providing for any consolidation or merger or similar business combination described in paragraph (b) of this Section 6 (a "Business Combination"), then the Company shall as soon as practicable thereafter (and in any event at least fifteen (15) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of 2015 ESOP Preferred Stock and each such holder shall have the right to elect, by written notice to the Company, to receive, upon consummation of such transaction (if and when such transaction is consummated), from the Company or the successor of the Company, in redemption and retirement of such 2015 ESOP Preferred Stock, a cash payment per share of 2015 ESOP Preferred Stock equal to the higher of (x) \$1,000.00, plus accrued and unpaid dividends thereon to the date of consummation of such transaction or (y) the Fair Market Value per share of 2015 ESOP Preferred Stock, as of the last Business Day (as defined in paragraph (c) of Section 4 hereof) immediately preceding the date the Business Combination is consummated. No such notice of redemption shall be effective unless given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction, unless the Company or the successor of the Company shall waive such prior notice, but any notice of redemption so given prior to such time may be withdrawn by notice of withdrawal given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction.

(d) In the event that a Purchase Offer (as defined below) shall have been made and shall be continuing, each holder of 2015 ESOP Preferred Stock shall have the right to convert shares of 2015 ESOP Preferred Stock into shares of Common Stock at the Conversion Price specified in Section 4(c)(iii)(C) hereof until the date the Purchase Offer is terminated, including without limitation because the original Purchase Offer is withdrawn or because the Purchase Offer has expired and is not renewed, upon notice of such conversion given to the Company not later than the close of business on the date the Purchase Offer terminates (the "Purchase Offer Conversion Period"), unless the Company or any successor of the Company shall waive such prior notice, but any notice of conversion so given may be withdrawn by notice of withdrawal given to the Company prior to the end of the Purchase Offer Conversion Period.

For purposes of this paragraph (d), the following terms shall have the meanings set forth below:

(i) "Beneficial Ownership" shall have the meaning ascribed to it in Rule 13d-3 under the Securities Exchange Act of 1934 (the "Exchange Act") and "person" shall have the meanings specified in Sections 3(a)(9) and 13(d)(3) of the Exchange Act.

(ii) A "Purchase Offer" shall have been made when any person (other than the Company or any affiliate of the Company) shall have "commenced" (as such term is defined in Rule 14d-2 under the Exchange Act) a tender offer or exchange offer to purchase shares of Common Stock, such that, upon consummation of such offer, such person would have Beneficial Ownership (as defined herein) or the right to acquire Beneficial Ownership, of twenty percent (20%) or more of the voting power of the Company.

7. Liquidation Rights. (a) Upon the dissolution, liquidation, or winding up of the Company, the holders of the shares of 2015 ESOP Preferred Stock shall be entitled to receive and to be paid out of the assets of the Company available for distribution to its stockholders, before any payment or distribution shall be made on or set aside for the Common Stock or any other class of stock ranking junior to 2015 ESOP Preferred Stock and subject to the rights of the holders of the shares of any series or class or classes of stock ranking on parity with or senior to the 2015 ESOP Preferred Stock, the amount of \$1,000.00 per share, plus a sum equal to all dividends (whether or not earned or declared) on such shares accrued and unpaid thereon to the date of final distribution.

(b) Neither the sale of all or substantially all the property and assets of the Company, nor the merger, consolidation or other business combination of the Company into or with any other corporation, nor the merger, consolidation or other business combination of any other corporation into or with the Company shall be deemed to be a dissolution, liquidation, or winding up, voluntary or involuntary, for the purposes of this Section 7.

(c) After the payment to the holders of the shares of 2015 ESOP Preferred Stock of the full preferential amounts provided for in this Section 7, the holders of 2015 ESOP Preferred Stock, as such, shall have no right or claim to any of the remaining assets of the Company.

(d) In the event the assets of the Company available for distribution to the holders of shares of 2015 ESOP Preferred Stock upon any dissolution, liquidation, or winding up of the Company, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to paragraph (a) of this Section 7, no such distribution shall be made on account of any shares of any other series of Preferred Stock or other capital stock of the Company ranking on a parity with the shares of 2015 ESOP Preferred Stock upon such dissolution, liquidation, or winding up unless proportionate distributive amounts shall be paid on account of the shares of 2015

ESOP Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation, or winding up.

(e) Subject to the rights of the holders of the shares of any series or class or classes of stock ranking on parity with or prior to the shares of 2015 ESOP Preferred Stock upon liquidation, dissolution, or winding up, upon any liquidation, dissolution, or winding up of the Company, after payment shall have been made in full to the holders of the shares of 2015 ESOP Preferred Stock as provided in this Section 7, but not prior thereto, any other series or class or classes of stock ranking junior to the shares of 2015 ESOP Preferred Stock upon liquidation shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the shares of 2015 ESOP Preferred Stock shall not be entitled to share therein.

8. Ranking. For the purposes of these resolutions, any stock of any series or class or classes of the Company shall be deemed to rank:

(a) prior to the shares of 2015 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, if the holders of such series or class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of 2015 ESOP Preferred Stock;

(b) on a parity with shares of 2015 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share, or sinking fund provisions, if any, be different from those of 2015 ESOP Preferred Stock, if the holders of such stock shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and the holders of shares of 2015 ESOP Preferred Stock; and

(c) junior to shares of 2015 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, if such class shall be Common Stock or if the holders of shares of 2015 ESOP Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of such series or class or classes.

9. Priority of 2015 ESOP Preferred Stock. The shares of 2015 ESOP Preferred Stock will rank on a parity, both as to payment of dividends and the distribution of assets upon liquidation, with the Company's 2006 ESOP Cumulative Convertible Preferred Stock, its 2007 ESOP Cumulative Convertible Preferred Stock, its 2008 ESOP Cumulative Convertible Preferred Stock, its 2010 ESOP Cumulative Convertible Preferred Stock, its 2011 ESOP Cumulative Convertible Preferred Stock, its 2012 ESOP

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Cumulative Convertible Preferred Stock, its 2013 ESOP Cumulative Convertible Preferred Stock, and its 2014 ESOP Cumulative Convertible Preferred Stock.

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IN WITNESS WHEREOF, the Company has caused this Certificate of Designation to be signed by John G. Stumpf, its Chairman, President and Chief Executive Officer, and attested by Jeannine E. Zahn, its Assistant Secretary, on this 20th day of March, 2015.

WELLS FARGO & COMPANY

By /s/ John G. Stumpf
John G. Stumpf
Chairman, President and
Chief Executive Officer

Attest:

/s/ Jeannine E. Zahn
Jeannine E. Zahn
Assistant Secretary

WELLS FARGO & COMPANY

CERTIFICATE OF DESIGNATION
Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

2016 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK
(Without Par Value)

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Company"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Company (the "Board") by the provisions of the Restated Certificate of Incorporation of the Company, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value (the "Preferred Stock"), and pursuant to authority conferred upon the ESOP Preferred Stock Committee of the Board (the "ESOP Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law") and by the resolutions of the Board set forth herein, the following resolutions were duly adopted by the Board at meetings of the Board duly held on January 25, 2000, January 27, 2009, and February 24, 2009, and by the ESOP Committee pursuant to the written consent of the ESOP Committee duly adopted on January 4, 2016, in accordance with Section 141(f) of the General Corporation Law:

1. On January 25, 2000, the Board adopted the following resolution (the "ESOP Board Resolutions") appointing the ESOP Committee and delegating to the ESOP Committee the full powers of the Board, subject to the ESOP Board Resolutions, in all matters relating to issuance of one or more series of Preferred Stock ("ESOP Preferred Stock") to the trustee on behalf of the Company's 401(k) Plan:

RESOLVED that a committee of one member of the Board of the Company is hereby appointed by the Board as the ESOP Preferred Stock Committee (the "First Committee"), which shall have and may exercise the full powers of the Board, subject to these resolutions, to issue from time to time one or more series of ESOP Preferred Stock, including any shares of Company common stock (\$1 2/3 par value) issuable upon conversion of ESOP Preferred Stock, and in connection therewith, to fix the designations, voting powers, preferences, and all other rights, qualifications and restrictions of such ESOP Preferred Stock, to sell such ESOP Preferred Stock to the Plan on such terms and conditions and for such purchase price as the First Committee in its discretion shall approve, and to take any and all actions as the First Committee shall deem necessary or appropriate.

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2. On January 27, 2009, the Board adopted the following resolutions (the "January 2009 Resolutions") amending the ESOP Board Resolutions to allow the ESOP Committee to establish the voting rights of any series of ESOP Preferred Stock:

RESOLVED that the resolution set forth in the ESOP Board Resolutions under the caption "Voting Rights of ESOP Preferred Stock" is hereby deleted in its entirety.

RESOLVED that the ESOP Board Resolutions are hereby further amended to delete "Appendix A - Voting Rights" in its entirety.

3. Pursuant to resolutions adopted on February 24, 2009, the Board designated John G. Stumpf as the sole member of the ESOP Committee, effective April 29, 2009.

4. On January 4, 2016, pursuant to authority conferred upon it by the Board in the ESOP Board Resolutions as amended by the January 2009 Resolutions, the ESOP Committee adopted the following resolution by written consent in accordance with Section 141(f) of the General Corporation Law:

RESOLVED that the issuance of a series of Preferred Stock, without par value, of the Company is hereby authorized and the designation, voting powers, preferences, and relative, participating, optional, and other special rights, and qualifications, limitations and restrictions thereof, in addition to those set forth in the Restated Certificate of Incorporation of the Company, as amended, are hereby fixed as follows:

2016 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK

1. Designation and Number of Shares; Restricted Issue.

(a) The designation of the series of Preferred Stock, without par value, provided for herein shall be "2016 ESOP Cumulative Convertible Preferred Stock" (hereinafter referred to as the "2016 ESOP Preferred Stock") and the number of authorized shares constituting the 2016 ESOP Preferred Stock is 1,150,000, based on an offering price for the 2016 ESOP Preferred Stock of \$1,086.00 per share. Each share of 2016 ESOP Preferred Stock shall have a stated value of \$1,000.00 per share. The number of authorized shares of 2016 ESOP Preferred Stock may be reduced by further resolution duly adopted by the Board or the Securities Committee and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such reduction has been so authorized; provided, however, that the authorized number of shares of 2016 ESOP Preferred Stock shall not be decreased below the then outstanding number of such shares, and provided further that the number of authorized shares of 2016 ESOP Preferred Stock shall not be increased. All shares of the 2016 ESOP Preferred Stock purchased, redeemed, or converted by the Company shall be retired and canceled and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series, and may thereafter be issued, but not as shares of 2016 ESOP Preferred Stock.

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(b) Shares of 2016 ESOP Preferred Stock shall be issued only to a trustee (the "Trustee") acting on behalf of the Wells Fargo & Company 401(k) Plan, or any successor to such plan (the "Plan"). All references to the holder of shares of 2016 ESOP Preferred Stock shall mean the Trustee or any company with which or into which the Trustee may merge or any successor trustee under the trust agreement with respect to the Plan. In the event of any transfer of record ownership of shares of 2016 ESOP Preferred Stock to any person other than any successor trustee under the Plan, the shares of 2016 ESOP Preferred Stock so transferred, upon such transfer and without any further action by the Company or the holder thereof, shall be automatically converted into shares of the common stock, par value \$1-2/3 per share, of the Company (the "Common Stock") on the terms otherwise providing for the conversion of the shares of 2016 ESOP Preferred Stock into shares of Common Stock pursuant to paragraph (a) of Section 4 hereof, and no such transferee shall have any of the voting powers, preferences, and relative, participating, optional or special rights ascribed to shares of 2016 ESOP Preferred Stock hereunder but, rather, only the powers and rights pertaining to the Common Stock into which such shares of 2016 ESOP Preferred Stock shall be so converted. In the event of such a conversion, the transferee of the shares of 2016 ESOP Preferred Stock shall be treated for all purposes as the record holder of the shares of Common Stock into which such shares of 2016 ESOP Preferred Stock have been automatically converted as of the date of such transfer. Shares of 2016 ESOP Preferred Stock may be certificated or uncertificated, at the Company's option. Certificates representing shares of 2016 ESOP Preferred Stock shall bear a legend to reflect the foregoing provisions. In the case of uncertificated 2016 ESOP Preferred Stock, the transfer agent for the 2016 ESOP Preferred Stock shall note the foregoing provisions on each 2016 ESOP Preferred Stock book entry account. The Company may require that, as a condition to transferring record ownership of any uncertificated 2016 ESOP Preferred Stock, the proposed transferee acknowledge in writing that the shares of 2016 ESOP Preferred Stock are subject to the foregoing provisions. Notwithstanding the foregoing provisions of this paragraph (b) of Section 1, shares of 2016 ESOP Preferred Stock (i)(A) shall be converted into shares of Common Stock as provided in paragraph (a) of Section 4 hereof, and (B) may be converted into shares of Common Stock as provided by paragraph (b) of Section 4 hereof and the shares of Common Stock issued upon such conversion may be transferred by the holder thereof as permitted by law and (ii) shall be redeemable by the Company upon the terms and conditions provided in Sections 5 and 6(c) hereof.

2. Voting Rights. No shares of 2016 ESOP Preferred Stock shall have voting rights except such voting rights as may from time to time be required by law and as set forth in this Section 2, as follows:

(a) Whenever, at any time or times, dividends payable on shares of 2016 ESOP Preferred Stock shall be in arrears for such number of dividend periods which shall in the aggregate contain not less than 540 days, the holders of the outstanding shares of 2016 ESOP Preferred Stock shall have the exclusive right, voting together as a class with holders of shares of any one or more series of Voting Parity Stock, as defined in

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paragraph (e) of this Section 2, whose voting rights are exercisable, to elect two directors of the Company's Board at the Company's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "Preferred Stock Directors") by a plurality of the votes cast; provided that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). At elections for such directors, each holder of the shares of 2016 ESOP Preferred Stock shall be entitled to one vote for each share held (the holders of shares of any series of Voting Parity Stock being entitled to such number of votes, if any, for each share of Preferred Stock held as may be granted to them). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board shall automatically be increased by two and the two vacancies so created shall be filled by a vote of the holders of such outstanding shares of 2016 ESOP Preferred Stock (together with the holders of shares of any one or more series of Voting Parity Stock whose voting rights are exercisable) as herein set forth. The right of such holders of such shares of 2016 ESOP Preferred Stock (voting together as a class with the holders of shares of any one or more series of Voting Parity Stock whose voting rights are exercisable) to elect Preferred Stock Directors as aforesaid shall continue until such time as all dividends accumulated on such shares of 2016 ESOP Preferred Stock shall have been paid in full, at which time such right with respect to such shares of 2016 ESOP Preferred Stock shall terminate, except as herein or by law expressly provided, subject to revesting in the event of each and every subsequent default of the character above mentioned.

(b) Upon any termination of the right of the holders of all shares of 2016 ESOP Preferred Stock and Voting Parity Stock entitled to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by such holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of 2016 ESOP Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a

plurality of the votes cast by the holders of 2016 ESOP Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this resolution shall have expired, the number of directors shall be such number as may be provided for in the By-Laws of the Company irrespective of any increase made pursuant to the provisions of this Section 2(b).

(c) In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of 2016 ESOP Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of 2016 ESOP Preferred

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Stock and outstanding shares of all series of Voting Parity Stock entitled to vote on the matter, by a vote of at least two-thirds in voting power of all such outstanding shares of 2016 ESOP Preferred Stock and such series of Voting Parity Stock voting together as a class, given in person or by proxy, either in writing or at any special or annual meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following whether or not such approval is required by Delaware law:

(i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to shares of 2016 ESOP Preferred Stock with respect to payment of dividends or the distribution of assets on the Company's voluntary or involuntary liquidation, dissolution or winding up, or

(ii) the amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Restated Certificate of Incorporation or of the resolutions set forth in a Certificate of Designation designating shares of 2016 ESOP Preferred Stock and the preferences, powers and relative, participating, optional and other special rights and qualifications, limitations and restrictions thereof which would materially and adversely affect any right, preference, privilege or voting power of the shares of 2016 ESOP Preferred Stock or of the holders thereof; provided, however, that any increase in the amount of authorized Preferred Stock, or the creation and issuance of other series of Preferred Stock, or any increase in the amount of authorized shares of any series of Preferred Stock, in each case ranking on a parity with or junior to the shares of 2016 ESOP Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

(d) The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of 2016 ESOP Preferred Stock shall have been redeemed or sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

(e) As used in this Section 2, "Voting Parity Stock" means any other class or series of stock of the Company now existing or hereafter authorized that ranks on par with the 2016 ESOP Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company and having similar voting rights as the 2016 ESOP Preferred Stock.

3. Dividends. (a)(i) Holders of shares of 2016 ESOP Preferred Stock will be entitled to receive, when and as declared by the Board or a duly authorized committee thereof, out of assets of the Company legally available for payment, an annual cash dividend of \$93.00 (the "Base Dividend") per share, which Base Dividend shall be subject to adjustment from time to time as provided in this Section 3.

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(ii) The Base Dividend shall be adjusted, effective on December 1, 2017 and on each December 1 thereafter until December 1, 2024, as follows:

(1) If the Current Market Price (as hereinafter defined) of one share of Common Stock on November 30 (or the next preceding Trading Day (as hereinafter defined) if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the First Target Price but less than the Second Target Price shown opposite that year in such table, then holders of shares of the 2016 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to \$98.00 per share (the "First Adjusted Dividend").

(2) If the Current Market Price of one share of Common Stock on November 30 (or the next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the Second Target Price shown opposite that year in such table, then holders of shares of 2016 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to \$103.00 per share (the "Second Adjusted Dividend").

(3) If the Current Market Price of one share of Common Stock on November 30 (or next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is less than the First Target Price shown opposite that year in such table, then the holders of shares of 2016 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to the Base Dividend.

Dividend Adjustment Table

Closing Price on 11/30**First Target Price****Second Target Price**

2017	\$63.00	\$66.74
2018	\$67.10	\$73.25
2019	\$71.46	\$80.39
2020	\$76.10	\$88.23
2021	\$81.05	\$96.83
2022	\$86.32	\$106.27
2023	\$91.93	\$116.63
2024	\$97.91	\$128.00

(4) As an example of the adjustments described in subparagraphs (1) through (3) above, if on November 30, 2017, the Current Market Price of one share of Common Stock is \$64.00, then the cash dividend payable for the immediately following twelve month period per share of 2016

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ESOP Preferred Stock would equal \$98.00, with the first quarterly payment of such \$98.00 dividend to be made on March 1, 2018. If on November 30, 2018, the Current Market Price of one share of Common Stock is \$74.00, then the cash dividend payable for the immediately following twelve month period per share of 2016 ESOP Preferred Stock would equal \$103.00, with the first quarterly payment of such \$103.00 dividend to be made on March 1, 2019. If on November 30, 2019, the Current Market Price of one share of Common Stock is \$68.00, then the cash dividend payable for the immediately following twelve month period per share of 2016 ESOP Preferred Stock would equal \$93.00, with the first quarterly payment of such \$93.00 dividend to be made on March 1, 2020.

(5) For purposes of this Section 3, the terms "First Adjusted Dividend" and "Second Adjusted Dividend" are sometimes referred to as an "Adjusted Dividend;" the term "Current Market Price" shall have the meaning given to it in Section 4(c)(iv); and the term "Trading Day" shall have the meaning given to it in Section 4(c)(vi).

(iii) If one share of Common Stock in any year listed in the Dividend Adjustment Table shall be changed into a different number of shares or a different class of shares by reason of any reclassification, recapitalization, split-up, combination, exchange of shares or readjustment, or if a stock dividend thereon shall be declared with a record date within such period, then the First Target Price and the Second Target Price listed in such table for that year and each subsequent year will be appropriately and proportionately adjusted.

(iv) Dividends payable on shares of the 2016 ESOP Preferred Stock (whether such dividends are equal to the Base Dividend or to an Adjusted Dividend) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing March 1, 2016. Dividends on shares of the 2016 ESOP Preferred Stock will be cumulative from the date of initial issuance of such shares of 2016 ESOP Preferred Stock. Dividends will be payable, in arrears, to holders of record as they appear on the stock books of the Company on such record dates, not more than 30 days nor less than 15 days preceding the payment dates thereof, as shall be fixed by the Board or a duly authorized committee thereof. The amount of dividends payable per share for each dividend period shall be computed by dividing by four the Base Dividend or the Adjusted Dividend, whichever is then applicable. The amount of dividends payable for the initial dividend period or any period shorter than a full dividend period shall be calculated on the basis of actual days elapsed in a 360-day year of twelve 30-day months.

(b)(i) No full dividends shall be declared or paid or set apart for payment on any stock of the Company ranking, as to dividends, on a parity with or junior to the 2016 ESOP Preferred Stock for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been set apart for such payment on shares of 2016 ESOP

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Preferred Stock for all dividend payment periods terminating on or prior to the date of payment of such full cumulative dividends. When dividends are not paid in full, as aforesaid, upon the shares of 2016 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2016 ESOP Preferred Stock, all dividends declared upon shares of 2016 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2016 ESOP Preferred Stock shall be declared pro rata so that the amount of dividends declared per share on 2016 ESOP Preferred Stock and such other series of Preferred Stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of 2016 ESOP Preferred Stock and such other series of Preferred Stock bear to each other. Holders of shares of 2016 ESOP Preferred Stock shall not be entitled to any dividend, whether payable in cash, property, or stock, in excess of full cumulative dividends, as herein provided, on 2016 ESOP Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on 2016 ESOP Preferred Stock which may be in arrears.

(ii) So long as any shares of 2016 ESOP Preferred Stock are outstanding, no dividend (other than dividends or distributions paid in shares of, or options, warrants, or rights to subscribe for or purchase shares of, Common Stock or any other stock ranking junior to 2016 ESOP Preferred Stock as to dividends or upon liquidation and other than as provided in paragraph (b)(i) of this Section 3) shall be declared or paid or set aside for payment or other distribution declared or made upon Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2016 ESOP Preferred Stock as to dividends or upon liquidation, nor shall any Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2016 ESOP Preferred Stock as to dividends or upon liquidation, dissolution or winding up be redeemed, purchased, or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Company (except by conversion into or exchange for stock of the Company ranking junior to 2016 ESOP Preferred Stock as to dividends or upon liquidation, dissolution or winding up), unless, in each case, the full cumulative dividends on all outstanding shares of 2016 ESOP Preferred Stock shall have been paid or declared and set aside for payment of the then current dividend payment period and all past dividend payment periods.

4. Conversion. Shares of 2016 ESOP Preferred Stock are convertible from time to time hereafter pursuant to the provisions of paragraphs (a) or (b) of this Section 4 into that number of shares of Common Stock determined by dividing the stated value of each share of 2016 ESOP Preferred Stock by the then applicable Conversion Price, (as determined in accordance with the provisions of paragraph (c)(iii) of this Section 4), as follows:

(a) Each share of 2016 ESOP Preferred Stock released from the unallocated reserve of the Plan in accordance with the terms thereof shall be automatically converted, without any further action by the Company or the holder

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thereof, as of the date such release occurs (the "Release Date"), into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for the 2016 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(b) Subject to and upon compliance with the provisions of this Section 4, a holder of 2016 ESOP Preferred Stock shall be entitled at any time, prior to the close of business on the date fixed for redemption of such shares pursuant to Sections 5 or 6 hereof, to cause any or all of the shares of 2016 ESOP Preferred Stock held by such holder to be converted into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for 2016 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(c) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) The "Average Current Market Price" per share of Common Stock on any date shall be deemed to be the average of the Current Market Price for one share of Common Stock for the twenty (20) consecutive Trading Days ending on the Trading Day occurring prior to the date the "Purchase Offer" is made (as that term is defined in Section 6(d) hereof).

(ii) A "Business Day" means each day that is not a Saturday, Sunday, or a day on which state or federally chartered banking institutions in the State of New York are not required to be open.

(iii) (A) For purposes of a mandatory conversion of shares of 2016 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (a) of this Section 4, the "Conversion Price" for such shares of 2016 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the relevant Release Date.

(B) For purposes of an optional conversion of shares of 2016 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (b) of this Section 4, the "Conversion Price" for such shares of 2016 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the date the Conversion Notice (as that term is defined in paragraph (d) of this Section 4) is received by the Company, by the transfer agent for the 2016 ESOP Preferred Stock or by any agent for conversion of the 2016 ESOP Preferred Stock designated as such pursuant to paragraph (d) of this Section 4.

(C) For purposes of a conversion of shares of 2016 ESOP Preferred Stock into shares of Common Stock in connection with a "Purchase Offer" (as defined in Section 6(d) hereof), the "Conversion Price" for such shares of 2016 ESOP Preferred Stock shall be the Average Current Market Price of one share of Common Stock.

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Each share of 2016 ESOP Preferred Stock shall be valued at its stated value of \$1,000.00 for purposes of computing, based on the applicable Conversion Price, the number of shares of Common Stock into which the shares of 2016 ESOP Preferred Stock will be converted.

(iv) The "Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Company or any other issuer for any day shall mean the reported last sale price, regular way, or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange only or, if the Common Stock is not listed or admitted to trading on the New York Stock Exchange, on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or, if the Common Stock is not quoted on such National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for the Common Stock on each

such day shall not have been reported through NASDAQ, the average of the bid and asked prices for such day as furnished by any New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof or, if no such quotations are available, the fair market value of the Common Stock as determined by a New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof.

(v) "Common Stock" shall mean the Common Stock of the Company as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

(vi) "Trading Day" with respect to Common Stock means (x) if the Common Stock is listed or admitted for trading on the New York Stock Exchange or another national securities exchange, a day on which the New York Stock Exchange or such other national securities exchange is open for business or (y) if the Common Stock is quoted on the National Market System of NASDAQ, a day on which trades may be made on such National Market System or (z) otherwise, any Business Day.

(d) In connection with any conversion of 2016 ESOP Preferred Stock pursuant to this Section 4, a written notice of conversion (the "Conversion Notice") shall be delivered to the Company at its principal executive office or the offices of the transfer agent for the 2016 ESOP Preferred Stock or such office or offices in the continental United States of an agent for conversion as may from time to time be designated by notice to the holders of the 2016 ESOP Preferred Stock by the Company or the transfer agent for the 2016 ESOP Preferred Stock, which Conversion Notice shall be accompanied by (a) in the case of certificated 2016 ESOP Preferred Stock, the certificate or certificates representing the shares of 2016 ESOP Preferred Stock being

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converted pursuant to this Section 4, duly assigned or endorsed for transfer to the Company (or accompanied by duly executed stock powers relating thereto) and (b) in the case of uncertificated 2016 ESOP Preferred Stock, duly executed assignment and transfer documents for the shares of 2016 ESOP Preferred Stock being converted pursuant to this Section 4. Each Conversion Notice shall specify (i) (y) in the case of a mandatory conversion pursuant to paragraph (a) of this Section 4, the number of shares of 2016 ESOP Preferred Stock released from the unallocated reserve of the Plan on the Release Date or (z) in the case of an optional conversion pursuant to paragraph (b) of this Section 4, the number of shares of 2016 ESOP Preferred Stock being converted, and (ii) in connection with any conversion hereunder, (x) the name or names in which such holder wishes the certificate or certificates for Common Stock and, in the case of certificated 2016 ESOP Preferred Stock, for any shares of 2016 ESOP Preferred Stock not to be so converted to be issued, (y) the address to which such holder wishes delivery to be made of such new certificates to be issued upon such conversion, and (z) such other information as the Company or its agents may reasonably request.

(e) Upon delivery to the Company or the transfer agent for the 2016 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4, the Company shall issue and send by hand delivery, by courier or by first-class mail (postage prepaid) to the holder thereof or to such holder's designee, at the address designated by such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled upon conversion. If there shall have been surrendered a certificate or certificates representing shares of 2016 ESOP Preferred Stock only part of which are to be converted, the Company shall issue and deliver to such holder or such holder's designee, in the manner set forth in the preceding sentence, a new certificate or certificates representing the number of shares of 2016 ESOP Preferred Stock which shall not have been converted.

(f) The issuance by the Company of shares of Common Stock upon a conversion of shares of 2016 ESOP Preferred Stock into shares of Common Stock made pursuant to this Section 4 shall be effective (i) in the case of a mandatory conversion of shares of 2016 ESOP Preferred Stock pursuant to paragraph (a) of this Section 4, as of

the Release Date; and (ii) in the case of an optional conversion of such shares pursuant to paragraph (b) of this Section 4, as of the earlier of (A) the delivery to such holder or such holder's designee of the certificates representing the shares of Common Stock issued upon conversion thereof or (B) the commencement of business on the second Business Day after the delivery to the Company or the transfer agent for the 2016 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4. On and after the effective date of a conversion, the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock, but no allowance or adjustment shall be made in respect of dividends payable to holders of Common Stock in

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respect of any period prior to such effective date. The Company shall not be obligated to pay any dividends which shall have accrued or have been declared and shall be payable to holders of shares of 2016 ESOP Preferred Stock if the date on which such dividends are paid is on or after the effective date of conversion of such shares.

(g) The Company shall not be obligated to deliver to holders of 2016 ESOP Preferred Stock any fractional share or shares of Common Stock issuable upon any conversion of such shares of 2016 ESOP Preferred Stock, but in lieu thereof may make a cash payment in respect thereof in any manner permitted by law.

(h) The Company shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of 2016 ESOP Preferred Stock as herein provided, free from any preemptive rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of 2016 ESOP Preferred Stock then outstanding.

(i) The Company will use its best efforts to cause the listing of the shares of Common Stock required to be delivered upon conversion of the 2016 ESOP Preferred Stock prior to distribution to Plan participants on the national securities exchange, if any, upon which the outstanding Common Stock is listed at the time of such delivery.

(j) The Company will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on conversions of the 2016 ESOP Preferred Stock pursuant hereto; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the holder of the 2016 ESOP Preferred Stock to be converted and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid.

5. Redemption at the Option of the Company. (a) The 2016 ESOP Preferred Stock shall be redeemable out of assets legally available therefor, in whole or in part, at the option of the Company at any time, at a redemption price per share of 2016 ESOP Preferred Stock equal to the higher of (x) \$1,000.00 per share, plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for redemption, and (y) the Fair Market Value (as that term is defined in paragraph (d) of this Section 5) per share of 2016 ESOP Preferred Stock on the date fixed for redemption. Payment of the redemption price shall be made by the Company in cash or shares of Common Stock, or a combination thereof, as permitted by paragraph (c) of this Section 5. From and after the date fixed for redemption, dividends on shares of 2016 ESOP Preferred Stock called for redemption will cease to accrue and all rights in respect of such shares of the Company shall cease, except the right to receive the redemption price. Upon payment of the redemption price, such shares shall be deemed to have been transferred to the Company, to be retired as provided in paragraph (a) of Section 1. If the full cumulative dividends have not been paid, or contemporaneously declared and set

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aside for payment, on all outstanding shares of 2016 ESOP Preferred Stock, the Company may not redeem fewer than all the outstanding shares of 2016 ESOP Preferred Stock pursuant to this Section 5.

(b) Unless otherwise required by law, notice of any redemption pursuant to this Section 5 will be sent to the holders of 2016 ESOP Preferred Stock at the address shown on the books of the Company or any transfer agent for the 2016 ESOP Preferred Stock by hand delivery, by courier, by standard form of telecommunication or by first-class mail (postage prepaid) delivered, sent or mailed, as the case may be, not less than twenty (20) days nor more than sixty (60) days prior to the redemption date. Each such notice shall state: (i) the redemption date; (ii) the total number of shares of the 2016 ESOP Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) whether the redemption price shall be paid in cash or in shares of Common Stock, or in a combination of such Common Stock and cash; (v) in the case of certificated 2016 ESOP Preferred Stock the place or places where certificates for such shares are to be surrendered for payment of the redemption price; (vi) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (vii) the conversion rights of the shares to be redeemed, the period within which conversion rights may be exercised and the manner in which the number of shares of Common Stock issuable upon conversion of a share of 2016 ESOP Preferred Stock will be determined. The Company shall redeem shares so called for redemption and not previously converted at the date fixed for redemption and at the redemption price set forth in this Section 5, provided that, in the case of certificated 2016 ESOP Preferred Stock, the Company shall not be obligated to pay the redemption price until the certificates for the shares to be redeemed are surrendered (properly endorsed or assigned for transfer, if the Board of Directors of the Company shall so require and the notice shall so state).

(c) The Company, at its option, may make payment of the redemption price required upon redemption of shares of 2016 ESOP Preferred Stock in cash or in shares of Common Stock, or in a combination of such Common Stock and cash, any such shares of Common Stock to be valued for such purposes at their Fair Market Value (as defined in paragraph (d)(ii) of this Section 5) or their Current Market Price, in either case as of the date fixed for redemption of the 2016 ESOP Preferred Stock, whichever value will result in the issuance of the greater number of shares of Common Stock to the holder of the 2016 ESOP Preferred Stock then being redeemed.

(d) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) "Adjustment Period" shall mean the period of five (5) consecutive Trading Days preceding the date as of which the Fair Market Value of a security is to be determined.

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(ii) "Fair Market Value" shall mean, as to shares of Common Stock or any other class of capital stock or securities of the Company or any other issue which are publicly traded, the average of the Current Market Prices of such shares or securities for each day of the Adjustment Period. The "Fair Market Value" of any security which is not publicly traded (other than the 2016 ESOP Preferred

Stock) or of any other property shall mean the fair value thereof on the date as of which the Fair Market Value of the security is to be determined, as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities or property selected in good faith by the Board or a committee thereof. The "Fair Market Value" of the 2016 ESOP Preferred Stock for purposes of paragraph (a) of Section 5, and for purposes of paragraph (c) of Section 6 shall mean the fair market value thereof determined by an independent appraiser, appointed by the Trustee of the Plan in accordance with the provisions of the Plan, as of the date fixed for redemption of the 2016 ESOP Preferred Stock (in the case of a redemption pursuant to Section 5) or as of the date specified in paragraph (c) of Section 6 (in the case of a redemption under that section). For purposes of determining the Fair Market Value of the 2016 ESOP Preferred Stock, the independent appraiser shall assume (i) that all dividends on the 2016 ESOP Preferred Stock would have been paid when due, and (ii) that the mandatory conversion of shares of 2016 ESOP Preferred Stock held by the Plan into shares of Common Stock pursuant to Section 4(a) hereof would have occurred when and as payments of principal (together with accrued interest thereon) would have been made by the Trustee of the Plan in accordance with the terms of that certain 2016 ESOP Cumulative Convertible Preferred Stock Note Agreement dated on or about January 7, 2016 between the Company and the Plan (including any amendments or modifications thereto).

6. Consolidation, Merger, etc. (a) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting corporation (including the Company) that constitutes "qualifying employer securities" with respect to a holder of 2016 ESOP Preferred Stock within the meaning of Section 409(1) of the Internal Revenue Code of 1986, as amended, and Section 407(d)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, the shares of 2016 ESOP Preferred Stock of such holder shall, in connection with such consolidation, merger or similar business combination, be assumed by and shall become Preferred Stock of such successor or resulting corporation, having in respect of such corporation, insofar as possible, the same powers, preferences and relative, participating, optional or other special rights (including the redemption rights provided by Sections 5 and 6 hereof), and the qualifications, limitations or restrictions thereon, that the 2016 ESOP Preferred Stock had immediately prior to such transaction, subject to the following:

(1) After such transaction each share of the 2016 ESOP Preferred Stock shall be convertible, otherwise on the terms and conditions provided by Section 4 hereof,

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into the number and kind of qualifying employer securities so receivable by a holder of the number of shares of Common Stock into which such shares of 2016 ESOP Preferred Stock could have been converted immediately prior to such transaction.

(2) The Company shall not consummate any such merger, consolidation or similar transaction unless all then outstanding shares of 2016 ESOP Preferred Stock shall be assumed and authorized by the successor or resulting corporation as aforesaid.

(b) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of qualifying employer securities (as referred to in paragraph (a) of this Section 6) and cash payments, if applicable, in lieu of fractional shares, outstanding shares of 2016 ESOP Preferred Stock shall, without any action on the part of the Company or any holder thereof (but subject to paragraph (c) of this Section 6), be automatically converted by virtue of such merger, consolidation or similar transaction immediately prior to such consummation into the number of shares of Common Stock into which such shares of 2016 ESOP Preferred Stock could have been converted at such time so that each share of 2016 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2016 ESOP Preferred Stock could have been converted immediately prior to such transaction. However, if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by the holders of the 2016 ESOP Preferred Stock, then the shares of 2016 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2016 ESOP Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election as to the kind or amount of stock, securities, cash or other property receivable upon such transaction. If the kind or amount of stock, securities, cash or other property receivable upon such transaction is not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares.

(c) In the event the Company shall enter into any agreement providing for any consolidation or merger or similar business combination described in paragraph (b)

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of this Section 6 (a "Business Combination"), then the Company shall as soon as practicable thereafter (and in any event at least fifteen (15) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of 2016 ESOP Preferred Stock and each such holder shall have the right to elect, by written notice to the Company, to receive,

upon consummation of such transaction (if and when such transaction is consummated), from the Company or the successor of the Company, in redemption and retirement of such 2016 ESOP Preferred Stock, a cash payment per share of 2016 ESOP Preferred Stock equal to the higher of (x) \$1,000.00, plus accrued and unpaid dividends thereon to the date of consummation of such transaction or (y) the Fair Market Value per share of 2016 ESOP Preferred Stock, as of the last Business Day (as defined in paragraph (c) of Section 4 hereof) immediately preceding the date the Business Combination is consummated. No such notice of redemption shall be effective unless given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction, unless the Company or the successor of the Company shall waive such prior notice, but any notice of redemption so given prior to such time may be withdrawn by notice of withdrawal given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction.

(d) In the event that a Purchase Offer (as defined below) shall have been made and shall be continuing, each holder of 2016 ESOP Preferred Stock shall have the right to convert shares of 2016 ESOP Preferred Stock into shares of Common Stock at the Conversion Price specified in Section 4(c)(iii)(C) hereof until the date the Purchase Offer is terminated, including without limitation because the original Purchase Offer is withdrawn or because the Purchase Offer has expired and is not renewed, upon notice of such conversion given to the Company not later than the close of business on the date the Purchase Offer terminates (the "Purchase Offer Conversion Period"), unless the Company or any successor of the Company shall waive such prior notice, but any notice of conversion so given may be withdrawn by notice of withdrawal given to the Company prior to the end of the Purchase Offer Conversion Period.

For purposes of this paragraph (d), the following terms shall have the meanings set forth below:

(i) "Beneficial Ownership" shall have the meaning ascribed to it in Rule 13d-3 under the Securities Exchange Act of 1934 (the "Exchange Act") and "person" shall have the meanings specified in Sections 3(a)(9) and 13(d)(3) of the Exchange Act.

(ii) A "Purchase Offer" shall have been made when any person (other than the Company or any affiliate of the Company) shall have "commenced" (as such term is defined in Rule 14d-2 under the Exchange Act) a tender offer or exchange offer to purchase shares of Common Stock, such that, upon consummation of such offer, such person would have Beneficial Ownership (as defined herein) or the right to

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acquire Beneficial Ownership, of twenty percent (20%) or more of the voting power of the Company.

7. Liquidation Rights. (a) Upon the dissolution, liquidation, or winding up of the Company, the holders of the shares of 2016 ESOP Preferred Stock shall be entitled to receive and to be paid out of the assets of the Company available for distribution to its stockholders, before any payment or distribution shall be made on or set aside for the Common Stock or any other class of stock ranking junior to 2016 ESOP Preferred Stock and subject to the rights of the holders of the shares of any series or class or classes of stock ranking on parity with or senior to the 2016 ESOP Preferred Stock, the amount of \$1,000.00 per share, plus a sum equal to all dividends (whether or not earned or declared) on such shares accrued and unpaid thereon to the date of final distribution.

(b) Neither the sale of all or substantially all the property and assets of the Company, nor the merger, consolidation or other business combination of the Company into or with any other corporation, nor the merger, consolidation or other business combination of any other corporation into or with the Company shall be deemed to be a dissolution, liquidation, or winding up, voluntary or involuntary, for the purposes of this Section 7.

(c) After the payment to the holders of the shares of 2016 ESOP Preferred Stock of the full preferential amounts provided for in this Section 7, the holders of 2016 ESOP Preferred Stock, as such, shall have no right or claim to any of the remaining assets of the Company.

(d) In the event the assets of the Company available for distribution to the holders of shares of 2016 ESOP Preferred Stock upon any dissolution, liquidation, or winding up of the Company, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to paragraph (a) of this Section 7, no such distribution shall be made on account of any shares of any other series of Preferred Stock or other capital stock of the Company ranking on a parity with the shares of 2016 ESOP Preferred Stock upon such dissolution, liquidation, or winding up unless proportionate distributive amounts shall be paid on account of the shares of 2016 ESOP Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation, or winding up.

(e) Subject to the rights of the holders of the shares of any series or class or classes of stock ranking on parity with or prior to the shares of 2016 ESOP Preferred Stock upon liquidation, dissolution, or winding up, upon any liquidation, dissolution, or winding up of the Company, after payments shall have been made in full to the holders of the shares of 2016 ESOP Preferred Stock as provided in this Section 7, but not prior thereto, any other series or class or classes of stock ranking junior to the shares of 2016 ESOP Preferred Stock upon liquidation shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets

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remaining to be paid or distributed, and the holders of the shares of 2016 ESOP Preferred Stock shall not be entitled to share therein.

8. Ranking. For the purposes of these resolutions, any stock of any series or class or classes of the Company shall be deemed to rank:

(a) prior to the shares of 2016 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, if the holders of such series or class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of 2016 ESOP Preferred Stock;

(b) on a parity with shares of 2016 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share, or sinking fund provisions, if any, be different from those of 2016 ESOP Preferred Stock, if the holders of such stock shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and the holders of shares of 2016 ESOP Preferred Stock; and

(c) junior to shares of 2016 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, if such class shall be Common Stock or if the holders of shares of 2016 ESOP Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of such series or class or classes.

9. Priority of 2016 ESOP Preferred Stock. The shares of 2016 ESOP Preferred Stock will rank on a parity, both as to payment of dividends and the distribution of assets upon liquidation, with the Company's 2006 ESOP Cumulative Preferred Stock, its 2007 ESOP Cumulative Convertible Preferred Stock, its 2008 ESOP Cumulative Convertible Preferred Stock, its 2010 ESOP Cumulative Convertible Preferred Stock, its 2011 ESOP Cumulative Convertible Preferred Stock, its 2012 ESOP Cumulative Convertible Preferred Stock, its 2013 ESOP Cumulative Convertible Preferred Stock, its 2014 ESOP Cumulative Convertible Preferred Stock, and its 2015 ESOP Cumulative Convertible Preferred Stock.

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IN WITNESS WHEREOF, the Company has caused this Certificate of Designation to be signed by John G. Stumpf, its Chairman and Chief Executive Officer, and attested by Jeannine E. Zahn, its Assistant Secretary, on this 4th day of January, 2016.

WELLS FARGO & COMPANY

By /s/ John G. Stumpf
John G. Stumpf
Chairman and
Chief Executive Officer

Attest:

/s/ Jeannine E. Zahn
Jeannine E. Zahn
Assistant Secretary

[As filed with the Delaware Secretary of State on January 5, 2016.]

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WELLS FARGO & COMPANY

CERTIFICATE OF DESIGNATION

Pursuant to Section 151(g) of the
General Corporation Law
of the State of Delaware

**NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES W
(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on January 27, 2016, in accordance with Section 141(f) of the General Corporation Law:

Resolved, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated April 29, 2014, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

RIGHTS AND PREFERENCES

Section 1. Designation. The shares of such series of Preferred Stock shall be designated Non-Cumulative Perpetual Class A Preferred Stock, Series W, with no par value and a liquidation preference amount of \$25,000 per share (the "*Series W Preferred Stock*"). Each share of Series W Preferred Stock shall be identical in all respects to every other share of Series W Preferred Stock except with respect to the date from which dividends may accrue. Series W Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the

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Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series W Preferred Stock shall be 40,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series W Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case maybe, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series W Preferred Stock.

Section 3. Definitions. As used herein with respect to Series W Preferred Stock:

"*Business Day*" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York.

"*Certificate of Designation*" means this Certificate of Designation relating to the Series W Preferred Stock, as it may be amended from time to time.

"*Common Stock*" means the common stock of the Corporation, par value \$1 $\frac{2}{3}$ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

"*Depository Company*" has the meaning set forth in Section 6(d) hereof.

"*Dividend Payment Date*" has the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" has the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

"*Junior Stock*" means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series W Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Liquidation Preference*" has the meaning set forth in Section 5(a) hereof.

"*Nonpayment Event*" shall have the meaning set forth in Section 7(b).

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"*Parity Stock*" means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series W Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Preference Stock*" means any and all series of preference stock, having no par value, of the Corporation.

"*Preferred Stock*" means any and all series of preferred stock, having no par value, of the Corporation, including the Series W Preferred Stock.

"*Preferred Stock Directors*" shall have the meaning set forth in Section 7(b).

"*Regulatory Capital Treatment Event*" means the Corporation's reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after January 19, 2016; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after January 19, 2016; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after January 19, 2016, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series W Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series W Preferred Stock is outstanding.

"*Series W Preferred Stock*" has the meaning set forth in Section 1 hereof.

"*Voting Parity Stock*" means any Parity Stock having similar voting rights as the Series W Preferred Stock.

Section 4. Dividends.

(a) Rate. Dividends on the Series W Preferred Stock will not be mandatory. Holders of Series W Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25,000 per share of the Series W Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December of each year (commencing on March 15, 2016); provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay (each such

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day on which dividends are payable a "*Dividend Payment Date*"). A "*Dividend Period*" means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, January 29, 2016 to, but excluding, March 15, 2016. Dividends on each share of Series W Preferred Stock will accrue at a rate *per annum* equal to 5.70%. The record date for payment of dividends on the Series W Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation's Board of Directors. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

(b) Non-Cumulative Dividends. Dividends on shares of Series W Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series W Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series W Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series W Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

(c) Priority of Dividends. So long as any shares of Series W Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid

to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the

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redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after January 19, 2016, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series W Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after January 19, 2016, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business),

unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series W Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

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Subject to the succeeding sentence, for so long as any shares of Series W Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series W Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series W Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series W Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series W Preferred Stock shall not be entitled to participate in any such dividends.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series W Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series W Preferred Stock as to such distribution, a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series W Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series W Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series W Preferred Stock and to the

holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series W Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Series W Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock

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shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series W Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after March 15, 2021, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series W Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series W Preferred Stock at the time outstanding, prior to March 15, 2021, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series W Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

(b) Notice of Redemption. Notice of every redemption of shares of Series W Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series W Preferred Stock designated for redemption shall not affect the validity of the

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proceedings for the redemption of any other shares of Series W Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series W Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series W Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series W Preferred Stock at the time outstanding, the shares of Series W Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series W Preferred Stock in proportion to the number of Series W Preferred Stock held by such holders or in such other manner consistent with the rules and policies of the New York Stock Exchange as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series W Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depository Company*") in trust for the *pro rata* benefit of the holders of

the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

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Section 7. Voting Rights.

(a) General. The holders of Series W Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

(b) Right To Elect Two Directors Upon Nonpayment Events. Whenever dividends payable on any shares of Series W Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a "Nonpayment Event"), the holders of the outstanding Series W Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation's Board of Directors at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "Preferred Stock Directors") by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series W Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series W Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series W Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series W Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series W Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series W Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series W Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already

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been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

(c) Other Voting Rights. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series W Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series W Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series W Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series W Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the Bylaws that would adversely affect the rights, preferences, privileges or voting powers of the Series W Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or Bylaws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series W Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any

consummation of a reclassification involving the Series W Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series W Preferred Stock will have no right to vote under this Section 7(c)(iv) if in each case (a) the shares of Series W Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series W Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series W Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series W Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series W

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Preferred Stock, and holders of the Series W Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series W Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series W Preferred Stock will have 25 votes per share on any matter on which holders of the Series W Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Series W Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series W Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Series W Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the Bylaws, applicable law and any national securities exchange or other trading facility in which the Series W Preferred Stock is listed or traded at the time.

Section 8. Preemption and Conversion. The holders of Series W Preferred Stock shall not have any rights of preemption or rights to convert such Series W Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Reacquired Shares. Shares of Series W Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

Section 10. No Sinking Fund. Shares of Series W Preferred Stock are not subject to the operation of a sinking fund.

Section 11. Additional Classes or Series of Stock. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to

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the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series W Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series W Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series W Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

[Signature Page Follows]

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In Witness Whereof, Wells Fargo & Company has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 28th day of January, 2016.

Wells Fargo & Company

By: /s/ Barbara S. Brett

Barbara S. Brett, Senior Vice President and
Assistant Treasurer

/s/ Jeannine E. Zahn

Jeannine E. Zahn, Assistant Secretary

[As filed with the Delaware Secretary of State on January 28, 2016.]

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WELLS FARGO & COMPANY

CERTIFICATE OF DESIGNATION

Pursuant to Section 151(g) of the
General Corporation Law
of the State of Delaware

**NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES X
(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on June 14, 2016, in accordance with Section 141(f) of the General Corporation Law:

Resolved, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated April 29, 2014, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

RIGHTS AND PREFERENCES

Section 1. Designation. The shares of such series of Preferred Stock shall be designated Non-Cumulative Perpetual Class A Preferred Stock, Series X, with no par value and a liquidation preference amount of \$25,000 per share (the "*Series X Preferred Stock*"). Each share of Series X Preferred Stock shall be identical in all respects to every other share of Series X Preferred Stock except with respect to the date from which dividends may accrue. Series X Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the

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Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series X Preferred Stock shall be 46,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not

below the number of shares of Series X Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series X Preferred Stock.

Section 3. Definitions. As used herein with respect to Series X Preferred Stock:

"Business Day" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York.

"Certificate of Designation" means this Certificate of Designation relating to the Series X Preferred Stock, as it may be amended from time to time.

"Common Stock" means the common stock of the Corporation, par value \$1 $\frac{2}{3}$ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

"Depository Company" has the meaning set forth in Section 6(d) hereof.

"Dividend Payment Date" has the meaning set forth in Section 4(a) hereof.

"Dividend Period" has the meaning set forth in Section 4(a) hereof.

"DTC" means The Depository Trust Company, together with its successors and assigns.

"Junior Stock" means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series X Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"Liquidation Preference" has the meaning set forth in Section 5(a) hereof.

"Nonpayment Event" shall have the meaning set forth in Section 7(b).

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"Parity Stock" means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series X Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"Preference Stock" means any and all series of preference stock, having no par value, of the Corporation.

"Preferred Stock" means any and all series of preferred stock, having no par value, of the Corporation, including the Series X Preferred Stock.

"Preferred Stock Directors" shall have the meaning set forth in Section 7(b).

"Regulatory Capital Treatment Event" means the Corporation's reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after June 8, 2016; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after June 8, 2016; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after June 8, 2016, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series X Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series X Preferred Stock is outstanding.

"Series X Preferred Stock" has the meaning set forth in Section 1 hereof.

"Voting Parity Stock" means any Parity Stock having similar voting rights as the Series X Preferred Stock.

Section 4. Dividends.

(a) Rate. Dividends on the Series X Preferred Stock will not be mandatory. Holders of Series X Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25,000 per share of the Series X Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December of each year (commencing on September 15, 2016); provided, however, if any such day is not a Business

Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay (each such day on which dividends are payable a "Dividend Payment Date"). A "Dividend Period" means the period from, and including, a Dividend Payment Date to, but excluding, the

next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, June 15, 2016 to, but excluding, September 15, 2016. Dividends on each share of Series X Preferred Stock will accrue at a rate *per annum* equal to 5.50%. The record date for payment of dividends on the Series X Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation's Board of Directors. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

(b) Non-Cumulative Dividends. Dividends on shares of Series X Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series X Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series X Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series X Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

(c) Priority of Dividends. So long as any shares of Series X Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a

result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after June 8, 2016, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of

the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series X Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after June 8, 2016, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business),

unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series X Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series X Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding

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shares of Series X Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series X Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series X Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series X Preferred Stock shall not be entitled to participate in any such dividends.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series X Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series X Preferred Stock as to such distribution, a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series X Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series X Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series X Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series X Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Series X Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

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(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series X Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after September 15, 2021, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series X Preferred Stock

shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series X Preferred Stock at the time outstanding, prior to September 15, 2021, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series X Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

(b) Notice of Redemption. Notice of every redemption of shares of Series X Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series X Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series X Preferred Stock. Each

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notice shall state (i) the redemption date; (ii) the number of shares of Series X Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series X Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series X Preferred Stock at the time outstanding, the shares of Series X Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series X Preferred Stock in proportion to the number of Series X Preferred Stock held by such holders or in such other manner consistent with the rules and policies of the New York Stock Exchange as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series X Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and

continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the “*Depository Company*”) in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

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Section 7. Voting Rights.

(a) General. The holders of Series X Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

(b) Right To Elect Two Directors Upon Nonpayment Events. Whenever dividends payable on any shares of Series X Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a “*Nonpayment Event*”), the holders of the outstanding Series X Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation’s Board of Directors at the Corporation’s next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the “*Preferred Stock Directors*”) by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series X Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series X Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series X Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such

time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series X Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series X Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series X Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series X Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled.

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The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

(c) Other Voting Rights. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series X Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series X Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series X Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series X Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the By-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series X Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or By-laws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series X Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series X Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series X Preferred Stock will have no right to vote under this Section 7(c)(iv) if in each case (a) the shares of Series X Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series X Preferred Stock remaining outstanding or such preference

securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series X Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series X Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-

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cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series X Preferred Stock, and holders of the Series X Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series X Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series X Preferred Stock will have 25 votes per share on any matter on which holders of the Series X Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Series X Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series X Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Series X Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such

consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the By-laws, applicable law and any national securities exchange or other trading facility in which the Series X Preferred Stock is listed or traded at the time.

Section 8. Preemption and Conversion. The holders of Series X Preferred Stock shall not have any rights of preemption or rights to convert such Series X Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Reacquired Shares. Shares of Series X Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

Section 10. No Sinking Fund. Shares of Series X Preferred Stock are not subject to the operation of a sinking fund.

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Section 11. Additional Classes or Series of Stock. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series X Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series X Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series X Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

[Signature Page Follows]

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In Witness Whereof, Wells Fargo & Company has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 14th day of June, 2016.

Wells Fargo & Company

By: /s/ Barbara S. Brett
Barbara S. Brett, Senior Vice President and Assistant Treasurer

/s/ Jeannine E. Zahn
Jeannine E. Zahn, Assistant Secretary

[As filed with the Delaware Secretary of State on June 14, 2016.]

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WELLS FARGO & COMPANY

CERTIFICATE OF DESIGNATION
Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

2017 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Company"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Company (the "Board") by the provisions of the Restated Certificate of Incorporation of the Company, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value (the "Preferred Stock"), and pursuant to authority conferred upon the ESOP Preferred Stock Committee of the Board (the "ESOP Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law") and by the resolutions of the Board set forth herein, the following resolutions were duly adopted by the Board at meetings of the Board duly held on January 25, 2000, January 27, 2009, and October 12, 2016, and by the ESOP Committee pursuant to the written consent of the ESOP Committee duly adopted on January 31, 2017, in accordance with Section 141(f) of the General Corporation Law:

1. On January 25, 2000, the Board adopted the following resolution (the "ESOP Board Resolutions") appointing the ESOP Committee and delegating to the ESOP Committee the full powers of the Board, subject to the ESOP Board Resolutions, in all matters relating to issuance of one or more series of Preferred Stock ("ESOP Preferred Stock") to the trustee on behalf of the Company's 401(k) Plan hereinafter referred to:

RESOLVED that a committee of one member of the Board of the Company is hereby appointed by the Board as the ESOP Preferred Stock Committee (the "First Committee"), which shall have and may exercise the full powers of the Board, subject to these resolutions, to issue from time to time one or more series of ESOP Preferred Stock, including any shares of Company common stock (\$1 2/3 par value) issuable upon conversion of ESOP Preferred Stock, and in connection therewith, to fix the designations, voting powers, preferences, and all other rights, qualifications and restrictions of such ESOP Preferred Stock, to sell such ESOP Preferred Stock to the Plan on such terms and conditions and for such purchase price as the First Committee in its discretion shall approve, and to take any and all actions as the First Committee shall deem necessary or appropriate.

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2. On January 27, 2009, the Board adopted the following resolutions (the "January 2009 Resolutions") amending the ESOP Board Resolutions to allow the ESOP Committee to establish the voting rights of any series of ESOP Preferred Stock:

RESOLVED that the resolution set forth in the ESOP Board Resolutions under the caption "Voting Rights of ESOP Preferred Stock" is hereby deleted in its entirety.

RESOLVED that the ESOP Board Resolutions are hereby further amended to delete "Appendix A - Voting Rights" in its entirety.

3. Pursuant to resolutions adopted on October 12, 2016, the Board designated Timothy J. Sloan as the sole member of the ESOP Committee, effective October 12, 2016.

4. On January 31, 2017, pursuant to authority conferred upon it by the Board in the ESOP Board Resolutions as amended by the January 2009 Resolutions, the ESOP Committee adopted the following resolution by written consent in accordance with Section 141(f) of the General Corporation Law:

RESOLVED that the issuance of a series of Preferred Stock, without par value, of the Company is hereby authorized and the designation, voting powers, preferences, and relative, participating, optional, and other special rights, and qualifications, limitations and restrictions thereof, in addition to those set forth in the Restated Certificate of Incorporation of the Company, as amended, are hereby fixed as follows:

2017 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK

1. Designation and Number of Shares; Restricted Issue.

(a) The designation of the series of Preferred Stock, without par value, provided for herein shall be "2017 ESOP Cumulative Convertible Preferred Stock" (hereinafter referred to as the "2017 ESOP Preferred Stock") and the number of authorized shares constituting the 2017 ESOP Preferred Stock is 950,000, based on an offering price for the 2017 ESOP Preferred Stock of \$1,033.00 per share. Each share of 2017 ESOP Preferred Stock shall have a stated value of \$1,000.00 per share. The number of authorized shares of 2017 ESOP Preferred Stock may be reduced by further resolution duly adopted by the Board or the Securities Committee and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such reduction has been so authorized, provided, however, that the authorized number of shares of 2017 ESOP Preferred Stock shall not be decreased below the then outstanding number of such shares, and provided further that the number of authorized shares of 2017 ESOP Preferred Stock shall not be increased. All shares of the 2017 ESOP Preferred Stock purchased, redeemed, or converted by the Company shall be retired and canceled and shall be restored to the status of authorized

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but unissued shares of Preferred Stock, without designation as to series, and may thereafter be issued, but not as shares of 2017 ESOP Preferred Stock.

(b) Shares of 2017 ESOP Preferred Stock shall be issued only to a trustee (the "Trustee") acting on behalf of the Wells Fargo & Company 401(k) Plan, or any successor to such plan (the "Plan"). All references to the holder of shares of 2017 ESOP Preferred Stock shall mean the Trustee or any company with which or into which the Trustee may merge or any successor trustee under the trust agreement with respect to the Plan. In the event of any transfer of record ownership of shares of 2017 ESOP Preferred Stock to any person other than any successor trustee under the Plan, the shares of 2017 ESOP Preferred Stock so transferred, upon such transfer and without any further action by the Company or the holder thereof, shall be automatically converted into shares of the common stock, par value \$1-2/3 per share, of the Company (the "Common Stock") on the terms otherwise provided for the conversion of the shares of 2017 ESOP Preferred Stock into shares of Common Stock pursuant to paragraph (a) of Section 4 hereof, and no such transferees shall have any of the voting powers, preferences, and relative, participating, optional or special rights ascribed to shares of 2017 ESOP Preferred Stock hereunder but, rather, only the powers and rights pertaining to the Common Stock into which such shares of 2017 ESOP Preferred Stock shall be so converted. In the event of such a conversion, the transferee of the shares of 2017 ESOP Preferred Stock shall be treated for all purposes as the record holder of the shares of Common Stock into which such shares of 2017 ESOP Preferred Stock have been automatically converted as of the date of such transfer. Shares of 2017 ESOP Preferred Stock may be certificated or uncertificated, at the Company's option. Certificates representing shares of 2017 ESOP Preferred Stock shall bear a legend to reflect the foregoing provisions. In the case of uncertificated 2017 ESOP Preferred Stock, the transfer agent for the 2017 ESOP Preferred Stock shall note the foregoing provisions on each 2017 ESOP Preferred Stock book entry account. The Company may require that, as a condition to transferring record ownership of any uncertificated 2017 ESOP Preferred Stock, the proposed transferee acknowledge in writing that the shares of 2017 ESOP Preferred Stock are subject to the foregoing provisions. Notwithstanding the foregoing provisions of this paragraph (b) of Section 1, shares of 2017 ESOP Preferred Stock (i)(A) shall be converted into shares of Common Stock as provided in paragraph (a) of Section 4 hereof, and (B) may be converted into shares of Common Stock as provided by paragraph (b) of Section 4 hereof and the shares of Common Stock issued upon such conversion may be transferred by the holder thereof as permitted by law and (ii) shall be redeemable by the Company upon the terms and conditions provided in Sections 5 and 6(c) hereof.

2. Voting Rights. No shares of 2017 ESOP Preferred Stock shall have voting rights except such voting rights as may from time to time be required by law and as set forth in this Section 2, as follows:

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(a) Whenever, at any time or times, dividends payable on shares of 2017 ESOP Preferred Stock shall be in arrears for such number of dividend periods which shall in the aggregate contain not less than 540 days, the holders of the outstanding shares of 2017 ESOP Preferred Stock shall have the exclusive right, voting together as a class with holders of shares of any one or more series of Voting Parity Stock, as defined in paragraph (e) of this Section 2, whose voting rights are exercisable, to elect two directors of the Company's Board at the Company's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "Preferred Stock Directors") by a plurality of the votes cast; provided that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). At elections for such directors, each holder of the shares of 2017 ESOP Preferred Stock shall be entitled to one vote for each share held (the holders of shares of any series of Voting Parity Stock being entitled to such number of votes, if any, for each share of Preferred Stock held as may be granted to them). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of such outstanding shares of 2017 ESOP Preferred Stock (together with the holders of shares of any one or more series of Voting Parity Stock whose voting rights are exercisable) as herein set forth. The right of such holders of such shares of 2017 ESOP Preferred Stock (voting together as a class with the holders of shares of any one or more series of Voting Parity Stock whose voting rights are exercisable) to elect Preferred Stock Directors as aforesaid shall continue until such time as all dividends accumulated on such shares of 2017 ESOP Preferred Stock shall have been paid in full, at which time such right with respect to such shares of 2017 ESOP Preferred Stock shall terminate, except as herein or by law expressly provided, subject to revesting in the event of each and every subsequent default of the character above mentioned.

(b) Upon any termination of the right of the holders of all shares of 2017 ESOP Preferred Stock and Voting Parity Stock entitled to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by such holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of 2017 ESOP Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of 2017 ESOP Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this resolution shall have expired, the number of directors shall be such number as may be

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provided for in the By-Laws of the Company irrespective of any increase made pursuant to the provisions of this Section 2(b).

(c) In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of 2017 ESOP Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of 2017 ESOP Preferred Stock and outstanding shares of all series of Voting Parity Stock entitled to vote on the matter, by a vote of at least two-thirds in voting power of all such outstanding shares of 2017 ESOP Preferred Stock and such series of Voting Parity Stock voting together as a class, given in person or by proxy, either in writing or at any special or annual meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following whether or not such approval is required by Delaware law:

(i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to shares of 2017 ESOP Preferred Stock with respect to payment of dividends or the distribution of assets on the Company's voluntary or involuntary liquidation, dissolution or winding up, or

(ii) the amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Restated Certificate of Incorporation or of the resolutions set forth in a Certificate of Designation designating shares of 2017 ESOP Preferred Stock and the preferences, powers and relative, participating, optional and other special rights and qualifications, limitations and restrictions thereof which would materially and adversely affect any right, preference, privilege or voting power of the shares of 2017 ESOP Preferred Stock or of the holders thereof; provided, however, that any increase in the amount of authorized Preferred Stock, or the creation and issuance of other series of Preferred Stock, or any increase in the amount of authorized shares of any series of Preferred Stock, in each case ranking on a parity with or junior to the shares of 2017 ESOP Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

(d) The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of 2017 ESOP Preferred Stock shall have been redeemed or sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

(e) As used in this Section 2, "Voting Parity Stock" means any other class or series of stock of the Company now existing or hereafter authorized that ranks on par with the 2017 ESOP Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company and having similar voting rights as the 2017 ESOP Preferred Stock.

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3. **Dividends.** (a)(i) Holders of shares of 2017 ESOP Preferred Stock will be entitled to receive, when and as declared by the Board or a duly authorized committee thereof, out of assets of the Company legally available for payment, an annual cash dividend of \$70.00 (the "Base Dividend") per share, which Base Dividend shall be subject to adjustment from time to time as provided in this Section 3.

(ii) The Base Dividend shall be adjusted, effective on December 1, 2018 and on each December 1 thereafter until December 1, 2025, as follows:

(1) If the Current Market Price (as hereinafter defined) of one share of Common Stock on November 30 (or the next preceding Trading Day (as hereinafter defined) if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the First Target Price but less than the Second Target Price shown opposite that year in such table, then holders of shares of the 2017 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to \$75.00 per share (the "First Adjusted Dividend").

(2) If the Current Market Price of one share of Common Stock on November 30 (or the next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the Second Target Price shown opposite that year in such table, then holders of shares of 2017 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to \$80.00 per share (the "Second Adjusted Dividend").

(3) If the Current Market Price of one share of Common Stock on November 30 (or next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is less than the First Target Price shown opposite that year in such table, then the holders of shares of 2017 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to the Base Dividend.

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Dividend Adjustment Table

Closing Price on 11/30

First Target Price

Second Target Price

2018

\$62.09

\$66.02

2019	\$66.59	\$73.20
2020	\$71.41	\$81.16
2021	\$76.59	\$89.98
2022	\$82.14	\$99.77
2023	\$88.10	\$110.62
2024	\$94.49	\$122.65
2025	\$101.34	\$135.99

(4) As an example of the adjustments described in subparagraphs (1) through (3) above, if on November 30, 2018, the Current Market Price of one share of Common Stock is \$63.00, then the cash dividend payable for the immediately following twelve month period per share of 2017 ESOP Preferred Stock would equal \$75.00, with the first quarterly payment of such \$75.00 dividend to be made on March 1, 2019. If on November 30, 2019, the Current Market Price of one share of Common Stock is \$74.00, then the cash dividend payable for the immediately following twelve month period per share of 2017 ESOP Preferred Stock would equal \$80.00, with the first quarterly payment of such \$80.00 dividend to be made on March 1, 2020. If on November 30, 2020, the Current Market Price of one share of Common Stock is \$68.00, then the cash dividend payable for the immediately following twelve month period per share of 2017 ESOP Preferred Stock would equal \$70.00, with the first quarterly payment of such \$70.00 dividend to be made on March 1, 2021.

(5) For purposes of this Section 3, the terms "First Adjusted Dividend" and "Second Adjusted Dividend" are sometimes referred to as an "Adjusted Dividend;" the term "Current Market Price" shall have the meaning given to it in Section 4(c)(iv); and the term "Trading Day" shall have the meaning given to it in Section 4(c)(vi).

(iii) If one share of Common Stock in any year listed in the Dividend Adjustment Table shall be changed into a different number of shares or a different class of shares by reason of any reclassification, recapitalization, split-up, combination, exchange of shares or readjustment, or if a stock dividend thereon shall be declared with a record date within such period, then the First Target Price and the Second Target Price listed in such table for that year and each subsequent year will be appropriately and proportionately adjusted.

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(iv) Dividends payable on shares of the 2017 ESOP Preferred Stock (whether such dividends are equal to the Base Dividend or to an Adjusted Dividend) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing June 1, 2017. Dividends on shares of the 2017 ESOP Preferred Stock will be cumulative from the date of initial issuance of such shares of 2017 ESOP Preferred Stock. Dividends will be payable, in arrears, to holders of record as they appear on the stock books of the Company on such record dates, not more than 30 days nor less than 15 days preceding the payment dates thereof, as shall be fixed by the Board or a duly authorized committee thereof. The amount of dividends payable per share for each dividend period shall be computed by dividing by four the Base Dividend or the Adjusted Dividend, whichever is then applicable. The amount of dividends payable for the initial dividend period or any period shorter than a full dividend period shall be calculated on the basis of actual days elapsed in a 360-day year of twelve 30-day months.

(b)(i) No full dividends shall be declared or paid or set apart for payment on any stock of the Company ranking, as to dividends, on a parity with or junior to the 2017 ESOP Preferred Stock for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been set apart for such payment on shares of 2017 ESOP Preferred Stock for all dividend payment periods terminating on or prior to the date of payment of such full cumulative dividends. When dividends are not paid in full, as aforesaid, upon the shares of 2017 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2017 ESOP Preferred Stock, all dividends declared upon shares of 2017 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2017 ESOP Preferred Stock shall be declared pro rata so that the amount of dividends declared per share on 2017 ESOP Preferred Stock and such other series of Preferred Stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of 2017 ESOP Preferred Stock and such other series of Preferred Stock bear to each other. Holders of shares of 2017 ESOP Preferred Stock shall not be entitled to any dividend, whether payable in cash, property, or stock, in excess of full cumulative dividends, as herein provided, on 2017 ESOP Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on 2017 ESOP Preferred Stock which may be in arrears.

(ii) So long as any shares of 2017 ESOP Preferred Stock are outstanding, no dividend (other than dividends or distributions paid in shares of, or options, warrants, or rights to subscribe for or purchase shares of, Common Stock or any other stock ranking junior to 2017 ESOP Preferred Stock as to dividends or upon liquidation and other than as provided in paragraph (b)(i) of this Section 3) shall be declared or paid or set aside for payment or other distribution declared or made upon Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2017 ESOP Preferred Stock as to dividends or upon liquidation, nor shall any Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2017 ESOP Preferred Stock as to dividends or upon liquidation, dissolution or

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winding up be redeemed, purchased, or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Company (except by conversion into or exchange for stock of the Company ranking junior to 2017 ESOP Preferred Stock as to dividends or upon liquidation, dissolution or winding up), unless, in each case, the full cumulative dividends on all outstanding shares of 2017 ESOP Preferred Stock shall have been paid or declared and set aside for payment of the then current dividend payment period and all past dividend payment periods.

4. Conversion. Shares of 2017 ESOP Preferred Stock are convertible from time to time hereafter pursuant to the provisions of paragraphs (a) or (b) of this Section 4 into that number of shares of Common Stock determined by dividing the stated value of each share of 2017 ESOP Preferred Stock by the then applicable Conversion Price, (as determined in accordance with the provisions of paragraph (c)(iii) of this Section 4), as follows:

(a) Each share of 2017 ESOP Preferred Stock released from the unallocated reserve of the Plan in accordance with the terms thereof shall be automatically converted, without any further action by the Company or the holder thereof, as of the date such release occurs (the "Release Date"), into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for the 2017 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(b) Subject to and upon compliance with the provisions of this Section 4, a holder of 2017 ESOP Preferred Stock shall be entitled at any time, prior to the close of business on the date fixed for redemption of such shares pursuant to Sections 5 or 6 hereof, to cause any or all of the shares of 2017 ESOP Preferred Stock held by such holder to be converted into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for 2017 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(c) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) The "Average Current Market Price" per share of Common Stock on any date shall be deemed to be the average of the Current Market Price for one share of Common Stock for the twenty (20) consecutive Trading Days ending on the Trading Day occurring prior to the date the "Purchase Offer" is made (as that term is defined in Section 6(d) hereof).

(ii) A "Business Day" means each day that is not a Saturday, Sunday, or a day on which state or federally chartered banking institutions in the State of New York are not required to be open.

(iii) (A) For purposes of a mandatory conversion of shares of 2017 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of

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paragraph (a) of this Section 4, the "Conversion Price" for such shares of 2017 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the relevant Release Date.

(B) For purposes of an optional conversion of shares of 2017 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (b) of this Section 4, the "Conversion Price" for such shares of 2017 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the date the Conversion Notice (as that term is defined in paragraph (d) of this Section 4) is received by the Company, by the transfer agent for the 2017 ESOP Preferred Stock or by any agent for conversion of the 2017 ESOP Preferred Stock designated as such pursuant to paragraph (d) of this Section 4.

(C) For purposes of a conversion of shares of 2017 ESOP Preferred Stock into shares of Common Stock in connection with a "Purchase Offer" (as defined in Section 6(d) hereof), the "Conversion Price" for such shares of 2017 ESOP Preferred Stock shall be the Average Current Market Price of one share of Common Stock.

Each share of 2017 ESOP Preferred Stock shall be valued at its stated value of \$1,000.00 for purposes of computing, based on the applicable Conversion Price, the number of shares of Common Stock into which the shares of 2017 ESOP Preferred Stock will be converted.

(iv) The "Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Company or any other issuer for any day shall mean the reported last sale price, regular way, or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange only or, if the Common Stock is not listed or admitted to trading on the New York Stock Exchange, on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or, if the Common Stock is not quoted on such National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for the Common Stock on each such day shall not have been reported through NASDAQ, the average of the bid and asked prices for such day as furnished by any New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof or, if no such quotations are available, the fair market value of the Common Stock as determined by a New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof.

(v) "Common Stock" shall mean the Common Stock of the Company as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

(vi) "Trading Day" with respect to Common Stock means (x) if the Common Stock is listed or admitted for trading on the New York Stock Exchange or another national securities exchange, a day on which the New York Stock Exchange or such other national securities exchange is open for business or (y) if the Common Stock is quoted on the National Market System of NASDAQ, a day on which trades may be made on such National Market System or (z) otherwise, any Business Day.

(d) In connection with any conversion of 2017 ESOP Preferred Stock pursuant to this Section 4, a written notice of conversion (the "Conversion Notice") shall be delivered to the Company at its principal executive office or the offices of the transfer agent for the 2017 ESOP Preferred Stock or such office or offices in the continental United States of an agent for conversion as may from time to time be designated by notice to the holders of the 2017 ESOP Preferred Stock by the Company or the transfer agent for the 2017 ESOP Preferred Stock, which Conversion Notice shall be accompanied by (a) in the case of certificated 2017 ESOP Preferred Stock, the certificate or certificates representing the shares of 2017 ESOP Preferred Stock being converted pursuant to this Section 4, duly assigned or endorsed for transfer to the Company (or accompanied by duly executed stock powers relating thereto) and (b) in the case of uncertificated 2017 ESOP Preferred Stock, duly executed assignment and transfer documents for the shares of 2017 ESOP Preferred Stock being converted pursuant to this Section 4. Each Conversion Notice shall specify (i) (y) in the case of a mandatory conversion pursuant to paragraph (a) of this Section 4, the number of shares of 2017 ESOP Preferred Stock released from the unallocated reserve of the Plan on the Release Date or (z) in the case of an optional conversion pursuant to paragraph (b) of this Section 4, the number of shares of 2017 ESOP Preferred Stock being converted, and (ii) in connection with any conversion hereunder, (x) the name or names in which such holder wishes the certificate or certificates for Common Stock and, in the case of certificated 2017 ESOP Preferred Stock, for any shares of 2017 ESOP Preferred Stock not to be so converted to be issued, (y) the address to which such holder wishes delivery to be made of such new certificates to be issued upon such conversion, and (z) such other information as the Company or its agents may reasonably request.

(e) Upon delivery to the Company or the transfer agent for the 2017 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4, the Company shall issue and send by hand delivery, by courier or by first-class mail (postage prepaid) to the holder thereof or to such holder's designee, at the address designated by such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled upon conversion. If there shall have been surrendered a certificate or certificates representing shares of 2017 ESOP Preferred Stock only part of which are to be converted, the Company shall issue and

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deliver to such holder or such holder's designee, in the manner set forth in the preceding sentence, a new certificate or certificates representing the number of shares of 2017 ESOP Preferred Stock which shall not have been converted.

(f) The issuance by the Company of shares of Common Stock upon a conversion of shares of 2017 ESOP Preferred Stock into shares of Common Stock made pursuant to this Section 4 shall be effective (i) in the case of a mandatory conversion of shares of 2017 ESOP Preferred Stock pursuant to paragraph (a) of this Section 4, as of the Release Date; and (ii) in the case of an optional conversion of such shares pursuant to paragraph (b) of this Section 4, as of the earlier of (A) the delivery to such holder or such holder's designee of the certificates representing the shares of Common Stock issued upon conversion thereof or (B) the commencement of business on the second Business Day after the delivery to the Company or the transfer agent for the 2017 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4. On and after the effective date of a conversion, the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock, but no allowance or adjustment shall be made in respect of dividends payable to holders of Common Stock in respect of any period prior to such effective date. The Company shall not be obligated to pay any dividends which shall have accrued or have been declared and shall be payable to holders of shares of 2017 ESOP Preferred Stock if the date on which such dividends are paid is on or after the effective date of conversion of such shares.

(g) The Company shall not be obligated to deliver to holders of 2017 ESOP Preferred Stock any fractional share or shares of Common Stock issuable upon any conversion of such shares of 2017 ESOP Preferred Stock, but in lieu thereof may make a cash payment in respect thereof in any manner permitted by law.

(h) The Company shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of 2017 ESOP Preferred Stock as herein provided, free from any preemptive rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of 2017 ESOP Preferred Stock then outstanding.

(i) The Company will use its best efforts to cause the listing of the shares of Common Stock required to be delivered upon conversion of the 2017 ESOP Preferred Stock prior to distribution to Plan participants on the national securities exchange, if any, upon which the outstanding Common Stock is listed at the time of such delivery.

(j) The Company will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on conversions of the 2017 ESOP Preferred Stock pursuant hereto; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the holder of the 2017 ESOP Preferred Stock to be converted and no such

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issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid.

5. Redemption At the Option of the Company. (a) The 2017 ESOP Preferred Stock shall be redeemable out of assets legally available therefor, in whole or in part, at the option of the Company at any time, at a redemption price per share of 2017 ESOP Preferred Stock equal to the higher of (x) \$1,000.00 per share, plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for redemption, and (y) the Fair Market Value (as that term is defined in paragraph (d) of this Section 5) per share of 2017 ESOP Preferred Stock on the date fixed for redemption. Payment of the redemption price shall be made by the Company in cash or shares of Common Stock, or a combination thereof, as permitted by paragraph (c) of this Section 5. From and after the date fixed for redemption, dividends on shares of 2017 ESOP Preferred Stock called for redemption will cease to accrue and all rights in respect of such shares of the Company shall cease, except the right to receive the redemption price. Upon payment of the redemption price, such shares shall be deemed to have been transferred to the Company, to be retired as provided in paragraph (a) of Section 1. If the full cumulative dividends have not been paid, or contemporaneously declared and set aside for payment, on all outstanding shares of 2017 ESOP Preferred Stock, the Company may not redeem fewer than all the outstanding shares of 2017 ESOP Preferred Stock pursuant to this Section 5.

(b) Unless otherwise required by law, notice of any redemption pursuant to this Section 5 will be sent to the holders of 2017 ESOP Preferred Stock at the address shown on the books of the Company or any transfer agent for the 2017 ESOP Preferred Stock by hand delivery, by courier, by standard form of telecommunication or by first-class mail (postage prepaid) delivered, sent or mailed, as the case may be, not less than twenty (20) days nor more than sixty (60) days prior to the redemption date. Each such notice shall state: (i) the redemption date; (ii) the total number of shares of the 2017 ESOP Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) whether the redemption price shall be paid in cash or in shares of Common Stock, or in a combination of such Common Stock and cash; (v) in the case of certificated 2017 ESOP Preferred Stock the place or places where certificates for such shares are to be surrendered for payment of the redemption price; (vi) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (vii) the conversion rights of the shares to be redeemed, the period within which conversion rights may be exercised and the manner in which the number of shares of Common Stock issuable upon conversion of a share of 2017 ESOP Preferred Stock will be determined. The Company shall redeem shares so called for redemption and not previously converted at the date fixed for redemption and at the redemption price set forth in this Section 5, provided that, in the case of certificated 2017 ESOP Preferred Stock, the Company shall not be obligated to pay the redemption price until the certificates for the shares to be redeemed are surrendered (properly endorsed or

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assigned for transfer, if the Board of Directors of the Company shall so require and the notice shall so state).

(c) The Company, at its option, may make payment of the redemption price required upon redemption of shares of 2017 ESOP Preferred Stock in cash or in shares of Common Stock, or in a combination of such Common Stock and cash, any such shares of Common Stock to be valued for such purposes at their Fair Market Value (as defined in paragraph (d)(ii) of this Section 5) or their Current Market Price, in either case as of the date fixed for redemption of the 2017 ESOP Preferred Stock, whichever value will result in the issuance of the greater number of shares of Common Stock to the holder of the 2017 ESOP Preferred Stock then being redeemed.

(d) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) "Adjustment Period" shall mean the period of five (5) consecutive Trading Days preceding the date as of which the Fair Market Value of a security is to be determined.

(ii) "Fair Market Value" shall mean, as to shares of Common Stock or any other class of capital stock or securities of the Company or any other issue which are publicly traded, the average of the Current Market Prices of such shares or securities for each day of the Adjustment Period. The "Fair Market Value" of any security which is not publicly traded (other than the 2017 ESOP Preferred Stock) or of any other property shall mean the fair value thereof on the date as of which the Fair Market Value of the security is to be determined, as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities or property selected in good faith by the Board or a committee thereof. The "Fair Market Value" of the 2017 ESOP Preferred Stock for purposes of paragraph (a) of Section 5, and for purposes of paragraph (c) of Section 6 shall mean the fair market value thereof determined by an independent appraiser, appointed by the Trustee of the Plan in accordance with the provisions of the Plan, as of the date fixed for redemption of the 2017 ESOP Preferred Stock (in the case of a redemption pursuant to Section 5) or as of the date specified in paragraph (c) of Section 6 (in the case of a redemption under that section). For purposes of determining the Fair Market Value of the 2017 ESOP Preferred Stock, the independent appraiser shall assume (i) that all dividends on the 2017 ESOP Preferred

Stock would have been paid when due, and (ii) that the mandatory conversion of shares of 2017 ESOP Preferred Stock held by the Plan into shares of Common Stock pursuant to Section 4(a) hereof would have occurred when and as payments of principal (together with accrued interest thereon) would have been made by the Trustee of the Plan in accordance with the terms of that certain 2017 ESOP Cumulative Convertible Preferred Stock Note Agreement dated on or about February 2, 2017 between the Company and the Plan (including any amendments or modifications thereto).

6. Consolidation, Merger, etc. (a) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the

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outstanding shares of Common Stock are by operation of law exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting corporation (including the Company) that constitutes "qualifying employer securities" with respect to a holder of 2017 ESOP Preferred Stock within the meaning of Section 409(1) of the Internal Revenue Code of 1986, as amended, and Section 407(d)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, the shares of 2017 ESOP Preferred Stock of such holder shall, in connection with such consolidation, merger or similar business combination, be assumed by and shall become Preferred Stock of such successor or resulting corporation, having in respect of such corporation, insofar as possible, the same powers, preferences and relative, participating, optional or other special rights (including the redemption rights provided by Sections 5 and 6 hereof), and the qualifications, limitations or restrictions thereon, that the 2017 ESOP Preferred Stock had immediately prior to such transaction, subject to the following:

(1) After such transaction each share of the 2017 ESOP Preferred Stock shall be convertible, otherwise on the terms and conditions provided by Section 4 hereof, into the number and kind of qualifying employer securities so receivable by a holder of the number of shares of Common Stock into which such shares of 2017 ESOP Preferred Stock could have been converted immediately prior to such transaction.

(2) The Company shall not consummate any such merger, consolidation or similar transaction unless all then outstanding shares of 2017 ESOP Preferred Stock shall be assumed and authorized by the successor or resulting corporation as aforesaid.

(b) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of qualifying employer securities (as referred to in paragraph (a) of this Section 6) and cash payments, if applicable, in lieu of fractional shares, outstanding shares of 2017 ESOP Preferred Stock shall, without any action on the part of the Company or any holder thereof (but subject to paragraph (c) of this Section 6), be automatically converted by virtue of such merger, consolidation or similar transaction immediately prior to such consummation into the number of shares of Common Stock into which such shares of 2017 ESOP Preferred Stock could have been converted at such time so that each share of 2017 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2017 ESOP Preferred Stock could have been converted immediately prior to such transaction. However, if by virtue of the

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structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by the holders of the 2017 ESOP Preferred Stock, then the shares of 2017 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2017 ESOP Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election as to the kind or amount of stock, securities, cash or other property receivable upon such transaction. If the kind or amount of stock, securities, cash or other property receivable upon such transaction is not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares.

(c) In the event the Company shall enter into any agreement providing for any consolidation or merger or similar business combination described in paragraph (b) of this Section 6 (a "Business Combination"), then the Company shall as soon as practicable thereafter (and in any event at least fifteen (15) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of 2017 ESOP Preferred Stock and each such holder shall have the right to elect, by written notice to the Company, to receive, upon consummation of such transaction (if and when such transaction is consummated), from the Company or the successor of the Company, in redemption and retirement of such 2017 ESOP Preferred Stock, a cash payment per share of 2017 ESOP Preferred Stock equal to the higher of (x) \$1,000.00, plus accrued and unpaid dividends thereon to the date of consummation of such transaction or (y) the Fair Market Value per share of 2017 ESOP Preferred Stock, as of the last Business Day (as defined in paragraph (c) of Section 4 hereof) immediately preceding the date the Business Combination is consummated. No such notice of redemption shall be effective unless given to the Company prior to the close of

business on the last Business Day prior to consummation of such transaction, unless the Company or the successor of the Company shall waive such prior notice, but any notice of redemption so given prior to such time may be withdrawn by notice of withdrawal given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction.

(d) In the event that a Purchase Offer (as defined below) shall have been made and shall be continuing, each holder of 2017 ESOP Preferred Stock shall have the right to convert shares of 2017 ESOP Preferred Stock into shares of Common Stock at the Conversion Price specified in Section 4(c)(iii)(C) hereof until the date the Purchase Offer is terminated, including without limitation because the original Purchase Offer is withdrawn or because the Purchase Offer has expired and is not renewed, upon notice of such conversion given to the Company not later than the close of business on the date the Purchase Offer terminates (the "Purchase Offer Conversion Period"), unless the

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Company or any successor of the Company shall waive such prior notice, but any notice of conversion so given may be withdrawn by notice of withdrawal given to the Company prior to the end of the Purchase Offer Conversion Period.

For purposes of this paragraph (d), the following terms shall have the meanings set forth below:

(i) "Beneficial Ownership" shall have the meaning ascribed to it in Rule 13d-3 under the Securities Exchange Act of 1934 (the "Exchange Act") and "person" shall have the meanings specified in Sections 3(a)(9) and 13(d)(3) of the Exchange Act.

(ii) A "Purchase Offer" shall have been made when any person (other than the Company or any affiliate of the Company) shall have "commenced" (as such term is defined in Rule 14d-2 under the Exchange Act) a tender offer or exchange offer to purchase shares of Common Stock, such that, upon consummation of such offer, such person would have Beneficial Ownership (as defined herein) or the right to acquire Beneficial Ownership, of twenty percent (20%) or more of the voting power of the Company.

7. Liquidation Rights. (a) Upon the dissolution, liquidation, or winding up of the Company, the holders of the shares of 2017 ESOP Preferred Stock shall be entitled to receive and to be paid out of the assets of the Company available for distribution to its stockholders, before any payment or distribution shall be made on or set aside for the Common Stock or any other class of stock ranking junior to 2017 ESOP Preferred Stock and subject to the rights of the holders of the shares of any series or class or classes of stock ranking on parity with or senior to the 2017 ESOP Preferred Stock, the amount of \$1,000.00 per share, plus a sum equal to all dividends (whether or not earned or declared) on such shares accrued and unpaid thereon to the date of final distribution.

(b) Neither the sale of all or substantially all the property and assets of the Company, nor the merger, consolidation or other business combination of the Company into or with any other corporation, nor the merger, consolidation or other business combination of any other corporation into or with the Company shall be deemed to be a dissolution, liquidation, or winding up, voluntary or involuntary, for the purposes of this Section 7.

(c) After the payment to the holders of the shares of 2017 ESOP Preferred Stock of the full preferential amounts provided for in this Section 7, the holders of 2017 ESOP Preferred Stock, as such, shall have no right or claim to any of the remaining assets of the Company.

(d) In the event the assets of the Company available for distribution to the holders of shares of 2017 ESOP Preferred Stock upon any dissolution, liquidation, or winding up of the Company, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to paragraph (a) of this

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Section 7, no such distribution shall be made on account of any shares of any other series of Preferred Stock or other capital stock of the Company ranking on a parity with the shares of 2017 ESOP Preferred Stock upon such dissolution, liquidation, or winding up unless proportionate distributive amounts shall be paid on account of the shares of 2017 ESOP Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation, or winding up.

(e) Subject to the rights of the holders of the shares of any series or class or classes of stock ranking on parity with or prior to the shares of 2017 ESOP Preferred Stock upon liquidation, dissolution, or winding up, upon any liquidation, dissolution, or winding up of the Company, after payment shall have been made in full to the holders of the shares of 2017 ESOP Preferred Stock as provided in this Section 7, but not prior thereto, any other series or class or classes of stock ranking junior to the shares of 2017 ESOP Preferred Stock upon liquidation shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the shares of 2017 ESOP Preferred Stock shall not be entitled to share therein.

8. Ranking. For the purposes of these resolutions, any stock of any series or class or classes of the Company shall be deemed to rank:

(a) prior to the shares of 2017 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, if the holders of such series or class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution,

liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of 2017 ESOP Preferred Stock;

(b) on a parity with shares of 2017 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share, or sinking fund provisions, if any, be different from those of 2017 ESOP Preferred Stock, if the holders of such stock shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and the holders of shares of 2017 ESOP Preferred Stock; and

(c) junior to shares of 2017 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, if such class shall be Common Stock or if the holders of shares of 2017 ESOP Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of such series or class or classes.

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9. Priority of 2017 ESOP Preferred Stock. The shares of 2017 ESOP Preferred Stock will rank on a parity, both as to payment of dividends and the distribution of assets upon liquidation, with the Company's 2008 ESOP Cumulative Convertible Preferred Stock, its 2010 ESOP Cumulative Convertible Preferred Stock, its 2011 ESOP Cumulative Convertible Preferred Stock, its 2012 ESOP Cumulative Convertible Preferred Stock, its 2013 ESOP Cumulative Convertible Preferred Stock, its 2014 ESOP Cumulative Convertible Preferred Stock, its 2015 ESOP Cumulative Convertible Preferred Stock, and its 2016 ESOP Cumulative Convertible Preferred Stock.

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IN WITNESS WHEREOF, the Company has caused this Certificate of Designation to be signed by Timothy J. Sloan, its Chief Executive Officer and President, and attested by Jeannine E. Zahn, its Assistant Secretary, on this 31st day of January, 2017.

WELLS FARGO & COMPANY

By /s/ Timothy J. Sloan
Timothy J. Sloan
President and
Chief Executive Officer

Attest:

/s/ Jeannine E. Zahn
Jeannine E. Zahn
Assistant Secretary

[As filed with the Delaware Secretary of State on February 1, 2017]

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WELLS FARGO & COMPANY

CERTIFICATE OF DESIGNATION

Pursuant to Section 151(g) of the
General Corporation Law
of the State of Delaware

**NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES Y
(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the “*Corporation*”), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the “*Board of Directors*”) by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the “*Committee*”) in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the “*General Corporation Law*”), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on April 21, 2017, in accordance with Section 141(f) of the General Corporation Law:

Resolved, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated October 25, 2016, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

RIGHTS AND PREFERENCES

Section 1. Designation. The shares of such series of Preferred Stock shall be designated Non-Cumulative Perpetual Class A Preferred Stock, Series Y, with no par value and a liquidation preference amount of \$25,000 per share (the “*Series Y Preferred Stock*”). Each share of Series Y Preferred Stock shall be identical in all respects to every other share of Series Y Preferred Stock except with respect to the date from which dividends may accrue. Series Y Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the

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Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series Y Preferred Stock shall be 27,600. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series Y Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case maybe, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series Y Preferred Stock.

Section 3. Definitions. As used herein with respect to Series Y Preferred Stock:

“*Business Day*” means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York.

“*Certificate of Designation*” means this Certificate of Designation relating to the Series Y Preferred Stock, as it may be amended from time to time.

“*Common Stock*” means the common stock of the Corporation, par value \$1½ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

“*Depository Company*” has the meaning set forth in Section 6(d) hereof.

“*Dividend Payment Date*” has the meaning set forth in Section 4(a) hereof.

“*Dividend Period*” has the meaning set forth in Section 4(a) hereof.

“*DTC*” means The Depository Trust Company, together with its successors and assigns.

“*Junior Stock*” means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series Y Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“*Liquidation Preference*” has the meaning set forth in Section 5(a) hereof.

“*Nonpayment Event*” shall have the meaning set forth in Section 7(b).

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“Parity Stock” means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series Y Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“Preference Stock” means any and all series of preference stock, having no par value, of the Corporation.

“Preferred Stock” means any and all series of preferred stock, having no par value, of the Corporation, including the Series Y Preferred Stock.

“Preferred Stock Directors” shall have the meaning set forth in Section 7(b).

“Regulatory Capital Treatment Event” means the Corporation’s reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after April 17, 2017; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after April 17, 2017; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after April 17, 2017, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series Y Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series Y Preferred Stock is outstanding.

“Series Y Preferred Stock” has the meaning set forth in Section 1 hereof.

“Voting Parity Stock” means any Parity Stock having similar voting rights as the Series Y Preferred Stock.

Section 4. Dividends.

(a) Rate. Dividends on the Series Y Preferred Stock will not be mandatory. Holders of Series Y Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25,000 per share of the Series Y Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December of each year (commencing on June 15, 2017); provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay (each such

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day on which dividends are payable a *“Dividend Payment Date”*). A *“Dividend Period”* means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, April 24, 2017 to, but excluding, June 15, 2017. Dividends on each share of Series Y Preferred Stock will accrue at a rate *per annum* equal to 5.625%. The record date for payment of dividends on the Series Y Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation’s Board of Directors. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

(b) Non-Cumulative Dividends. Dividends on shares of Series Y Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series Y Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series Y Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series Y Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

(c) Priority of Dividends. So long as any shares of Series Y Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the

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redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after April 17, 2017, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series Y Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after April 17, 2017, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business),

unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series Y Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

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Subject to the succeeding sentence, for so long as any shares of Series Y Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series Y Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series Y Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series Y Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series Y Preferred Stock shall not be entitled to participate in any such dividends.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series Y Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series Y Preferred Stock as to such distribution, a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series Y Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series Y Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series Y Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series Y Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Series Y Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled

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to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series Y Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after June 15, 2022, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series Y Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series Y Preferred Stock at the time outstanding, prior to June 15, 2022, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series Y Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

(b) Notice of Redemption. Notice of every redemption of shares of Series Y Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series Y Preferred Stock designated for redemption shall not affect the validity of the

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proceedings for the redemption of any other shares of Series Y Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series Y Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series Y Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series Y Preferred Stock at the time outstanding, the shares of Series Y Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series Y Preferred Stock in proportion to the number of Series Y Preferred Stock held by such holders or in such other manner consistent with the rules and policies of the New York Stock Exchange as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series Y Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be

available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depository Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

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Section 7. Voting Rights.

(a) General. The holders of Series Y Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

(b) Right To Elect Two Directors Upon Nonpayment Events. Whenever dividends payable on any shares of Series Y Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a "*Nonpayment Event*"), the holders of the outstanding Series Y Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation's Board of Directors at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "*Preferred Stock Directors*") by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series Y Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series Y Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series Y Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series Y Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series Y Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series Y Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series Y Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled.

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The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

(c) Other Voting Rights. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series Y Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series Y Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series Y Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series Y Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the By-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series Y Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or By-laws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the

Corporation's capital stock ranking senior to the Series Y Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series Y Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series Y Preferred Stock will have no right to vote under this Section 7(c)(iv) if in each case (a) the shares of Series Y Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series Y Preferred Stock remaining outstanding or such preference

securities, as the case maybe, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series Y Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series Y Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-

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cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series Y Preferred Stock, and holders of the Series Y Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series Y Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series Y Preferred Stock will have 25 votes per share on any matter on which holders of the Series Y Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Series Y Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series Y Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Series Y Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the By-laws, applicable law and any national securities exchange or other trading facility in which the Series Y Preferred Stock is listed or traded at the time.

Section 8. Preemption and Conversion. The holders of Series Y Preferred Stock shall not have any rights of preemption or rights to convert such Series Y Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Reacquired Shares. Shares of Series Y Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

Section 10. No Sinking Fund. Shares of Series Y Preferred Stock are not subject to the operation of a sinking fund.

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Section 11. Additional Classes or Series of Stock. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series Y Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series Y Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series Y Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

[Signature Page Follows]

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In Witness Whereof, Wells Fargo & Company has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 21st day of April, 2017.

Wells Fargo & Company

By: /s/ Barbara S. Brett

Barbara S. Brett, Senior Vice President and Assistant Treasurer

/s/ Jeannine E. Zahn
Jeannine E. Zahn, Assistant Secretary

[As filed with the Delaware Secretary of State on April 27, 2017]

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WELLS FARGO & COMPANY

CERTIFICATE OF DESIGNATION
Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

2018 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK
(Without Par Value)

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Company"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Company (the "Board") by the provisions of the Restated Certificate of Incorporation of the Company, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value (the "Preferred Stock"), and pursuant to authority conferred upon the ESOP Preferred Stock Committee of the Board (the "ESOP Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law") and by the resolutions of the Board set forth herein, the following resolutions were duly adopted by the Board at meetings of the Board duly held on January 25, 2000, January 27, 2009, and October 12, 2016, and by the ESOP Committee pursuant to the written consent of the ESOP Committee duly adopted on January 23, 2018, in accordance with Section 141(f) of the General Corporation Law:

1. On January 25, 2000, the Board adopted the following resolution (the "ESOP Board Resolutions") appointing the ESOP Committee and delegating to the ESOP Committee the full powers of the Board, subject to the ESOP Board Resolutions, in all matters relating to issuance of one or more series of Preferred Stock ("ESOP Preferred Stock") to the trustee on behalf of the Company's 401(k) Plan hereinafter referred to:

RESOLVED that a committee of one member of the Board of the Company is hereby appointed by the Board as the ESOP Preferred Stock Committee (the "First Committee"), which shall have and may exercise the full powers of the Board, subject to these resolutions, to issue from time to time one or more series of ESOP Preferred Stock, including any shares of Company common stock (\$1 2/3 par value) issuable upon conversion of ESOP Preferred Stock, and in connection therewith, to fix the designations, voting powers, preferences, and all other rights, qualifications and restrictions of such ESOP Preferred Stock, to sell such ESOP Preferred Stock to the Plan on such terms and conditions and for such purchase price as the First Committee in its discretion shall approve, and to take any and all actions as the First Committee shall deem necessary or appropriate.

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2. On January 27, 2009, the Board adopted the following resolutions (the "January 2009 Resolutions") amending the ESOP Board Resolutions to allow the ESOP Committee to establish the voting rights of any series of ESOP Preferred Stock:

RESOLVED that the resolution set forth in the ESOP Board Resolutions under the caption "Voting Rights of ESOP Preferred Stock" is hereby deleted in its entirety.

RESOLVED that the ESOP Board Resolutions are hereby further amended to delete "Appendix A - Voting Rights" in its entirety.

3. Pursuant to resolutions adopted on October 12, 2016, the Board designated Timothy J. Sloan as the sole member of the ESOP Committee, effective October 12, 2016.

4. On January 23, 2018, pursuant to authority conferred upon it by the Board in the ESOP Board Resolutions as amended by the January 2009 Resolutions, the ESOP Committee adopted the following resolution by written consent in accordance with Section 141(f) of the General Corporation Law:

RESOLVED that the issuance of a series of Preferred Stock, without par value, of the Company is hereby authorized and the designation, voting powers, preferences, and relative, participating, optional, and other special rights, and qualifications, limitations and restrictions thereof, in addition to those set forth in the Restated Certificate of Incorporation of the Company, as amended, are hereby fixed as follows:

2018 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK

1. Designation and Number of Shares; Restricted Issue.

(a) The designation of the series of Preferred Stock, without par value, provided for herein shall be "2018 ESOP Cumulative Convertible Preferred Stock" (hereinafter referred to as the "2018 ESOP Preferred Stock") and the number of authorized shares constituting the 2018 ESOP Preferred Stock is 1,100,000, based on an offering price for the 2018 ESOP Preferred Stock of \$1,039.00 per share. Each share of 2018 ESOP Preferred Stock shall have a stated value of \$1,000.00 per share. The number of authorized shares of 2018 ESOP Preferred Stock may be reduced by further resolution duly adopted by the Board or the Securities Committee and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such reduction has been so authorized, provided, however, that the authorized number of shares of 2018 ESOP Preferred Stock shall not be decreased below the then outstanding number of such shares, and provided further that the number of authorized shares of 2018 ESOP Preferred Stock shall not be increased. All shares of the 2018 ESOP Preferred Stock purchased, redeemed, or converted by the Company shall be retired and canceled and shall be restored to the status of authorized

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but unissued shares of Preferred Stock, without designation as to series, and may thereafter be issued, but not as shares of 2018 ESOP Preferred Stock.

(b) Shares of 2018 ESOP Preferred Stock shall be issued only to a trustee (the "Trustee") acting on behalf of the Wells Fargo & Company 401(k) Plan, or any successor to such plan (the "Plan"). All references to the holder of shares of 2018 ESOP Preferred Stock shall mean the Trustee or any company with which or into which the Trustee may merge or any successor trustee under the trust agreement with respect to the Plan. In the event of any transfer of record ownership of shares of 2018 ESOP Preferred Stock to any person other than any successor trustee under the Plan, the shares of 2018 ESOP Preferred Stock so transferred, upon such transfer and without any further action by the Company or the holder thereof, shall be automatically converted into shares of the common stock, par value \$1-2/3 per share, of the Company (the "Common Stock") on the terms otherwise provided for the conversion of the shares of 2018 ESOP Preferred Stock into shares of Common Stock pursuant to paragraph (a) of Section 4 hereof, and no such transferee shall have any of the voting powers, preferences, and relative, participating, optional or special rights ascribed to shares of 2018 ESOP Preferred Stock hereunder but, rather, only the powers and rights pertaining to the Common Stock into which such shares of 2018 ESOP Preferred Stock shall be so converted. In the event of such a conversion, the transferee of the shares of 2018 ESOP Preferred Stock shall be treated for all purposes as the record holder of the shares of Common Stock into which such shares of 2018 ESOP Preferred Stock have been automatically converted as of the date of such transfer. Shares of 2018 ESOP Preferred Stock may be certificated or uncertificated, at the Company's option. Certificates representing shares of 2018 ESOP Preferred Stock shall bear a legend to reflect the foregoing provisions. In the case of uncertificated 2018 ESOP Preferred Stock, the transfer agent for the 2018 ESOP Preferred Stock shall note the foregoing provisions on each 2018 ESOP Preferred Stock book entry account. The Company may require that, as a condition to transferring record ownership of any uncertificated 2018 ESOP Preferred Stock, the proposed transferee acknowledge in writing that the shares of 2018 ESOP Preferred Stock are subject to the foregoing provisions. Notwithstanding the foregoing provisions of this paragraph (b) of Section 1, shares of 2018 ESOP Preferred Stock (i)(A) shall be converted into shares of Common Stock as provided in paragraph (a) of Section 4 hereof, and (B) may be converted into shares of Common Stock as provided by paragraph (b) of Section 4 hereof and the shares of Common Stock issued upon such conversion may be transferred by the holder thereof as permitted by law and (ii) shall be redeemable by the Company upon the terms and conditions provided in Sections 5 and 6(c) hereof.

2. Voting Rights. No shares of 2018 ESOP Preferred Stock shall have voting rights except such voting rights as may from time to time be required by law and as set forth in this Section 2, as follows:

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(a) Whenever, at any time or times, dividends payable on shares of 2018 ESOP Preferred Stock shall be in arrears for such number of dividend periods which shall in the aggregate contain not less than 540 days, the holders of the outstanding shares of 2018 ESOP

Preferred Stock shall have the exclusive right, voting together as a class with holders of shares of any one or more series of Voting Parity Stock, as defined in paragraph (e) of this Section 2, whose voting rights are exercisable, to elect two directors of the Company's Board at the Company's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "Preferred Stock Directors") by a plurality of the votes cast; provided that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). At elections for such directors, each holder of the shares of 2018 ESOP Preferred Stock shall be entitled to one vote for each share held (the holders of shares of any series of Voting Parity Stock being entitled to such number of votes, if any, for each share of Preferred Stock held as may be granted to them). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of such outstanding shares of 2018 ESOP Preferred Stock (together with the holders of shares of any one or more series of Voting Parity Stock whose voting rights are exercisable) as herein set forth. The right of such holders of such shares of 2018 ESOP Preferred Stock (voting together as a class with the holders of shares of any one or more series of Voting Parity Stock whose voting rights are exercisable) to elect Preferred Stock Directors as aforesaid shall continue until such time as all dividends accumulated on such shares of 2018 ESOP Preferred Stock shall have been paid in full, at which time such right with respect to such shares of 2018 ESOP Preferred Stock shall terminate, except as herein or by law expressly provided, subject to revesting in the event of each and every subsequent default of the character above mentioned.

(b) Upon any termination of the right of the holders of all shares of 2018 ESOP Preferred Stock and Voting Parity Stock entitled to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by such holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of 2018 ESOP Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of 2018 ESOP Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this resolution shall have expired, the number of directors shall be such number as may be

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provided for in the By-Laws of the Company irrespective of any increase made pursuant to the provisions of this Section 2(b).

(c) In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of 2018 ESOP Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of 2018 ESOP Preferred Stock and outstanding shares of all series of Voting Parity Stock entitled to vote on the matter, by a vote of at least two-thirds in voting power of all such outstanding shares of 2018 ESOP Preferred Stock and such series of Voting Parity Stock voting together as a class, given in person or by proxy, either in writing or at any special or annual meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following whether or not such approval is required by Delaware law:

(i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to shares of 2018 ESOP Preferred Stock with respect to payment of dividends or the distribution of assets on the Company's voluntary or involuntary liquidation, dissolution or winding up, or

(ii) the amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Restated Certificate of Incorporation or of the resolutions set forth in a Certificate of Designation designating shares of 2018 ESOP Preferred Stock and the preferences, powers and relative, participating, optional and other special rights and qualifications, limitations and restrictions thereof which would materially and adversely affect any right, preference, privilege or voting power of the shares of 2018 ESOP Preferred Stock or of the holders thereof; provided, however, that any increase in the amount of authorized Preferred Stock, or the creation and issuance of other series of Preferred Stock, or any increase in the amount of authorized shares of any series of Preferred Stock, in each case ranking on a parity with or junior to the shares of 2018 ESOP Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

(d) The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of 2018 ESOP Preferred Stock shall have been redeemed or sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

(e) As used in this Section 2, "Voting Parity Stock" means any other class or series of stock of the Company now existing or hereafter authorized that ranks on par with the 2018 ESOP Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company and having similar voting rights as the 2018 ESOP Preferred Stock.

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3. **Dividends.** (a)(i) Holders of shares of 2018 ESOP Preferred Stock will be entitled to receive, when and as declared by the Board or a duly authorized committee thereof, out of assets of the Company legally available for payment, an annual cash dividend of

\$70.00 (the "Base Dividend") per share, which Base Dividend shall be subject to adjustment from time to time as provided in this Section 3.

(ii) The Base Dividend shall be adjusted, effective on December 1, 2019 and on each December 1 thereafter until December 1, 2026, as follows:

(1) If the Current Market Price (as hereinafter defined) of one share of Common Stock on November 30 (or the next preceding Trading Day (as hereinafter defined) if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the First Target Price but less than the Second Target Price shown opposite that year in such table, then holders of shares of the 2018 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to \$75.00 per share (the "First Adjusted Dividend").

(2) If the Current Market Price of one share of Common Stock on November 30 (or the next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the Second Target Price shown opposite that year in such table, then holders of shares of 2018 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to \$80.00 per share (the "Second Adjusted Dividend").

(3) If the Current Market Price of one share of Common Stock on November 30 (or next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is less than the First Target Price shown opposite that year in such table, then the holders of shares of 2018 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to the Base Dividend.

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Dividend Adjustment Table

<u>Closing Price on 11/30</u>	<u>First Target Price</u>	<u>Second Target Price</u>
2019	\$70.95	\$75.35
2020	\$75.92	\$83.26
2021	\$81.23	\$92.00
2022	\$86.92	\$101.66
2023	\$93.00	\$112.33
2024	\$99.51	\$124.13
2025	\$106.48	\$137.16
2026	\$113.93	\$151.57

(4) As an example of the adjustments described in subparagraphs (1) through (3) above, if on November 30, 2019, the Current Market Price of one share of Common Stock is \$73.00, then the cash dividend payable for the immediately following twelve month period per share of 2018 ESOP Preferred Stock would equal \$75.00, with the first quarterly payment of such \$75.00 dividend to be made on March 1, 2020. If on November 30, 2020, the Current Market Price of one share of Common Stock is \$84.00, then the cash dividend payable for the immediately following twelve month period per share of 2018 ESOP Preferred Stock would equal \$80.00, with the first quarterly payment of such \$80.00 dividend to be made on March 1, 2021. If on November 30, 2021, the Current Market Price of one share of Common Stock is \$78.00, then the cash dividend payable for the immediately following twelve month period per share of 2018 ESOP Preferred Stock would equal \$70.00, with the first quarterly payment of such \$70.00 dividend to be made on March 1, 2022.

(5) For purposes of this Section 3, the terms "First Adjusted Dividend" and "Second Adjusted Dividend" are sometimes referred to as an "Adjusted Dividend;" the term "Current Market Price" shall have the meaning given to it in Section 4(c)(iv); and the term "Trading Day" shall have the meaning given to it in Section 4(c)(vi).

(iii) If one share of Common Stock in any year listed in the Dividend Adjustment Table shall be changed into a different number of shares or a different class of shares by reason of any reclassification, recapitalization, split-up, combination, exchange of shares or readjustment, or if a stock dividend thereon shall be declared with a record date within such period, then the First Target Price and the Second Target Price listed in such table for that year and each subsequent year will be appropriately and proportionately adjusted.

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(iv) Dividends payable on shares of the 2018 ESOP Preferred Stock (whether such dividends are equal to the Base Dividend or to an Adjusted Dividend) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing

June 1, 2018. Dividends on shares of the 2018 ESOP Preferred Stock will be cumulative from the date of initial issuance of such shares of 2018 ESOP Preferred Stock. Dividends will be payable, in arrears, to holders of record as they appear on the stock books of the Company on such record dates, not more than 30 days nor less than 15 days preceding the payment dates thereof, as shall be fixed by the Board or a duly authorized committee thereof. The amount of dividends payable per share for each dividend period shall be computed by dividing by four the Base Dividend or the Adjusted Dividend, whichever is then applicable. The amount of dividends payable for the initial dividend period or any period shorter than a full dividend period shall be calculated on the basis of actual days elapsed in a 360-day year of twelve 30-day months.

(b)(i) No full dividends shall be declared or paid or set apart for payment on any stock of the Company ranking, as to dividends, on a parity with or junior to the 2018 ESOP Preferred Stock for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been set apart for such payment on shares of 2018 ESOP Preferred Stock for all dividend payment periods terminating on or prior to the date of payment of such full cumulative dividends. When dividends are not paid in full, as aforesaid, upon the shares of 2018 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2018 ESOP Preferred Stock, all dividends declared upon shares of 2018 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2018 ESOP Preferred Stock shall be declared pro rata so that the amount of dividends declared per share on 2018 ESOP Preferred Stock and such other series of Preferred Stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of 2018 ESOP Preferred Stock and such other series of Preferred Stock bear to each other. Holders of shares of 2018 ESOP Preferred Stock shall not be entitled to any dividend, whether payable in cash, property, or stock, in excess of full cumulative dividends, as herein provided, on 2018 ESOP Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on 2018 ESOP Preferred Stock which may be in arrears.

(ii) So long as any shares of 2018 ESOP Preferred Stock are outstanding, no dividend (other than dividends or distributions paid in shares of, or options, warrants, or rights to subscribe for or purchase shares of, Common Stock or any other stock ranking junior to 2018 ESOP Preferred Stock as to dividends or upon liquidation and other than as provided in paragraph (b)(i) of this Section 3) shall be declared or paid or set aside for payment or other distribution declared or made upon Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2018 ESOP Preferred Stock as to dividends or upon liquidation, nor shall any Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2018 ESOP Preferred Stock as to dividends or upon liquidation, dissolution or

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winding up be redeemed, purchased, or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Company (except by conversion into or exchange for stock of the Company ranking junior to 2018 ESOP Preferred Stock as to dividends or upon liquidation, dissolution or winding up), unless, in each case, the full cumulative dividends on all outstanding shares of 2018 ESOP Preferred Stock shall have been paid or declared and set aside for payment of the then current dividend payment period and all past dividend payment periods.

4. Conversion. Shares of 2018 ESOP Preferred Stock are convertible from time to time hereafter pursuant to the provisions of paragraphs (a) or (b) of this Section 4 into that number of shares of Common Stock determined by dividing the stated value of each share of 2018 ESOP Preferred Stock by the then applicable Conversion Price, (as determined in accordance with the provisions of paragraph (c)(iii) of this Section 4), as follows:

(a) Each share of 2018 ESOP Preferred Stock released from the unallocated reserve of the Plan in accordance with the terms thereof shall be automatically converted, without any further action by the Company or the holder thereof, as of the date such release occurs (the "Release Date"), into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for the 2018 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(b) Subject to and upon compliance with the provisions of this Section 4, a holder of 2018 ESOP Preferred Stock shall be entitled at any time, prior to the close of business on the date fixed for redemption of such shares pursuant to Sections 5 or 6 hereof, to cause any or all of the shares of 2018 ESOP Preferred Stock held by such holder to be converted into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for 2018 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(c) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) The "Average Current Market Price" per share of Common Stock on any date shall be deemed to be the average of the Current Market Price for one share of Common Stock for the twenty (20) consecutive Trading Days ending on the Trading Day occurring prior to the date the "Purchase Offer" is made (as that term is defined in Section 6(d) hereof).

(ii) A "Business Day" means each day that is not a Saturday, Sunday, or a day on which state or federally chartered banking institutions in the State of New York are not required to be open.

(iii) (A) For purposes of a mandatory conversion of shares of 2018 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of

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paragraph (a) of this Section 4, the "Conversion Price" for such shares of 2018 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the relevant Release Date.

(B) For purposes of an optional conversion of shares of 2018 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (b) of this Section 4, the "Conversion Price" for such shares of 2018 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the date the Conversion Notice (as that term is defined in paragraph (d) of this Section 4) is received by the Company, by the transfer agent for the 2018 ESOP Preferred Stock or by any agent for conversion of the 2018 ESOP Preferred Stock designated as such pursuant to paragraph (d) of this Section 4.

(C) For purposes of a conversion of shares of 2018 ESOP Preferred Stock into shares of Common Stock in connection with a "Purchase Offer" (as defined in Section 6(d) hereof), the "Conversion Price" for such shares of 2018 ESOP Preferred Stock shall be the Average Current Market Price of one share of Common Stock.

Each share of 2018 ESOP Preferred Stock shall be valued at its stated value of \$1,000.00 for purposes of computing, based on the applicable Conversion Price, the number of shares of Common Stock into which the shares of 2018 ESOP Preferred Stock will be converted.

(iv) The "Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Company or any other issuer for any day shall mean the reported last sale price, regular way, or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange only or, if the Common Stock is not listed or admitted to trading on the New York Stock Exchange, on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or, if the Common Stock is not quoted on such National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for the Common Stock on each such day shall not have been reported through NASDAQ, the average of the bid and asked prices for such day as furnished by any New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof or, if no such quotations are available, the fair market value of the Common Stock as determined by a New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof.

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(v) "Common Stock" shall mean the Common Stock of the Company as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

(vi) "Trading Day" with respect to Common Stock means (x) if the Common Stock is listed or admitted for trading on the New York Stock Exchange or another national securities exchange, a day on which the New York Stock Exchange or such other national securities exchange is open for business or (y) if the Common Stock is quoted on the National Market System of NASDAQ, a day on which trades may be made on such National Market System or (z) otherwise, any Business Day.

(d) In connection with any conversion of 2018 ESOP Preferred Stock pursuant to this Section 4, a written notice of conversion (the "Conversion Notice") shall be delivered to the Company at its principal executive office or the offices of the transfer agent for the 2018 ESOP Preferred Stock or such office or offices in the continental United States of an agent for conversion as may from time to time be designated by notice to the holders of the 2018 ESOP Preferred Stock by the Company or the transfer agent for the 2018 ESOP Preferred Stock, which Conversion Notice shall be accompanied by (a) in the case of certificated 2018 ESOP Preferred Stock, the certificate or certificates representing the shares of 2018 ESOP Preferred Stock being converted pursuant to this Section 4, duly assigned or endorsed for transfer to the Company (or accompanied by duly executed stock powers relating thereto) and (b) in the case of uncertificated 2018 ESOP Preferred Stock, duly executed assignment and transfer documents for the shares of 2018 ESOP Preferred Stock being converted pursuant to this Section 4. Each Conversion Notice shall specify (i) (y) in the case of a mandatory conversion pursuant to paragraph (a) of this Section 4, the number of shares of 2018 ESOP Preferred Stock released from the unallocated reserve of the Plan on the Release Date or (z) in the case of an optional conversion pursuant to paragraph (b) of this Section 4, the number of shares of 2018 ESOP Preferred Stock being converted, and (ii) in connection with any conversion hereunder, (x) the name or names in which such holder wishes the certificate or certificates for Common Stock and, in the case of certificated 2018 ESOP Preferred Stock, for any shares of 2018 ESOP Preferred Stock not to be so converted to be issued, (y) the address to which such holder wishes delivery to be made of such new certificates to be issued upon such conversion, and (z) such other information as the Company or its agents may reasonably request.

(e) Upon delivery to the Company or the transfer agent for the 2018 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4, the Company shall issue and send by hand delivery, by courier or by first-class mail (postage prepaid) to the holder thereof or to such holder's designee, at the address designated by such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled upon conversion. If there shall have been surrendered a certificate or certificates representing shares of 2018 ESOP Preferred Stock only part of which are to be converted, the Company shall issue and

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deliver to such holder or such holder's designee, in the manner set forth in the preceding sentence, a new certificate or certificates representing the number of shares of 2018 ESOP Preferred Stock which shall not have been converted.

(f) The issuance by the Company of shares of Common Stock upon a conversion of shares of 2018 ESOP Preferred Stock into shares of Common Stock made pursuant to this Section 4 shall be effective (i) in the case of a mandatory conversion of shares of 2018 ESOP Preferred Stock pursuant to paragraph (a) of this Section 4, as of the Release Date; and (ii) in the case of an optional conversion of such shares pursuant to paragraph (b) of this Section 4, as of the earlier of (A) the delivery to such holder or such holder's designee of the certificates representing the shares of Common Stock issued upon conversion thereof or (B) the commencement of business on the second Business Day after the delivery to the Company or the transfer agent for the 2018 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4. On and after the effective date of a conversion, the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock, but no allowance or adjustment shall be made in respect of dividends payable to holders of Common Stock in respect of any period prior to such effective date. The Company shall not be obligated to pay any dividends which shall have accrued or have been declared and shall be payable to holders of shares of 2018 ESOP Preferred Stock if the date on which such dividends are paid is on or after the effective date of conversion of such shares.

(g) The Company shall not be obligated to deliver to holders of 2018 ESOP Preferred Stock any fractional share or shares of Common Stock issuable upon any conversion of such shares of 2018 ESOP Preferred Stock, but in lieu thereof may make a cash payment in respect thereof in any manner permitted by law.

(h) The Company shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of 2018 ESOP Preferred Stock as herein provided, free from any preemptive rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of 2018 ESOP Preferred Stock then outstanding.

(i) The Company will use its best efforts to cause the listing of the shares of Common Stock required to be delivered upon conversion of the 2018 ESOP Preferred Stock prior to distribution to Plan participants on the national securities exchange, if any, upon which the outstanding Common Stock is listed at the time of such delivery.

(j) The Company will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on conversions of the 2018 ESOP Preferred Stock pursuant hereto; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the holder of the 2018 ESOP Preferred Stock to be converted and no such

issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid.

5. Redemption At the Option of the Company. (a) The 2018 ESOP Preferred Stock shall be redeemable out of assets legally available therefor, in whole or in part, at the option of the Company at any time, at a redemption price per share of 2018 ESOP Preferred Stock equal to the higher of (x) \$1,000.00 per share, plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for redemption, and (y) the Fair Market Value (as that term is defined in paragraph (d) of this Section 5) per share of 2018 ESOP Preferred Stock on the date fixed for redemption. Payment of the redemption price shall be made by the Company in cash or shares of Common Stock, or a combination thereof, as permitted by paragraph (c) of this Section 5. From and after the date fixed for redemption, dividends on shares of 2018 ESOP Preferred Stock called for redemption will cease to accrue and all rights in respect of such shares of the Company shall cease, except the right to receive the redemption price. Upon payment of the redemption price, such shares shall be deemed to have been transferred to the Company, to be retired as provided in paragraph (a) of Section 1. If the full cumulative dividends have not been paid, or contemporaneously declared and set aside for payment, on all outstanding shares of 2018 ESOP Preferred Stock, the Company may not redeem fewer than all the outstanding shares of 2018 ESOP Preferred Stock pursuant to this Section 5.

(b) Unless otherwise required by law, notice of any redemption pursuant to this Section 5 will be sent to the holders of 2018 ESOP Preferred Stock at the address shown on the books of the Company or any transfer agent for the 2018 ESOP Preferred Stock by hand delivery, by courier, by standard form of telecommunication or by first-class mail (postage prepaid) delivered, sent or mailed, as the case may be, not less than twenty (20) days nor more than sixty (60) days prior to the redemption date. Each such notice shall state: (i) the redemption date; (ii) the total number of shares of the 2018 ESOP Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) whether the redemption price shall be paid in cash or in shares of Common Stock, or in a combination of such Common Stock and cash; (v) in the case of certificated 2018 ESOP Preferred Stock the place or places where certificates for such shares are to be surrendered for payment of the redemption price; (vi) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (vii) the conversion rights of the shares to be redeemed, the period within which conversion rights may be exercised and the manner in which the number of shares of Common Stock issuable upon conversion of a share of 2018 ESOP Preferred Stock will be determined. The Company shall redeem shares so called for redemption and not previously converted at the date fixed for redemption and at the redemption price set forth in this Section 5, provided that, in the case of certificated 2018 ESOP

Preferred Stock, the Company shall not be obligated to pay the redemption price until the certificates for the shares to be redeemed are surrendered (properly endorsed or

assigned for transfer, if the Board of Directors of the Company shall so require and the notice shall so state).

(c) The Company, at its option, may make payment of the redemption price required upon redemption of shares of 2018 ESOP Preferred Stock in cash or in shares of Common Stock, or in a combination of such Common Stock and cash, any such shares of Common Stock to be valued for such purposes at their Fair Market Value (as defined in paragraph (d)(ii) of this Section 5) or their Current Market Price, in either case as of the date fixed for redemption of the 2018 ESOP Preferred Stock, whichever value will result in the issuance of the greater number of shares of Common Stock to the holder of the 2018 ESOP Preferred Stock then being redeemed.

(d) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) "Adjustment Period" shall mean the period of five (5) consecutive Trading Days preceding the date as of which the Fair Market Value of a security is to be determined.

(ii) "Fair Market Value" shall mean, as to shares of Common Stock or any other class of capital stock or securities of the Company or any other issue which are publicly traded, the average of the Current Market Prices of such shares or securities for each day of the Adjustment Period. The "Fair Market Value" of any security which is not publicly traded (other than the 2018 ESOP Preferred Stock) or of any other property shall mean the fair value thereof on the date as of which the Fair Market Value of the security is to be determined, as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities or property selected in good faith by the Board or a committee thereof. The "Fair Market Value" of the 2018 ESOP Preferred Stock for purposes of paragraph (a) of Section 5, and for purposes of paragraph (c) of Section 6 shall mean the fair market value thereof determined by an independent appraiser, appointed by the Trustee of the Plan in accordance with the provisions of the Plan, as of the date fixed for redemption of the 2018 ESOP Preferred Stock (in the case of a redemption pursuant to Section 5) or as of the date specified in paragraph (c) of Section 6 (in the case of a redemption under that section). For purposes of determining the Fair Market Value of the 2018 ESOP Preferred Stock, the independent appraiser shall assume (i) that all dividends on the 2018 ESOP Preferred Stock would have been paid when due, and (ii) that the mandatory conversion of shares of 2018 ESOP Preferred Stock held by the Plan into shares of Common Stock pursuant to Section 4(a) hereof would have occurred when and as payments of principal (together with accrued interest thereon) would have been made by the Trustee of the Plan in accordance with the terms of that certain 2018 ESOP Cumulative Convertible Preferred Stock Note Agreement dated on or about January 25, 2018 between the Company and the Plan (including any amendments or modifications thereto).

6. Consolidation, Merger, etc. (a) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the

outstanding shares of Common Stock are by operation of law exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting corporation (including the Company) that constitutes "qualifying employer securities" with respect to a holder of 2018 ESOP Preferred Stock within the meaning of Section 409(1) of the Internal Revenue Code of 1986, as amended, and Section 407(d)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, the shares of 2018 ESOP Preferred Stock of such holders shall, in connection with such consolidation, merger or similar business combination, be assumed by and shall become Preferred Stock of such successor or resulting corporation, having in respect of such corporation, insofar as possible, the same powers, preferences and relative, participating, optional or other special rights (including the redemption rights provided by Sections 5 and 6 hereof), and the qualifications, limitations or restrictions thereon, that the 2018 ESOP Preferred Stock had immediately prior to such transaction, subject to the following:

(1) After such transaction each share of the 2018 ESOP Preferred Stock shall be convertible, otherwise on the terms and conditions provided by Section 4 hereof, into the number and kind of qualifying employer securities so receivable by a holder of the number of shares of Common Stock into which such shares of 2018 ESOP Preferred Stock could have been converted immediately prior to such transaction.

(2) The Company shall not consummate any such merger, consolidation or similar transaction unless all then outstanding shares of 2018 ESOP Preferred Stock shall be assumed and authorized by the successor or resulting corporation as aforesaid.

(b) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of qualifying employer securities (as referred to in paragraph (a) of this Section 6) and cash payments, if applicable, in lieu of fractional shares, outstanding shares of 2018 ESOP Preferred Stock shall, without any action on the part of the Company or any holder thereof (but subject to paragraph (c) of this Section 6), be automatically converted by virtue of such merger, consolidation or similar transaction

immediately prior to such consummation into the number of shares of Common Stock into which such shares of 2018 ESOP Preferred Stock could have been converted at such time so that each share of 2018 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2018 ESOP Preferred Stock could have been converted immediately prior to such transaction. However, if by virtue of the

structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by the holders of the 2018 ESOP Preferred Stock, then the shares of 2018 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2018 ESOP Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election as to the kind or amount of stock, securities, cash or other property receivable upon such transaction. If the kind or amount of stock, securities, cash or other property receivable upon such transaction is not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares.

(c) In the event the Company shall enter into any agreement providing for any consolidation or merger or similar business combination described in paragraph (b) of this Section 6 (a "Business Combination"), then the Company shall as soon as practicable thereafter (and in any event at least fifteen (15) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of 2018 ESOP Preferred Stock and each such holder shall have the right to elect, by written notice to the Company, to receive, upon consummation of such transaction (if and when such transaction is consummated), from the Company or the successor of the Company, in redemption and retirement of such 2018 ESOP Preferred Stock, a cash payment per share of 2018 ESOP Preferred Stock equal to the higher of (x) \$1,000.00, plus accrued and unpaid dividends thereon to the date of consummation of such transaction or (y) the Fair Market Value per share of 2018 ESOP Preferred Stock, as of the last Business Day (as defined in paragraph (c) of Section 4 hereof) immediately preceding the date the Business Combination is consummated. No such notice of redemption shall be effective unless given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction, unless the Company or the successor of the Company shall waive such prior notice, but any notice of redemption so given prior to such time may be withdrawn by notice of withdrawal given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction.

(d) In the event that a Purchase Offer (as defined below) shall have been made and shall be continuing, each holder of 2018 ESOP Preferred Stock shall have the right to convert shares of 2018 ESOP Preferred Stock into shares of Common Stock at the Conversion Price specified in Section 4(c)(iii)(C) hereof until the date the Purchase Offer is terminated, including without limitation because the original Purchase Offer is withdrawn or because the Purchase Offer has expired and is not renewed, upon notice of such conversion given to the Company not later than the close of business on the date the Purchase Offer terminates (the "Purchase Offer Conversion Period"), unless the

Company or any successor of the Company shall waive such prior notice, but any notice of conversion so given may be withdrawn by notice of withdrawal given to the Company prior to the end of the Purchase Offer Conversion Period.

For purposes of this paragraph (d), the following terms shall have the meanings set forth below:

(i) "Beneficial Ownership" shall have the meaning ascribed to it in Rule 13d-3 under the Securities Exchange Act of 1934 (the "Exchange Act") and "person" shall have the meanings specified in Sections 3(a)(9) and 13(d)(3) of the Exchange Act.

(ii) A "Purchase Offer" shall have been made when any person (other than the Company or any affiliate of the Company) shall have "commenced" (as such term is defined in Rule 14d-2 under the Exchange Act) a tender offer or exchange offer to purchase shares of Common Stock, such that, upon consummation of such offer, such person would have Beneficial Ownership (as defined herein) or the right to acquire Beneficial Ownership, of twenty percent (20%) or more of the voting power of the Company.

7. Liquidation Rights. (a) Upon the dissolution, liquidation, or winding up of the Company, the holders of the shares of 2018 ESOP Preferred Stock shall be entitled to receive and to be paid out of the assets of the Company available for distribution to its stockholders, before any payment or distribution shall be made on or set aside for the Common Stock or any other class of stock ranking junior to 2018 ESOP Preferred Stock and subject to the rights of the holders of the shares of any series or class or classes of stock ranking on parity with or senior to the 2018 ESOP Preferred Stock, the amount of \$1,000.00 per share, plus a sum equal to all dividends (whether or not earned or declared) on such shares accrued and unpaid thereon to the date of final distribution.

(b) Neither the sale of all or substantially all the property and assets of the Company, nor the merger, consolidation or other business combination of the Company into or with any other corporation, nor the merger, consolidation or other business combination of any other corporation into or with the Company shall be deemed to be a dissolution, liquidation, or winding up, voluntary or involuntary, for the purposes of this Section 7.

(c) After the payment to the holders of the shares of 2018 ESOP Preferred Stock of the full preferential amounts provided for in this Section 7, the holders of 2018 ESOP Preferred Stock, as such, shall have no right or claim to any of the remaining assets of the Company.

(d) In the event the assets of the Company available for distribution to the holders of shares of 2018 ESOP Preferred Stock upon any dissolution, liquidation, or winding up of the Company, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to paragraph (a) of this

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Section 7, no such distribution shall be made on account of any shares of any other series of Preferred Stock or other capital stock of the Company ranking on a parity with the shares of 2018 ESOP Preferred Stock upon such dissolution, liquidation, or winding up unless proportionate distributive amounts shall be paid on account of the shares of 2018 ESOP Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation, or winding up.

(e) Subject to the rights of the holders of the shares of any series or class or classes of stock ranking on parity with or prior to the shares of 2018 ESOP Preferred Stock upon liquidation, dissolution, or winding up, upon any liquidation, dissolution, or winding up of the Company, after payment shall have been made in full to the holders of the shares of 2018 ESOP Preferred Stock as provided in this Section 7, but not prior thereto, any other series or class or classes of stock ranking junior to the shares of 2018 ESOP Preferred Stock upon liquidation shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the shares of 2018 ESOP Preferred Stock shall not be entitled to share therein.

8. Ranking. For the purposes of these resolutions, any stock of any series or class or classes of the Company shall be deemed to rank:

(a) prior to the shares of 2018 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, if the holders of such series or class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of 2018 ESOP Preferred Stock;

(b) on a parity with shares of 2018 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share, or sinking fund provisions, if any, be different from those of 2018 ESOP Preferred Stock, if the holders of such stock shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and the holders of shares of 2018 ESOP Preferred Stock; and

(c) junior to shares of 2018 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, if such class shall be Common Stock or if the holders of shares of 2018 ESOP Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of such series or class or classes.

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9. Priority of 2018 ESOP Preferred Stock. The shares of 2018 ESOP Preferred Stock will rank on a parity, both as to payment of dividends and the distribution of assets upon liquidation, with the Company's 2010 ESOP Cumulative Convertible Preferred Stock, its 2011 ESOP Cumulative Convertible Preferred Stock, its 2012 ESOP Cumulative Convertible Preferred Stock, its 2013 ESOP Cumulative Convertible Preferred Stock, its 2014 ESOP Cumulative Convertible Preferred Stock, its 2015 ESOP Cumulative Convertible Preferred Stock, its 2016 ESOP Cumulative Convertible Preferred Stock, and its 2017 ESOP Cumulative Convertible Preferred Stock.

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IN WITNESS WHEREOF, the Company has caused this Certificate of Designation to be signed by Timothy J. Sloan, its Chief Executive Officer and President, and attested by Jeannine E. Zahn, its Assistant Secretary, on this 23rd day of January, 2018.

WELLS FARGO & COMPANY

By /s/ Timothy J. Sloan
Timothy J. Sloan
President and

Attest:

/s/ Jeannine E. Zahn
Jeannine E. Zahn
Assistant Secretary

[As filed with the Delaware Secretary of State on January 24, 2018]

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WELLS FARGO & COMPANY

CERTIFICATE OF DESIGNATION

Pursuant to Section 151(g) of the
General Corporation Law
of the State of Delaware

**NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES Z
(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "Board of Directors") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on January 23, 2020, in accordance with Section 141(f) of the General Corporation Law:

RESOLVED, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated October 25, 2016, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

RIGHTS AND PREFERENCES

Section 1. Designation. The shares of such series of Preferred Stock shall be designated Non-Cumulative Perpetual Class A Preferred Stock, Series Z, with no par value and a liquidation preference amount of \$25,000 per share (the "*Series Z Preferred Stock*"). Each share of Series Z Preferred Stock shall be identical in all respects to every other share of Series Z Preferred Stock except with respect to the date from which dividends may accrue. Series Z Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

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Section 2. Number of Shares. The number of authorized shares of Series Z Preferred Stock shall be 80,500. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series Z Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case maybe, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series Z Preferred Stock.

Section 3. Definitions. As used herein with respect to Series Z Preferred Stock:

“Business Day” means anyday, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York.

“Certificate of Designation” means this Certificate of Designation relating to the Series Z Preferred Stock, as it may be amended from time to time.

“Common Stock” means the common stock of the Corporation, par value \$1 $\frac{2}{3}$ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

“Depository Company” has the meaning set forth in Section 6(d) hereof.

“Dividend Payment Date” has the meaning set forth in Section 4(a) hereof.

“Dividend Period” has the meaning set forth in Section 4(a) hereof.

“DTC” means The Depository Trust Company, together with its successors and assigns.

“Junior Stock” means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series Z Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“Liquidation Preference” has the meaning set forth in Section 5(a) hereof.

“Nonpayment Event” shall have the meaning set forth in Section 7(b).

“Parity Stock” means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series Z Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or

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in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

“Preference Stock” means any and all series of preference stock, having no par value, of the Corporation.

“Preferred Stock” means any and all series of preferred stock, having no par value, of the Corporation, including the Series Z Preferred Stock.

“Preferred Stock Directors” shall have the meaning set forth in Section 7(b).

“Regulatory Capital Treatment Event” means the Corporation’s reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after January 15, 2020; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after January 15, 2020; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after January 15, 2020, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series Z Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series Z Preferred Stock is outstanding.

“Series Z Preferred Stock” has the meaning set forth in Section 1 hereof.

“Voting Parity Stock” means any Parity Stock having similar voting rights as the Series Z Preferred Stock.

Section 4. Dividends.

(a) Rate. Dividends on the Series Z Preferred Stock will not be mandatory. Holders of Series Z Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25,000 per share of the Series Z Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December of each year (commencing on March 15, 2020); provided, however, if any such day is not a Business Day,

then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay (each such day on which dividends are payable a "Dividend Payment Date"). A "Dividend Period" means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will

be the period from, and including, January 27, 2020 to, but excluding, March 15, 2020. Dividends on each share of Series Z Preferred Stock will accrue at a rate *per annum* equal to 4.75%. The record date for payment of dividends on the Series Z Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation's Board of Directors. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

(b) Non-Cumulative Dividends. Dividends on shares of Series Z Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series Z Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series Z Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series Z Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

(c) Priority of Dividends. So long as any shares of Series Z Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on

which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after January 15, 2020, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series Z Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after January 15, 2020, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business),

unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series Z Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series Z Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series Z Preferred Stock for the then-current Dividend Period have been paid

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in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series Z Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series Z Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series Z Preferred Stock shall not be entitled to participate in any such dividends.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series Z Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series Z Preferred Stock as to such distribution, a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series Z Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series Z Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series Z Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series Z Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Series Z Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock,

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securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series Z Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after March 15, 2025, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series Z Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally

available therefor, in whole, but not in part, the shares of Series Z Preferred Stock at the time outstanding, prior to March 15, 2025, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series Z Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

(b) Notice of Redemption. Notice of every redemption of shares of Series Z Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series Z Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series Z Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series Z Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii)

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the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series Z Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series Z Preferred Stock at the time outstanding, the shares of Series Z Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series Z Preferred Stock in proportion to the number of Series Z Preferred Stock held by such holders or in such other manner consistent with the rules and policies of the New York Stock Exchange as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series Z Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the “*Depository Company*”) in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

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Section 7. Voting Rights.

(a) General. The holders of Series Z Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

(b) Right To Elect Two Directors Upon Nonpayment Events. Whenever dividends payable on any shares of Series Z Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a “*Nonpayment Event*”), the holders of the outstanding Series Z Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation’s Board of Directors at the Corporation’s next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the “*Preferred Stock Directors*”) by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series Z Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series Z Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of

such stock as may be granted to them). The right of the holders of the Series Z Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series Z Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series Z Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series Z Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series Z Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled.

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The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

(c) Other Voting Rights. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series Z Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series Z Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series Z Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series Z Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the By-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series Z Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or By-laws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series Z Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series Z Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series Z Preferred Stock will have no right to vote under this Section 7(c)(iv) if in each case (a) the shares of Series Z Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series Z Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series Z Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series Z Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights,

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preferences, privileges or voting powers of the Series Z Preferred Stock, and holders of the Series Z Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series Z Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series Z Preferred Stock will have 25 votes per share on any matter on which holders of the Series Z Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Series Z Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series Z Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Series Z Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of

proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the By-laws, applicable law and any national securities exchange or other trading facility in which the Series Z Preferred Stock is listed or traded at the time.

Section 8. Preemption and Conversion. The holders of Series Z Preferred Stock shall not have any rights of preemption or rights to convert such Series Z Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Reacquired Shares. Shares of Series Z Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

Section 10. No Sinking Fund. Shares of Series Z Preferred Stock are not subject to the operation of a sinking fund.

Section 11. Additional Classes or Series of Stock. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to

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the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series Z Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series Z Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series Z Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

[Signature Page Follows]

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In Witness Whereof, Wells Fargo & Company has caused this Certificate of Designation to be signed by Le Roy Davis, its Senior Vice President and Assistant Treasurer, and John J. Muller, its Assistant Secretary, this 24th day of January, 2020.

Wells Fargo & Company

By: /s/ Le Roy Davis

Le Roy Davis, Senior Vice President and Assistant Treasurer

/s/ John J. Muller

John J. Muller, Assistant Secretary

[As filed with the Delaware Secretary of State on January 24, 2020]

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WELLS FARGO & COMPANY

CERTIFICATE OF DESIGNATION

Pursuant to Section 151(g) of the
General Corporation Law
of the State of Delaware

NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES AA
(Without Par Value)

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "Board of Directors") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on October 26, 2020, in accordance with Section 141(f) of the General Corporation Law:

RESOLVED, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated October 25, 2016, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

RIGHTS AND PREFERENCES

Section 1. Designation. The shares of such series of Preferred Stock shall be designated Non-Cumulative Perpetual Class A Preferred Stock, Series AA, with no par value and a liquidation preference amount of \$25,000 per share (the "*Series AA Preferred Stock*"). Each share of Series AA Preferred Stock shall be identical in all respects to every other share of Series AA Preferred Stock except with respect to the date from which dividends may accrue. Series AA Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

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Section 2. Number of Shares. The number of authorized shares of Series AA Preferred Stock shall be 46,800. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series AA Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series AA Preferred Stock.

Section 3. Definitions. As used herein with respect to Series AA Preferred Stock:

"*Business Day*" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York.

"*Certificate of Designation*" means this Certificate of Designation relating to the Series AA Preferred Stock, as it may be amended from time to time.

"*Common Stock*" means the common stock of the Corporation, par value \$1 $\frac{2}{3}$ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

"*Depository Company*" has the meaning set forth in Section 6(d) hereof.

"*Dividend Payment Date*" has the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" has the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

"*Junior Stock*" means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series Z Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Liquidation Preference*" has the meaning set forth in Section 5(a) hereof.

"Nonpayment Event" shall have the meaning set forth in Section 7(b).

"Parity Stock" means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series Z Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or

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in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"Preference Stock" means any and all series of preference stock, having no par value, of the Corporation.

"Preferred Stock" means any and all series of preferred stock, having no par value, of the Corporation, including the Series AA Preferred Stock.

"Preferred Stock Directors" shall have the meaning set forth in Section 7(b).

"Regulatory Capital Treatment Event" means the Corporation's reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after October 21, 2020; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after October 21, 2020; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after October 21, 2020, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series AA Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series AA Preferred Stock is outstanding.

"Series AA Preferred Stock" has the meaning set forth in Section 1 hereof.

"Voting Parity Stock" means any Parity Stock having similar voting rights as the Series AA Preferred Stock.

Section 4. Dividends.

(a) Rate. Dividends on the Series AA Preferred Stock will not be mandatory. Holders of Series AA Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25,000 per share of the Series AA Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December of each year (commencing on December 15, 2020); provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay (each such day on which dividends are payable a "Dividend Payment Date"). A "Dividend Period" means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will

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be the period from, and including, October 28, 2020 to, but excluding, December 15, 2020. Dividends on each share of Series AA Preferred Stock will accrue at a rate *per annum* equal to 4.70%. The record date for payment of dividends on the Series AA Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation's Board of Directors. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

(b) Non-Cumulative Dividends. Dividends on shares of Series AA Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series AA Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series AA Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series AA Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

(c) Priority of Dividends. So long as any shares of Series AA Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for

consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on

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which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after October 21, 2020, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series AA Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after October 21, 2020, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business),

unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series AA Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series AA Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series AA Preferred Stock for the then-current Dividend Period have been paid

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in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series AA Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series Z Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as maybe determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation maybe declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series AA Preferred Stock shall not be entitled to participate in any such dividends.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series AA Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation maybe made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series AA Preferred Stock as to such distribution, a liquidating distribution in the amount of \$25,000 per share, plus an

amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series AA Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series AA Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series AA Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series AA Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Series AA Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

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(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series AA Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after December 15, 2025, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series AA Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series AA Preferred Stock at the time outstanding, prior to December 15, 2025, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series AA Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

(b) Notice of Redemption. Notice of every redemption of shares of Series AA Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series AA Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series AA Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series AA

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Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series AA Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series AA Preferred Stock at the time outstanding, the shares of Series AA Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series AA Preferred Stock in proportion to the number of Series AA Preferred Stock held by such holders or in such other manner consistent with the rules and policies of the New York Stock Exchange as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full

power and authority to prescribe the terms and conditions upon which shares of Series AA Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the “*Depository Company*”) in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

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Section 7. Voting Rights.

(a) General. The holders of Series AA Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

(b) Right To Elect Two Directors Upon Nonpayment Events. Whenever dividends payable on any shares of Series AA Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a “*Nonpayment Event*”), the holders of the outstanding Series AA Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation’s Board of Directors at the Corporation’s next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the “*Preferred Stock Directors*”) by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series AA Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series AA Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series AA Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series AA Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series AA Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series AA Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series AA Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has

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already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

(c) Other Voting Rights. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series AA Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series AA Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series AA Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the

issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series AA Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the By-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series AA Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or By-laws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series AA Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series AA Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series AA Preferred Stock will have no right to vote under this Section 7(c)(iv) if in each case (a) the shares of Series AA Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series AA Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series AA Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series AA Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed

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not to adversely affect the rights, preferences, privileges or voting powers of the Series AA Preferred Stock, and holders of the Series AA Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series AA Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series AA Preferred Stock will have 25 votes per share on any matter on which holders of the Series AA Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Series AA Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series AA Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Series AA Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the By-laws, applicable law and any national securities exchange or other trading facility in which the Series AA Preferred Stock is listed or traded at the time.

Section 8. Preemption and Conversion. The holders of Series AA Preferred Stock shall not have any rights of preemption or rights to convert such Series AA Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Reacquired Shares. Shares of Series AA Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

Section 10. No Sinking Fund. Shares of Series AA Preferred Stock are not subject to the operation of a sinking fund.

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Section 11. Additional Classes or Series of Stock. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series AA Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series AA Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series AA Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

[Signature Page Follows]

In Witness Whereof, Wells Fargo & Company has caused this Certificate of Designation to be signed by Le Roy Davis, its Senior Vice President and Assistant Treasurer, and John J. Muller, its Assistant Secretary, this 27th day of October, 2020.

Wells Fargo & Company

By: /s/ Le Roy Davis

Le Roy Davis, Senior Vice President and Assistant Treasurer

/s/ John J. Muller

John J. Muller, Assistant Secretary

[As filed with the Delaware Secretary of State on October 27, 2020]

WELLS FARGO & COMPANY

CERTIFICATE OF DESIGNATION

Pursuant to Section 151(g) of the
General Corporation Law
of the State of Delaware

**3.90% FIXED RATE RESET NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES BB
(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon Securities Committee I of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on January 21, 2021, in accordance with Section 141(f) of the General Corporation Law:

Resolved, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated October 25, 2016, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

RIGHTS AND PREFERENCES

Section 1. Designation. The shares of such series of Preferred Stock shall be designated 3.90% Fixed Rate Reset Non-Cumulative Perpetual Class A Preferred Stock, Series BB, with no par value and a liquidation preference amount of \$25,000 per share (the "*Series BB Preferred Stock*"). Each share of Series BB Preferred Stock shall be identical in all respects to every other share of Series BB Preferred Stock except with respect to the date from which dividends may accrue. Series BB Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series BB Preferred Stock shall be 140,400. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series BB Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case maybe, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series BB Preferred Stock.

Section 3. Definitions. As used herein with respect to Series BB Preferred Stock:

"Business Day" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York, subject to any adjustments made by the Calculation Agent as provided for herein.

"Calculation Agent" means a calculation agent appointed by the Corporation prior to the first Reset Dividend Determination Date or any successor appointed by the Corporation thereafter. A record of the selection of the Calculation Agent or any successor will be maintained by the Corporation and available to any stockholder upon request.

"Certificate of Designation" means this Certificate of Designation relating to the Series BB Preferred Stock, as it may be amended from time to time.

"Common Stock" means the common stock of the Corporation, par value \$1 $\frac{2}{3}$ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

"Depository Company" has the meaning set forth in Section 6(d) hereof.

"Dividend Payment Date" has the meaning set forth in Section 4(a) hereof.

"Dividend Period" has the meaning set forth in Section 4(a) hereof.

"DTC" means The Depository Trust Company, together with its successors and assigns.

"First Reset Date" has the meaning set forth in Section 4(a) hereof.

"Five-year Treasury Rate" means:

- (1) the average of the yields on actively traded U.S. treasury securities adjusted to constant maturity, for five-year maturities, for the five Business Days appearing under the caption "Treasury Constant Maturities" in the most recently published

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statistical release designated H.15 Daily Update or any successor publication which is published by the Federal Reserve Board as of 5:00 p.m. (Eastern Time) as of any date of determination, as determined by the Calculation Agent in its sole discretion; or

- (2) if no calculation is provided as described above, then the Calculation Agent will use a substitute or successor rate that it has determined, in its sole discretion after consulting any source it deems to be reasonable, is (i) the industry-accepted substitute or successor for the Five-year Treasury Rate or (ii) if there is no such industry-accepted substitute or successor for the Five-year Treasury Rate, a substitute or successor rate that is most comparable to the Five-year Treasury Rate. Upon selection of a substitute or successor rate, the Calculation Agent may determine, in its sole discretion after consulting any source it deems to be reasonable, the day count convention, the Business Day convention, the definition of Business Day, the Reset Dividend Determination Date and any other relevant methodology or definition for calculating such substitute or successor rate, including any adjustment factor it determines is needed to make such substitute or successor rate comparable to the Five-year Treasury Rate, in a manner that is consistent with any industry-accepted practices for such substitute or successor rate.

"Junior Stock" means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series BB Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"Liquidation Preference" has the meaning set forth in Section 5(a) hereof.

"Nonpayment Event" shall have the meaning set forth in Section 7(b).

"Parity Stock" means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series BB Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"Preference Stock" means any and all series of preference stock, having no par value, of the Corporation.

"Preferred Stock" means any and all series of preferred stock, having no par value, of the Corporation, including the Series BB Preferred Stock.

"Preferred Stock Directors" shall have the meaning set forth in Section 7(b).

“Regulatory Capital Treatment Event” means the Corporation’s reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after January 19, 2021; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after January 19, 2021; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after January 19, 2021, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series BB Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series BB Preferred Stock is outstanding.

“Reset Date” has the meaning set forth in Section 4(a) hereof.

“Reset Dividend Determination Date” has the meaning set forth in Section 4(a) hereof.

“Reset Period” has the meaning set forth in Section 4(a) hereof.

“Series BB Preferred Stock” has the meaning set forth in Section 1 hereof.

“Voting Parity Stock” means any Parity Stock having similar voting rights as the Series BB Preferred Stock.

Section 4. Dividends.

(a) Rate. Dividends on the Series BB Preferred Stock will not be mandatory. Holders of Series BB Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25,000 per share of the Series BB Preferred Stock, payable quarterly in arrears on the 15th day of each March, June, September and December, commencing March 15, 2021, and accruing at an annual rate equal to (i) 3.90% from, and including, January 26, 2021 to, but excluding, March 15, 2026 (the *“First Reset Date”*), and (ii) the Five-year Treasury Rate as of the most recent Reset Dividend Determination Date plus 3.453% for each Reset Period, from, and including, the First Reset Date, commencing on June 15, 2026; provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay (each such day on which dividends are payable a *“Dividend Payment Date”*). A *“Dividend Period”* means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, January 26, 2021 to, but excluding, March 15, 2021. A

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“Reset Period” means the period from, and including, a Reset Date to, but excluding, the next succeeding Reset Date, except for the initial Reset Period, which will be the period from, and including, the First Reset Date to, but excluding, the next succeeding Reset Date. A *“Reset Date”* means the First Reset Date and each date falling on the fifth anniversary of the immediately preceding Reset Date, and no Reset Date, including the First Reset Date, will be adjusted due to the occurrence of a non-Business Day. A *“Reset Dividend Determination Date”* means, in respect of any Reset Period, the day that is three Business Days prior to the applicable Reset Date, subject to any adjustments made by the Calculation Agent as provided for herein. The record date for payment of dividends on the Series BB Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation’s Board of Directors. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward. The Calculation Agent’s determination of the rate of any dividend for each Reset Period and its calculation of the amount of dividends, and any other adjustments made by the Calculation Agent pursuant to the terms hereof will be maintained on file at the Calculation Agent’s principal offices, will be made available to any stockholder upon request and will be final and binding in the absence of manifest error.

(b) Non-Cumulative Dividends. Dividends on shares of Series BB Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series BB Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series BB Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series BB Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

(c) Priority of Dividends. So long as any shares of Series BB Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock

other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after January 19, 2021, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series BB Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after January 19, 2021, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business),

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unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series BB Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series BB Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series BB Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series BB Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series BB Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series BB Preferred Stock shall not be entitled to participate in any such dividends.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series BB Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series BB Preferred Stock as to such distribution, a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series BB Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series BB Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series BB Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series BB Preferred Stock and all such Parity Stock.

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(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Series BB Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series BB Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after March 15, 2026, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series BB Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series BB Preferred Stock at the time outstanding, prior to March 15, 2026, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series BB Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

(b) Notice of Redemption. Notice of every redemption of shares of Series BB Preferred Stock shall be provided to a Depositary Company (as defined below), as sole holder of the Series BB Preferred Stock, pursuant to the applicable procedures of such Depositary Company. Such notice shall be provided at least 25 days and not more than 55 days before the date fixed for redemption. Any notice given as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure to duly give such notice, or any defect in such

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notice, to any holder of shares of Series BB Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series BB Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series BB Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series BB Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series BB Preferred Stock at the time outstanding, the shares of Series BB Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series BB Preferred Stock in proportion to the number of Series BB Preferred Stock held by such holders or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series BB Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depositary Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

Section 7. Voting Rights.

(a) General. The holders of Series BB Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

(b) Right To Elect Two Directors Upon Nonpayment Events. Whenever dividends payable on any shares of Series BB Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a “Nonpayment Event”), the holders of the outstanding Series BB Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation’s Board of Directors at the Corporation’s next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the “Preferred Stock Directors”) by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series BB Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series BB Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series BB Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series BB Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series BB Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series BB Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series BB Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote.

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Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

(c) Other Voting Rights. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series BB Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series BB Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series BB Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series BB Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation’s voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the By-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series BB Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or By-laws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation’s capital stock ranking senior to the Series BB Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation’s voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series BB Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series BB Preferred Stock will have no right to vote under this Section 7(c)(iv) if in each case (a) the shares of Series BB Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series BB Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series BB Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series BB Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series BB Preferred Stock, and holders of the Series BB Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series BB Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series BB Preferred Stock will have 25 votes per share on any matter on which holders of the Series BB Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Series BB Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series BB Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Series BB Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the By-laws and applicable law.

Section 8. Preemption and Conversion. The holders of Series BB Preferred Stock shall not have any rights of preemption or rights to convert such Series BB Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Recquired Shares. Shares of Series BB Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

Section 10. No Sinking Fund. Shares of Series BB Preferred Stock are not subject to the operation of a sinking fund.

Section 11. Additional Classes or Series of Stock. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series BB Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series BB Preferred

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Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series BB Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

[Signature Page Follows]

US.131149925.01

In Witness Whereof, Wells Fargo & Company has caused this Certificate of Designation to be signed by Bryant Owens, its Senior Vice President and Assistant Treasurer, and John J. Muller, its Assistant Secretary, this 21st day of January, 2021.

Wells Fargo & Company

By: /s/ Bryant Owens

Bryant Owens, Senior Vice President and Assistant Treasurer

[As filed with the Delaware Secretary of State on January 22, 2021]

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WELLS FARGO & COMPANY

CERTIFICATE OF DESIGNATION

Pursuant to Section 151(g) of the
General Corporation Law
of the State of Delaware

**NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES CC
(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon Securities Committee I of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on January 27, 2021, in accordance with Section 141(f) of the General Corporation Law:

Resolved, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated October 25, 2016, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

RIGHTS AND PREFERENCES

Section 1. Designation. The shares of such series of Preferred Stock shall be designated Non-Cumulative Perpetual Class A Preferred Stock, Series CC, with no par value and a liquidation preference amount of \$25,000 per share (the "*Series CC Preferred Stock*"). Each share of Series CC Preferred Stock shall be identical in all respects to every other share of Series CC Preferred Stock except with respect to the date from which dividends may accrue. Series CC Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series CC Preferred Stock shall be 46,000. Such number may from time to time be increased (but

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not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series CC Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series CC Preferred Stock.

Section 3. Definitions. As used herein with respect to Series CC Preferred Stock:

"*Business Day*" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York.

"*Certificate of Designation*" means this Certificate of Designation relating to the Series CC Preferred Stock, as it may be amended from time to time.

"*Common Stock*" means the common stock of the Corporation, par value \$1 $\frac{2}{3}$ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

"*Depository Company*" has the meaning set forth in Section 6(d) hereof.

"*Dividend Payment Date*" has the meaning set forth in Section 4(a) hereof.

"Dividend Period" has the meaning set forth in Section 4(a) hereof.

"DTC" means The Depository Trust Company, together with its successors and assigns.

"Junior Stock" means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series CC Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"Liquidation Preference" has the meaning set forth in Section 5(a) hereof.

"Nonpayment Event" shall have the meaning set forth in Section 7(b).

"Parity Stock" means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series CC Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

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"Preference Stock" means any and all series of preference stock, having no par value, of the Corporation.

"Preferred Stock" means any and all series of preferred stock, having no par value, of the Corporation, including the Series CC Preferred Stock.

"Preferred Stock Directors" shall have the meaning set forth in Section 7(b).

"Regulatory Capital Treatment Event" means the Corporation's reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after January 25, 2021; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after January 25, 2021; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after January 25, 2021, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series CC Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series CC Preferred Stock is outstanding.

"Series CC Preferred Stock" has the meaning set forth in Section 1 hereof.

"Voting Parity Stock" means any Parity Stock having similar voting rights as the Series CC Preferred Stock.

Section 4. Dividends.

(a) Rate. Dividends on the Series CC Preferred Stock will not be mandatory. Holders of Series CC Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25,000 per share of the Series CC Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December of each year (commencing on March 15, 2021); provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay (each such day on which dividends are payable a "Dividend Payment Date"). A "Dividend Period" means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, February 1, 2021 to, but excluding, March 15, 2021. Dividends on each share of Series CC Preferred Stock will accrue at a rate *per annum* equal to 4.375%. The record date for payment of dividends on the Series CC Preferred Stock shall be the last Business Day of the calendar month immediately preceding the

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month during which the Dividend Payment Date falls or such other date as determined by the Corporation's Board of Directors. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

(b) Non-Cumulative Dividends. Dividends on shares of Series CC Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series CC Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series CC Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series CC Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

(c) Priority of Dividends. So long as any shares of Series CC Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common

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Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after January 25, 2021, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series CC Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after January 25, 2021, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business),

unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series CC Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series CC Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series CC Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series CC Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series CC Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

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Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series CC Preferred Stock shall not be entitled to participate in any such dividends.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series CC Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series CC Preferred Stock as to such distribution, a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series CC Preferred Stock shall not be entitled to any further payments

in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series CC Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series CC Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series CC Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Series CC Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed

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to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series CC Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after March 15, 2026, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series CC Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series CC Preferred Stock at the time outstanding, prior to March 15, 2026, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series CC Preferred Stock shall be \$25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

(b) Notice of Redemption. Notice of every redemption of shares of Series CC Preferred Stock shall be provided to a Depositary Company (as defined below), as sole holder of the Series CC Preferred Stock, pursuant to the applicable procedures of such Depositary Company. Such notice shall be provided at least 40 days and not more than 70 days before the date fixed for redemption. Any notice given as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure to duly give such notice, or any defect in such notice, to any holder of shares of Series CC Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series CC Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series CC Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series CC Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series CC Preferred Stock at the time outstanding, the shares of Series CC Preferred

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Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series CC Preferred Stock in proportion to the number of Series CC Preferred Stock held by such holders or in such other manner consistent with the rules and policies of the New York Stock Exchange as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series CC Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation

or any duly authorized committee of the Board of Directors (the “*Depository Company*”) in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

Section 7. Voting Rights.

(a) General. The holders of Series CC Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

(b) Right To Elect Two Directors Upon Nonpayment Events. Whenever dividends payable on any shares of Series CC Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a “*Nonpayment Event*”), the holders of the outstanding Series CC Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation’s Board of Directors at the Corporation’s

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next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the “*Preferred Stock Directors*”) by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series CC Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series CC Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series CC Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series CC Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series CC Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series CC Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series CC Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

(c) Other Voting Rights. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series CC Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series CC Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series CC Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by

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Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series CC Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation’s voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the By-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series CC Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or By-laws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation’s capital stock ranking senior to the Series CC Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation’s voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series CC Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series CC Preferred Stock will have no right to vote under this Section 7(c)(iv)

if in each case (a) the shares of Series CC Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series CC Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series CC Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series CC Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series CC Preferred Stock, and holders of the Series CC Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series CC Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series CC Preferred Stock will have 25 votes per share on any matter on which holders of the Series CC Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Series CC Preferred Stock shall be required pursuant to Section 7(b) or (c)

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above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series CC Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Series CC Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the By-laws, applicable law and any national securities exchange or other trading facility in which the Series CC Preferred Stock is listed or traded at the time.

Section 8. Preemption and Conversion. The holders of Series CC Preferred Stock shall not have any rights of preemption or rights to convert such Series CC Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Recquired Shares. Shares of Series CC Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

Section 10. No Sinking Fund. Shares of Series CC Preferred Stock are not subject to the operation of a sinking fund.

Section 11. Additional Classes or Series of Stock. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series CC Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series CC Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series CC Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

[Signature Page Follows]

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In Witness Whereof, Wells Fargo & Company has caused this Certificate of Designation to be signed by Bryant Owens, its Senior Vice President and Assistant Treasurer, and John J. Muller, its Assistant Secretary, this 28th day of January, 2021.

Wells Fargo & Company

By: /s/ Bryant Owens

Bryant Owens, Senior Vice President and Assistant Treasurer

/s/ John J. Muller

John J. Muller, Assistant Secretary

[As filed with the Delaware Secretary of State on January 28, 2021]

**DESCRIPTION OF SECURITIES REGISTERED PURSUANT TO
SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

DESCRIPTION OF COMMON STOCK, PREFERRED STOCK AND DEPOSITARY SHARES

The following description of our common stock, preferred stock and depositary shares is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our Restated Certificate of Incorporation and By-Laws, each of which is either filed or incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this exhibit is filed with, and applicable Delaware law. References to "we," "our" and "us" in this description mean Wells Fargo & Company.

DESCRIPTION OF COMMON STOCK

This section describes the general terms and provisions of the shares of our common stock.

Authorized Shares. We are authorized to issue up to 9,000,000,000 shares of common stock, par value \$1-2/3 per share.

Listing. Our common stock is listed on the New York Stock Exchange under the symbol "WFC." Equiniti Trust Company serves as the transfer agent and registrar for the common stock.

Dividends. Holders of common stock may receive dividends if, when and as declared by our board of directors out of our funds that we can legally use to pay dividends. We may pay dividends in cash, stock or other property. In certain cases, holders of common stock may not receive dividends until we have satisfied our obligations to any holders of outstanding preferred stock.

Voting Rights. Holders of common stock have the exclusive power to vote on all matters presented to our stockholders unless Delaware law or the certificate of designation for an outstanding series of preferred stock gives the holders of that preferred stock the right to vote on certain matters. Each holder of common stock is entitled to one vote per share. Holders of common stock have no cumulative voting rights for the election of directors. This means a holder of a single share of common stock cannot cast more than one vote for each position to be filled on our board of directors.

Other Rights. If we voluntarily or involuntarily liquidate, dissolve or wind up our business, holders of common stock will receive pro rata, according to shares held by them, any of our remaining assets available for distribution to stockholders after we have provided for payment of all debts and other liabilities, including any liquidation preference for outstanding shares of preferred stock. When we issue securities in the future, holders of common stock have no preemptive rights. This means the holders of common stock have no right, as holders of common stock, to buy any portion of those issued securities. Holders of our common stock have no rights to have their shares of common stock redeemed by us or to convert their shares of common stock into shares of any other class of our capital stock.

Fully Paid. The outstanding shares of common stock are fully paid and non-assessable. This means the full purchase price for the outstanding shares of common stock has been paid and the holders of such shares will not be assessed any additional amounts for such shares.

Restrictions on Payment of Dividends

We are incorporated in Delaware and are governed by the General Corporation Law of the State of Delaware. Delaware law allows a corporation to pay dividends only out of surplus, as determined under Delaware law, or, if there is no surplus, out of net profits for the fiscal year in which the dividend was declared and for the preceding fiscal year. However, under Delaware law, we can not pay dividends out of net profits if, after we pay the dividend, our capital would be less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of our assets.

As a bank holding company, our ability to pay dividends is affected by the ability of our bank and non-bank subsidiaries to pay dividends to us. Various federal laws limit the amount of dividends our national bank subsidiaries can pay to us without regulatory approval. State-chartered banks are subject to state regulations that limit dividends.

The terms of our outstanding junior subordinated debt securities prohibit us from declaring or paying any dividends or distributions on our capital stock, including our common stock, or purchasing, acquiring, or making a liquidation payment on such stock, if an event of default has occurred and is continuing under the applicable indenture, we are in default with respect to a guarantee payment under the guarantee of the related trust preferred securities or we have given notice of our election to defer interest payments but the related deferral period has not yet commenced or a deferral period is continuing. In addition, the terms of each of our outstanding series of preferred stock prohibit us from declaring or paying any dividends or distributions on our common stock unless all accrued and unpaid dividends for all completed dividend periods with respect to that preferred stock have been paid.

Anti-takeover Provisions Contained in the Certificate of Incorporation and By-laws

Certain provisions of Delaware law could make it more difficult for a third party to acquire control of us or have the effect of discouraging a third party from attempting to acquire control of us. For example, we are subject to Section 203 of the General Corporation Law of the State of Delaware, which would make it more difficult for another party to acquire us without the approval of our board of directors. Certain provisions of our restated certificate of incorporation, as amended, may make it less likely that our management would be changed or someone would acquire voting control of our company without our board's consent. These provisions may delay, deter or prevent tender offers or takeover attempts that stockholders may believe are in their best interests, including tender offers or attempts that might allow stockholders to receive premiums over the market price of their common stock.

Preferred Stock. Our board of directors can at any time, under our restated certificate of incorporation, as amended, and without stockholder approval, issue one or more new series of preferred stock. In some cases, the issuance of preferred stock without stockholder approval could discourage or make more difficult attempts to take control of our company through a merger, tender offer, proxy contest or otherwise. Preferred stock with special voting rights or other features issued to persons favoring our management could stop a takeover by preventing the person trying to take control of our company from acquiring enough voting shares necessary to take control.

Nomination Procedures. In addition to our board of directors, stockholders can nominate candidates for election to our board of directors. However, a stockholder must follow the advance notice procedures described in Section 3.11 of our by-laws, as amended. In general, a stockholder must deliver a written notice of the nomination to our chief executive officer and our corporate secretary at least 90 days but not more than 120 days prior to the first anniversary of the preceding year's annual meeting for consideration at an annual meeting or, for consideration at a special meeting, at least 90 days but not more than 120 days prior to the date of such meeting or, if our first public announcement of the date of such special meeting is less than 100 days prior to the date of such special meeting, then during the 10 days following our public announcement. Subject to all of the terms and conditions specified in the by-laws, an eligible stockholder (or a group of up to 20 eligible stockholders) who has continuously owned for three years at least three percent of our outstanding shares may also nominate and include in our proxy materials nominees constituting up to the greater of two directors and 20 percent of the board of directors. A stockholder must deliver written notice of the proxy access nomination to our corporate secretary at least 120 days prior to the first anniversary of the filing date of our definitive proxy statement for the preceding year's annual meeting and no earlier than 150 days prior to such date.

Proposal Procedures. Stockholders can propose that business other than nominations to our board of directors be considered at an annual meeting of stockholders only if a stockholder follows the advance notice procedures described in our by-laws, as amended. In general, a stockholder must submit a written notice of the proposal and the stockholder's interest in the proposal to our chief executive officer and our corporate secretary at least 90 days but not more than 120 days prior to the first anniversary of the preceding year's annual meeting. Stockholders seeking to have a stockholder proposal considered for inclusion in our annual proxy statement must comply with the requirements of Rule 14a-8 of the federal proxy rules.

Stockholder Requested Special Meetings. Our by-laws provide procedures pursuant to which record holders of not less than 20 percent of the voting power of issued and outstanding shares of our common stock may request that the board of directors call a special meeting of stockholders. Our by-laws impose certain informational and procedural requirements on stockholders requesting

such a meeting (including the provision of the same information required by the advance notice procedures described in Section 3.11 of our by-laws), as well as provisions designed to avoid the calling of a special meeting to conduct the same or similar business that was recently addressed or soon will be addressed at another stockholder meeting or that would be held close in time to our annual meeting.

Amendment of By-laws. Under our by-laws and restated certificate of incorporation, as amended, our board of directors can adopt, amend or repeal the by-laws, subject to limitations under the General Corporation Law of the State of Delaware or in the by-laws, as amended. Under the General Corporation Law of the State of Delaware, our stockholders also have the power to change or repeal our by-laws.

DESCRIPTION OF PREFERRED STOCK

This section describes the general terms and provisions of our preferred stock and related depositary shares.

General. Pursuant to our restated certificate of incorporation, as amended, our board of directors has the authority, without further stockholder action, to issue a maximum of 24,000,000 shares of preferred stock, consisting of a maximum of 20,000,000 shares of preferred stock without par value and a maximum of 4,000,000 shares of preference stock without par value. Our board of directors has the authority to determine or fix the following terms with respect to shares of any series of preferred stock: the number of shares and designation or title of the shares; dividend rights; whether and upon what terms the shares will be redeemable; the rights of the holders upon our dissolution or upon the distribution of our assets; whether and upon what terms the shares will have a purchase, retirement or sinking fund; whether and upon what terms the shares will be convertible; the voting rights, if any, which will apply; provided, however, that holders of preference stock will not be entitled to more than one vote per share; and any other preferences, rights, limitations or restrictions of the series.

Series L Preferred Stock. Our Series L preferred ranks senior to our common stock and to any other securities that we may issue in the future that are subordinate to the Series L preferred stock.

Dividends on shares of our Series L preferred stock are not cumulative. Holders of the Series L preferred stock are entitled to receive, if, as and when declared by our board of directors out of legally available assets, non-cumulative cash dividends on the Liquidation Preference, which is \$1,000 per share of our Series L preferred stock. These dividends are payable at a rate per annum equal to 7.50%, quarterly in arrears on each March 15, June 15, September 15 and December 15, each a “Dividend Payment Date”, from and including the date of issuance. The right of holders of our Series L preferred stock to receive dividends is non-cumulative.

When dividends are not paid in full upon the Series L preferred stock and any parity stock, all dividends upon shares of the Series L preferred stock and such parity stock will be declared on a proportional basis, based upon the ratio of the amount of dividends declared on each series to the amount that if declared would be full dividends (including accrued and unpaid dividends as to any parity stock that bears dividends on a cumulative basis) through the next succeeding applicable dividend payment date.

Our Series L preferred stock is not redeemable and is not subject to any sinking fund or other obligation to redeem, repurchase or retire the Series L preferred stock.

Each share of our Series L preferred stock may be converted at any time, at the option of the holder, into 6.3814 shares of our common stock plus cash in lieu of fractional shares, subject to anti-dilution adjustments (such rate or adjusted rate, the “conversion rate”).

On or after March 15, 2013, we may, at our option, at any time or from time to time cause some or all of the Series L preferred stock to be converted into shares of our common stock at the then applicable conversion rate if, for 20 trading days within any period of 30 consecutive trading days, including the last trading day of such period, the closing price of our common stock exceeds 130% of the then applicable conversion price of the Series L preferred stock. We will provide notice of our decision to exercise our right to cause the mandatory conversion within three trading days of the end of the 30 consecutive trading day period. The applicable conversion price at any given time will be computed by dividing \$1,000 by the applicable conversion rate at such time.

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Notwithstanding the foregoing, no holder of our Series L preferred stock will be entitled to receive shares of our common stock upon conversion to the extent (but only to the extent) that such receipt would cause such converting holder to become, directly or indirectly, a “beneficial owner” (within the meaning of Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder) of more than 9.9% of the shares of our common stock outstanding at such time. Any purported delivery of shares of our common stock upon conversion of the Series L preferred stock shall be void and have no effect to the extent, but only to the extent, that such delivery would result in the converting holder becoming the beneficial owner of more than 9.9% of the shares of our common stock outstanding at such time. If any delivery of shares of our common stock owed to a holder upon conversion of the Series L preferred stock is not made, in whole or in part, as a result of this limitation, our obligation to make such delivery shall not be extinguished and we shall deliver such shares as promptly as practicable after any such converting holder gives notice to us that such delivery would not result in it being the beneficial owner of more than 9.9% of the shares of our common stock outstanding at such time. This limitation on beneficial ownership shall not constrain in any event our ability to exercise our right to cause the Series L preferred stock to convert mandatorily.

The following provisions will apply if, prior to the conversion date, one of the following events occur prior to the conversion date for shares of our Series L preferred stock:

- a “person” or “group” within the meaning of Section 13(d) of the Exchange Act files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect ultimate “beneficial owner,” as defined in Rule 13d-3 under the Exchange Act, of our common equity representing more than 50% of the voting power of our common stock; or
- consummation of any consolidation or merger or similar transaction or any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of us and our subsidiaries, taken as a whole, to any person other than one of our subsidiaries, in each case pursuant to which our shares of common stock will be converted into cash, securities or other property, other than pursuant to a transaction in which the persons that “beneficially owned” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, voting shares immediately prior to such transaction beneficially own, directly or indirectly, voting shares representing a majority of the total voting power of all outstanding classes of voting shares of the continuing or surviving person immediately after the transaction.

These transactions are referred to as “make-whole acquisitions.” However, a make-whole acquisition will not be deemed to have occurred if at least 90% of the consideration (as determined by our board of directors) received by holders of our common stock in the transaction or transactions consists of shares of common stock or American depository receipts in respect of common stock that are traded on a U.S. national securities exchange or a securities exchange in the European Economic Area or that will be traded on a U.S. national securities exchange or on securities exchanges in the European Economic Area when issued or exchanged in connection with a make-whole acquisition.

The phrase “all or substantially all” of our assets is likely to be interpreted by reference to applicable state law at the relevant time, and will be dependent on the facts and circumstances existing at such time. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer is of “all or substantially all” of our assets.

Upon a make-whole acquisition, we will, under certain circumstances, increase the conversion rate in respect of any conversions of the Series L preferred stock that occur during the period (make-whole acquisition conversion period) beginning on the

effective date of the make-whole acquisition (effective date) and ending on the date that is 30 days after the effective date, by a number of additional shares of our common stock (make-whole shares) as described below.

We will notify holders, at least 20 days prior to the anticipated effective date of such make-whole acquisition, or within two business days of becoming aware of a make-whole acquisition described in the first bullet of the definition of “make-whole acquisition,” of the anticipated effective date of such transaction. The notice will specify the anticipated effective date of the make-whole acquisition and the date by which each holder’s make-whole acquisition conversion right must be exercised, which shall be 30 days after the effective date of the make-whole acquisition. We will also notify holders on the effective date of such make-whole acquisition, or as soon as practicable thereafter, specifying, among other things, the date that is 30 days after the effective date, the number of make-whole shares and the amount of the cash, securities and other consideration receivable by the holder upon conversion. To exercise the make-whole acquisition conversion right, a holder must deliver to the conversion agent, on or before the close of business on the date

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specified in the notice, the certificate evidencing such holder’s shares of the Series L preferred stock, if the Series L preferred stock is held in certificated form. If a holder’s interest is a beneficial interest in a global certificate representing our Series L preferred stock, in order to convert a holder must comply with certain conversion procedures and comply with the depositary’s procedures for converting a beneficial interest in a global security. The date that the holder complies with these requirements is referred to as the “make-whole conversion date”. If a holder does not elect to exercise the make-whole acquisition conversion right within the specified period, such holder’s shares of the Series L preferred stock will remain outstanding until otherwise converted but will not be eligible to receive make-whole shares.

The following table sets forth the number of make-whole shares per share of our Series L preferred stock for each stock price and effective date set forth below:

Effective Date	Make-Whole Acquisition Stock Price											
	\$120.54	\$125.57	\$138.12	\$150.68	\$156.71	\$175.79	\$203.72	\$226.02	\$251.13	\$301.36	\$401.81	\$502.26
April 17, 2008	1.9153	1.8855	1.5191	1.111	0.9497	0.6471	0.3962	0.2847	0.2091	0.1354	0.0757	0.0458
March 15, 2009	1.9153	1.8775	1.5052	1.0951	0.9437	0.6331	0.3763	0.2588	0.1852	0.1175	0.0697	0.0438
March 15, 2010	1.9153	1.8397	1.4913	1.0871	0.9378	0.6073	0.3365	0.221	0.1533	0.0956	0.0577	0.0358
March 15, 2011	1.9153	1.7899	1.4694	1.0731	0.9238	0.5794	0.2887	0.1712	0.1075	0.0657	0.0398	0.0259
March 15, 2012	1.9153	1.7561	1.4355	1.0652	0.9139	0.5356	0.2051	0.0896	0.0458	0.0299	0.0199	0.0119
March 15, 2013	1.9153	1.6704	1.4275	1.0592	0.9119	0.5097	0.0916	0	0	0	0	0
Thereafter	1.9153	1.6704	1.4275	1.0592	0.9119	0.5097	0.0916	0	0	0	0	0

The number of make-whole shares will be determined by reference to the table above and is based on the effective date and the price (“stock price”) paid per share of our common stock in such transaction. If the holders of our common stock receive only cash (in a single per-share amount, other than with respect to appraisal and similar rights) in the make-whole acquisition, the stock price shall be the cash amount paid per share. For purposes of the preceding sentence as applied to a make-whole acquisition described in the first bullet of the definition of that term, a single price per share shall be deemed to have been paid only if the transaction or transactions that caused the person or group to become direct or indirect ultimate beneficial owners of our common equity representing more than 50% of the voting power of our common stock was a tender offer for more than 50% of our outstanding common stock. Otherwise, the stock price shall be the average of the closing price per share of our common stock on the 10 trading days up to but not including the effective date.

The stock prices set forth in the first row of the table (the column headers) will be adjusted as of any date on which the conversion rate of the Series L preferred stock is adjusted. The adjusted stock prices will equal the stock prices applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the conversion rate immediately prior to the adjustment giving rise to the stock price adjustment and the denominator of which is the conversion rate as so adjusted. Each of the number of make-whole shares in the table will be subject to adjustment in the same manner as the conversion rate as set forth below in our description of anti-dilution rate adjustments.

In lieu of receiving the make-whole shares, if the reference price (as defined below) in connection with a make-whole acquisition is less than \$120.54 (a fundamental change), a holder may elect to convert each share of our Series L preferred stock during the period beginning on the effective date of the fundamental change and ending on the date that is 30 days after the effective date of the fundamental change at an adjusted conversion price equal to the greater of (1) the reference price and (2) \$60.27 (base price). The base price will be adjusted as of any date that the conversion rate of the Series L preferred stock is adjusted. The adjusted base price will equal the base price applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the conversion rate immediately prior to the adjustment giving rise to the conversion rate adjustment and the denominator of which is the conversion rate as so adjusted. If the reference price is less than the base price, holders will receive a maximum of 16.5916 shares of our common stock per share of our Series L preferred stock, subject to adjustment, which may result in a holder receiving value that is less than the liquidation preference of the Series L preferred stock. In lieu of issuing our common stock upon conversion in the event of a fundamental change, we may at our option, and if we obtain any necessary regulatory approval, make a cash payment equal to the reference price for each share of our common stock otherwise issuable upon conversion. The “reference price” is the “stock price” as defined above.

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To exercise the fundamental change conversion right, a holder must comply with certain conversion procedures on or before the date that is 30 days following the effectiveness of the fundamental change and indicate that it is exercising the fundamental change conversion right. If a holder does not elect to exercise the fundamental change conversion right, such holder will not be eligible to convert such holder's shares at the base price and such holder's shares of the Series L preferred stock will remain outstanding until otherwise converted.

We will notify holders, at least 20 days prior to the anticipated effective date of a fundamental change, or within two business days of becoming aware of a make-whole acquisition described in the first bullet of the definition of "make-whole acquisition," of the anticipated effective date of such transaction. The notice will specify the anticipated effective date of the fundamental change and the date by which each holder's fundamental change conversion right must be exercised. We will also provide notice to holders on the effective date of a fundamental change, or as soon as practicable thereafter, specifying, among other things, the date that is 30 days after the effective date, the adjusted conversion price following the fundamental change and the amount of the cash, securities and other consideration receivable by the holder upon conversion. To exercise the fundamental change conversion right, a holder must comply with certain conversion procedures on or before the date that is 30 days following the effectiveness of the fundamental change and indicate that it is exercising the fundamental change conversion right. If a holder does not elect to exercise the fundamental change conversion right within such period, such holder will not be eligible to convert such holder's shares at the base price and such holder's shares of Series L preferred stock will remain outstanding (subject to the holder electing to convert such holder's shares).

In the event of:

(1) our consolidation or merger with or into another person in each case pursuant to which our common stock will be converted into cash, securities or other of our property or another person;

(2) any sale, transfer, lease or conveyance to another person of all or substantially all of the consolidated assets of us and our subsidiaries, taken as a whole, in each case pursuant to which our common stock will be converted into cash, securities or other property;

(3) any reclassification of our common stock into securities, including securities other than our common stock; or

(4) any statutory exchange of our securities with another person (other than in connection with a merger or acquisition)

each of which is referred to as a "reorganization event," each share of our Series L preferred stock outstanding immediately prior to such reorganization event will, without the consent of the holders of the Series L preferred stock, become convertible into the types and amounts of securities, cash and other property receivable in such reorganization event by a holder of the shares of our common stock that was not the counterparty to the reorganization event or an affiliate of such other party (such securities, cash and other property, the "exchange property"). In the event that holders of our common stock have the opportunity to elect the form of consideration to be received in such transaction, the consideration that the holders of the Series L preferred stock entitled to receive will be deemed to be the types and amounts of consideration received by the majority of the holders of the shares of our common stock that affirmatively make an election. Holders have the right to convert their shares of our Series L preferred stock in the event of certain acquisitions. In connection with certain reorganization events, holders of the Series L preferred stock may have the right to vote as a class.

The conversion rate will be adjusted, without duplication, if certain events occur:

(1) the issuance of our common stock as a dividend or distribution to all holders of our common stock, or a subdivision or combination of our common stock (other than in connection with a transaction constituting a reorganization event), in which event the conversion rate will be adjusted based on the following formula:

$$CR1 = CR0 \times (OS1 / OS0)$$

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where,

CR0 = the conversion rate in effect at the close of business on the record date

CR1 = the conversion rate in effect immediately after the record date

OS0 = the number of shares of our common stock outstanding at the close of business on the record date prior to giving effect to such event

OS1 = the number of shares of our common stock that would be outstanding immediately after, and solely as a result of, such event

(2) the issuance to all holders of our common stock of certain rights or warrants (other than rights issued pursuant to a shareholder rights plan or rights or warrants issued in connection with a transaction constituting a reorganization event) entitling them for a period expiring 60 days or less from the date of issuance of such rights or warrants to purchase shares of our common stock (or securities convertible into our common stock) at less than (or having a conversion price per share less than) the current market price of our common stock as of the record date, in which event the conversion rate will be adjusted based on the following formula:

$$CR1 = CR0 \times [(OS0 + X) / (OS0 + Y)]$$

where,

CR0 = the conversion rate in effect at the close of business on the record date
 CR1 = the conversion rate in effect immediately after the record date
 OS0 = the number of shares of our common stock outstanding at the close of business on the record date
 X = the total number of shares of our common stock issuable pursuant to such rights or warrants (or upon conversion of such securities)
 Y = the number of shares equal to quotient of the aggregate price payable to exercise such rights or warrants (or the conversion price for such securities paid upon conversion) divided by the average of the volume-weighted average price of our common stock over each of the ten consecutive volume-weighted average price trading days prior to the Business Day immediately preceding the announcement of the issuance of such rights or warrants

(3) the dividend or other distribution to all holders of our common stock of shares of our capital stock (other than common stock) or evidences of our indebtedness or our assets (excluding any dividend, distribution or issuance covered by clauses (1) or (2) above or (4) below, any dividend or distribution in connection with a transaction constituting a reorganization event or any spin-off to which the provisions set forth below in this clause (3) apply) in which event the conversion rate will be adjusted based on the following formula:

$$CR1 = CR0 \times [SP0 / (SP0 - FMV)]$$

where,

CR0 = the conversion rate in effect at the close of business on the record date
 CR1 = the conversion rate in effect immediately after the record date
 SP0 = the current market price as of the record date
 FMV = the fair market value (as determined by our board of directors) on the record date of the shares of capital stock, evidences of indebtedness or assets so distributed, applicable to one share of our common stock

However, if the transaction that gives rise to an adjustment pursuant to this clause (3) is one pursuant to which the payment of a dividend or other distribution on our common stock consists of shares of capital stock of, or similar equity interests in, one of our subsidiaries or one of our other business units (i.e., a spin-off) that are, or, when issued, will be, traded or quoted on the New York Stock Exchange, the Nasdaq Stock Market or any other national or regional securities exchange or market, then the conversion rate will instead be adjusted based on the following formula:

$$CR1 = CR0 \times [(FMV0 + MP0) / MP0]$$

where,

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CR0 = the conversion rate in effect at the close of business on the record date
 CR1 = the conversion rate in effect immediately after the record date

FMV0 = the average of the volume-weighted average price of the capital stock or similar equity interests distributed to holders of our common stock applicable to one share of our common stock over each of the ten consecutive volume-weighted average price trading days commencing on and including the third volume-weighted average price trading day after the date on which "ex-distribution trading" commences for such dividend or distribution on the New York Stock Exchange or such other national or regional exchange or association or over-the-counter market or if not so traded or quoted, the fair market value of the capital stock or similar equity interests distributed to holders of our common stock applicable to one share of our common stock as determined by our board of directors

MP0 = the average of the volume-weighted average price of our common stock over each of the ten consecutive volume-weighted average price trading days commencing on and including the third volume-weighted average price trading day after the date on which "ex-distribution trading" commences for such dividend or distribution on the New York Stock Exchange or such other national or regional exchange or association or over-the-counter market on which our common stock is then traded or quoted

(4) We make a distribution consisting exclusively of cash to all holders of our common stock, excluding (a) any regular cash dividend on our common stock to the extent that the aggregate regular cash dividend per share of our common stock does not exceed \$0.375 / 0.1991 in any fiscal quarter (the dividend threshold amount) and (b) any consideration payable in connection with a tender or exchange offer made by us or any of its subsidiaries referred to in clause (5) below, in which event, the conversion rate will be adjusted based on the following formula:

$$CR1 = CR0 \times [SP0 / (SP0 - C)]$$

where,

CR0 = the conversion rate in effect at the close of business on the record date
 CR1 = the conversion rate in effect immediately after the record date

- SP0 = the current market price as of the record date
- C = the amount in cash per share equal to (1) in the case of a regular quarterly dividend, the amount we distribute to holders or pay, less the dividend threshold amount or (2) in any other case, the amount we distribute to holders or pay

The dividend threshold amount is subject to adjustment on an inversely proportional basis whenever the conversion rate is adjusted, provided that no adjustment will be made to the dividend threshold amount for any adjustment made to the conversion rate pursuant to this clause (4).

(5) We or one or more of our subsidiaries make purchases of our common stock pursuant to a tender offer or exchange offer by us or one of our subsidiaries for our common stock to the extent that the cash and value (as determined by our board of directors) of any other consideration included in the payment per share of our common stock validly tendered or exchanged exceeds the volume-weighted average price per share of our common stock on the volume-weighted average price trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer (expiration date), in which event the conversion rate will be adjusted based on the following formula:

$$CR1 = CR0 \times [(FMV + (SP1 \times OS1) / (SP1 \times OS0)]$$

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where,

- CR0 = the conversion rate in effect at the close of business on the expiration date
- CR1 = the conversion rate in effect immediately after the expiration date
- FMV = the fair market value (as determined by our board of directors), on the expiration date, of the aggregate value of all cash and any other consideration paid or payable for shares validly tendered or exchanged and not withdrawn as of the expiration date
- OS1 = the number of shares of our common stock outstanding as of the last time tenders or exchanges may be made pursuant to such tender or exchange offer (expiration time) less any purchased shares
- OS0 = the number of shares of our common stock outstanding at the expiration time, including any purchased shares
- SP1 = the average of the volume-weighted average price of common stock over each of the ten consecutive volume-weighted average price trading days commencing with the volume-weighted average price trading day immediately after the expiration date

“Record date” means, for purpose of a conversion rate adjustment, with respect to any dividend, distribution or other transaction or event in which the holders of our common stock have the right to receive any cash, securities or other property or in which our common stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of holders of our common stock entitled to receive such cash, securities or other property (whether such date is fixed by our board of directors or by statute, contract or otherwise).

“Current market price” of our common stock on any day, means the average of the volume-weighted average price of our common stock over each of the ten consecutive volume-weighted average price trading days ending on the earlier of the day in question and the day before the ex-date or other specified date with respect to the issuance or distribution requiring such computation, appropriately adjusted to take into account the occurrence during such period of any event described in clauses (1) through (5) above. For purposes of the foregoing, “ex-date” means the first date on which the shares of our common stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive an issuance or distribution.

In the event of our voluntary or involuntary dissolution, winding up and liquidation, the holders of the Series L preferred stock are entitled to receive a liquidating distribution in the amount of the liquidation preference of \$1,000 per share, plus any authorized, declared and unpaid dividends for the then-current dividend period to the date of liquidation, out of our assets legally available for distribution to our stockholders, before any distribution is made to holders of our common stock or any securities ranking junior to the Series L preferred stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with the Series L preferred stock upon liquidation and the rights of our creditors. If the amounts available for distribution upon our dissolution, winding up and liquidation are not sufficient to satisfy the full liquidation rights of all the outstanding Series L preferred stock and all stock ranking equal to the Series L preferred stock, then the holders of each series of our Series L preferred stock will share ratably in any distribution of assets in proportion to the full respective preferential amount to which they are entitled. After the full amount of the liquidation preference is paid, the holders of our Series L preferred stock will not be entitled to any further participation in any distribution of our assets.

Holders of our Series L preferred stock do not have any voting rights and are not entitled to elect any directors, except as required by law and except for the special voting rights provided for below.

If we fail to pay, or declare and set aside for payment, full dividends on the Series L preferred stock or any other class or series of voting parity stock for six dividend periods or their equivalent (whether or not consecutive), the authorized number of directors serving on our board of directors will be increased by two. Subject to satisfaction of certain qualifications for persons serving as

directors pursuant to regulations of any securities exchange on which our securities are then listed or traded, the holders of our Series L preferred stock, voting together as a single and separate class with the holders of all outstanding voting parity stock on which dividends likewise have not been paid, will have the right to elect two directors in addition to the directors then in office at our next annual meeting of shareholders. When dividends have been paid in full on the Series L preferred stock and any and all voting parity stock for at least four consecutive dividend periods or their equivalent, then the right of the holders of our Series L preferred stock to elect directors shall cease (but subject always to revesting of such voting rights in the case of any future nonpayment of dividends), and, if and when all rights of holders of our Series L preferred stock and voting parity stock to elect directors shall have ceased, the terms of office of all the directors elected by preferred stock holders under this provision shall forthwith terminate and the number of directors constituting the board of directors shall automatically be reduced accordingly.

So long as any shares of our Series L preferred stock are outstanding, the vote or consent of the holders of at least 66 2/3% of the shares of our Series L preferred stock at the time outstanding, voting as a class with all other series of preferred stock ranking equally with the Series L preferred stock and entitled to vote thereon, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, will be necessary for effecting or validating any of the following actions, whether or not such approval is required by Delaware law:

- any amendment, alteration or repeal of any provision of our restated certificate of incorporation, as amended (including the certificates of designations creating the Series L preferred stock) or our by-laws that would alter or change the voting powers, preferences or special rights of the holders of the Series L preferred stock so as to affect them adversely;
- any amendment or alteration of our restated certificate of incorporation, as amended, to authorize or create, or increase the authorized amount of, or any issuance of any shares of, or any securities convertible into shares of, any class or series of our capital stock ranking prior to the Series L preferred stock in the payment of dividends or in the distribution of assets on our liquidation, dissolution or winding up; or
- the consummation of a binding share exchange or reclassification involving the Series L preferred stock or a merger or consolidation with another entity, except holders of our Series L preferred stock will have no right to vote under this provision or otherwise under Delaware law if, in each case, (i) the Series L preferred stock remains outstanding or, in the case of any such merger or consolidation with respect to which we are not the surviving or resulting entity, is converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (ii) such Series L preferred stock remaining outstanding or such preference securities, as the case may be, has such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series L preferred stock, taken as a whole;

except that any authorization, creation or increase in the authorized amount of or issuance of our Series L preferred stock or any class or series of parity stock or junior stock or any securities convertible into any class or series of parity stock (whether dividends payable in respect of such parity stock are cumulative or non-cumulative) or junior stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the holders of the Series L preferred stock, and, notwithstanding any provision of Delaware law, holders of the Series L preferred stock shall have no right to vote thereon.

Series N Preferred Stock. Our Non-Cumulative Perpetual Class A Preferred Stock, Series N, which we refer to as our “Series N preferred stock,” with no par value, ranks senior to our common stock and to any other securities that we may issue in the future that are expressly made junior to our Series N preferred stock, as to payment of dividends and/or distribution of assets upon our liquidation, dissolution or winding up. The Series N preferred stock ranks equally with our Parity Stock (as such term is defined in the certificate of designation for the Series N preferred stock) as to payment of dividends and distribution of assets upon our liquidation, dissolution or winding up.

Dividends on shares of our Series N preferred stock are not mandatory. Holders of our Series N preferred stock are entitled to receive, when, as and if declared by our board of directors or any duly authorized committee of our board of directors out of legally available assets, non-cumulative cash dividends on the liquidation preference amount, which is \$25,000 per share of Series N preferred stock. These dividends accrue at a rate per annum equal to 5.20%, payable quarterly in arrears on each March 15, June 15, September 15 and December 15. The right of holders of our Series N preferred stock to receive dividends is non-cumulative. The Series N preferred stock was issued on August 16, 2012, and the first dividend payment date was December 15, 2012.

To the extent we declare dividends on the Series N preferred stock and on any other Parity Stock but cannot make full payment of those declared dividends, we will allocate the dividend payments on a proportional basis among the holders of shares of Series N preferred stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights. No interest will be payable in respect of any dividend payment that may be in arrears.

We cannot pay dividends on our common stock or other securities ranking junior to the Series N preferred stock or repurchase, redeem or otherwise acquire for consideration shares of our common stock, other securities ranking junior to the Series N preferred stock or Parity Stock, subject to certain exceptions, unless the full dividends for the then-current period on all outstanding

shares of Series N preferred stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

We, at the option of our board of directors or any duly authorized committee of our board of directors, may redeem, subject to the prior approval of the Board of Governors of the Federal Reserve System (the “FRB”), the Series N preferred stock, in whole or in part, on any dividend payment date on or after September 15, 2017. In addition, within 90 days of our good faith determination that a Regulatory Capital Treatment Event (as such term is defined in the certificate of designation for the Series N preferred stock), we, at the option of our board of directors or any duly authorized committee of the board of directors, may, subject to approval of the appropriate federal banking agency, redeem in whole, but not in part, the shares of Series N preferred stock at the time outstanding prior to September 15, 2017. Any redemption shall be at the redemption price of \$25,000 per share plus an amount equal to any dividends that have been declared but not paid to the redemption date without accumulation of any undeclared dividends.

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of our Series N preferred stock are entitled to receive a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends that have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation, out of our assets legally available for distribution to our stockholders, before any distribution is made to holders of our common stock or any securities ranking junior to the Series N preferred stock and subject to the rights of the holders of Parity Stock or any of our stock rankings senior to the Series N preferred stock as to such distribution and the rights of our depositors and other creditors.

Holders of our Series N preferred stock do not have any voting rights and are not entitled to elect any directors, except as required by law and except for the voting rights provided for below.

Whenever dividends payable on any shares of Series N preferred stock or any class or series of Voting Parity Stock (as such term is defined in the certificate of designation for the Series N preferred stock) have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly dividend periods or their equivalent, whether or not for consecutive dividend periods, the holders of our Series N preferred stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of our board of directors at our next annual meeting of stockholders and at each subsequent meeting of stockholders, by a plurality of votes cast; *provided that* our board of directors shall at no time include more than two such directors and including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights. Upon the vesting of such right of such holders, the maximum authorized number of members of our board of directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series N preferred stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of Series N preferred stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series N preferred stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect such directors shall continue until such time as we have paid in full dividends for the equivalent of at least four quarterly dividend periods or their equivalent, at which time such right with respect to the Series N preferred stock shall terminate, except as provided by law, and subject to re-vesting in the event of each and every subsequent nonpayment of dividends. Upon any termination of the right of the holders of all shares of Series N preferred stock and Voting Parity Stock to vote for directors, the term of office of all such directors then in office elected by only those holders voting as a class shall terminate immediately. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders shall have expired, the number of directors shall be such number as may be provided for in our by-laws.

In addition to any other vote required by law or our restated certificate of incorporation, as amended, so long as any shares of our Series N preferred stock are outstanding, the vote or consent of the holders of the outstanding shares of our Series N preferred stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series N preferred stock and such Voting Parity Stock, voting together as a class, given in person or

by proxy, either in writing without a meeting or at any meeting called for the purpose, will be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law:

- the issuance of any series of preferred stock or preference stock ranking senior to the Series N preferred stock with respect to either the payment of dividends or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up;
- any amendment, alteration or repeal of any provision of our restated certificate of incorporation, as amended (including the certificate of designation relating to the Series N preferred stock) or our by-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series N preferred stock;
- any amendment or alteration of our restated certificate of incorporation, as amended, or by-laws to authorize, create or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of our capital stock ranking senior to the Series N preferred stock with respect to either payment of dividends or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up; or

• the consummation of a reclassification involving the Series N preferred stock or a merger or consolidation with another corporation or other entity, except holders of the Series N preferred stock will have no right to vote under this provision if in each case (i) the shares of Series N preferred stock remain outstanding or, in the case of any such merger or consolidation with respect to which we are not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (ii) such shares of Series N preferred stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series N preferred stock, taken as a whole;

provided, however, that any authorization, creation or increase in the authorized amount of or issuance of our Series N preferred stock or any class or series of Parity Stock or securities ranking junior to the Series N preferred stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or securities ranking junior to the Series N preferred stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series N preferred stock, and holders of the Series N preferred stock shall have no right to vote thereon.

If an amendment, alteration, repeal, reclassification, merger or consolidation described above would adversely affect one or more but not all series of voting preferred stock (including the Series N preferred stock for this purpose), then only those series affected and entitled to vote shall vote as a class in lieu of all such series of preferred stock.

Each holder of the Series N preferred stock will have 25 votes per share on any matter on which holders of the Series N preferred stock are entitled to vote, whether separately or together with any other series of our stock (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

Series N Depositary Shares. Each Series N depositary share issued by us represents a 1/1,000th interest in one share of our Series N preferred stock. The shares of our Series N preferred stock are deposited with Equiniti Trust Company, as depositary. Pursuant to the deposit agreement, the depositary issued Series N depositary shares, which are evidenced by depositary receipts.

Equiniti Trust Company acts as transfer agent and registrar and paying agent with respect to the Series N depositary shares. The depositary's office at which the depositary receipts are administered is located at Equiniti Trust Company, 1110 Centre Pointe Curve, Suite 101, Mendota Heights, MN 55120.

The Series N depositary shares were issued in book-entry form through DTC. This means that actual depositary receipts will not be issued, except in limited circumstances. This means that the Series N depositary shares will be in the form of a single global depositary receipt deposited with a DTC nominee. Each beneficial holder must rely on the procedures of DTC and if the Series N

depositary shares are held through a broker or financial institution nominee, the beneficial holder must rely on the procedures of such broker or financial institution to assert the rights of a depositary receipt holder described in this section.

The depositary will distribute all cash dividends or other cash distributions received on the Series N preferred stock to the holders of record of Series N depositary shares in proportion to the numbers of such depositary shares owned by each holder. In the event of a distribution other than in cash, the depositary will distribute property received by it to the holders of record of the Series N depositary shares in proportion to the number of Series N depositary shares held by each holder, unless the depositary determines that it is not feasible to make such distribution, in which case the depositary may, with our approval, adopt a method of distribution that it deems practicable, including the sale of such property and distribution of the net proceeds from such sale to such holders.

Record dates for the payment of dividends and other matters relating to the Series N depositary shares are the same as the corresponding record dates for the Series N preferred stock.

The amounts distributed to holders of the Series N depositary shares will be reduced by any amounts required to be withheld by the depositary or by us on account of taxes or other governmental charges.

If the Series N preferred stock underlying the Series N depositary shares is redeemed (i) after September 15, 2017, in whole or in part, or (ii) prior to September 15, 2017 in whole, but not in part, due to the occurrence of a Regulatory Capital Treatment Event, Series N depositary shares will be redeemed with the proceeds received by the depositary from the redemption of the Series N preferred stock held by the depositary. The redemption price per Series N depositary share will be equal to 1/1,000th of the applicable redemption price per share payable with respect to such Series N preferred stock (or \$25 per Series N depositary share), plus an amount equal to any declared and unpaid dividends, without accumulation of any undeclared dividends. If less than all the Series N preferred stock is redeemed after September 15, 2017, the Series N depositary shares to be redeemed will be selected pro rata, or in any other manner determined by the depositary to be fair and equitable.

When the depositary receives notice of any meeting at which the holders of the Series N preferred stock are entitled to vote, the depositary will mail, or otherwise transmit by an authorized method, the information contained in the notice and any accompanying proxy material to the record holders of the Series N depositary shares relating to the Series N preferred stock. Each record holder of the Series N depositary shares on the record date, which will be the same date as the record date for the Series N preferred stock, may instruct the depositary to vote the amount of the Series N preferred stock represented by the holder's Series N depositary shares. To the extent possible, the depositary will vote the amount of the Series N preferred stock represented by the Series N depositary shares in accordance with the instructions it receives. We will agree to take all reasonable actions that the depositary determines are

necessary to enable the depositary to vote as instructed. If the depositary does not receive specific instructions from the holders of any Series N depositary shares representing the Series N preferred stock, it will not vote the amount of Series N preferred stock represented by such Series N depositary shares.

Series O Preferred Stock. Our Non-Cumulative Perpetual Class A Preferred Stock, Series O, which we refer to as our “Series O preferred stock,” with no par value, ranks senior to our common stock and to any other securities that we may issue in the future that are expressly made junior to our Series O preferred stock, as to payment of dividends and/or distribution of assets upon our liquidation, dissolution or winding up. The Series O preferred stock ranks equally with our Parity Stock (as such term is defined in the certificate of designation for the Series O preferred stock) as to payment of dividends and distribution of assets upon our liquidation, dissolution or winding up.

Dividends on shares of our Series O preferred stock are not mandatory. Holders of our Series O preferred stock are entitled to receive, when, as and if declared by our board of directors or any duly authorized committee of our board of directors out of legally available assets, non-cumulative cash dividends on the liquidation preference amount, which is \$25,000 per share of Series O preferred stock. These dividends accrue at a rate per annum equal to 5.125%, payable quarterly in arrears on each March 15, June 15, September 15 and December 15. The right of holders of our Series O preferred stock to receive dividends is non-cumulative. The Series O preferred stock was issued on November 20, 2012, and the first dividend payment date was March 15, 2013.

To the extent we declare dividends on the Series O preferred stock and on any other Parity Stock but cannot make full payment of those declared dividends, we will allocate the dividend payments on a proportional basis among the holders of shares of

Series O preferred stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights. No interest will be payable in respect of any dividend payment that may be in arrears.

We cannot pay dividends on our common stock or other securities ranking junior to the Series O preferred stock or repurchase, redeem or otherwise acquire for consideration shares of our common stock, other securities ranking junior to the Series O preferred stock or Parity Stock, subject to certain exceptions, unless the full dividends for the then-current period on all outstanding shares of Series O preferred stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

We, at the option of our board of directors or any duly authorized committee of our board of directors, may redeem, subject to the prior approval of the FRB, the Series O preferred stock, in whole or in part, on any dividend payment date on or after December 15, 2017. In addition, within 90 days of our good faith determination that a Regulatory Capital Treatment Event (as such term is defined in the certificate of designation for the Series O preferred stock), we, at the option of our board of directors or any duly authorized committee of the board of directors, may, subject to approval of the appropriate federal banking agency, redeem in whole, but not in part, the shares of Series O preferred stock at the time outstanding prior to December 15, 2017. Any redemption shall be at the redemption price of \$25,000 per share plus an amount equal to any dividends that have been declared but not paid to the redemption date without accumulation of any undeclared dividends.

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of our Series O preferred stock are entitled to receive a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends that have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation, out of our assets legally available for distribution to our stockholders, before any distribution is made to holders of our common stock or any securities ranking junior to the Series O preferred stock and subject to the rights of the holders of Parity Stock or any of our stock ranking senior to the Series O preferred stock as to such distribution and the rights of our depositors and other creditors.

Holders of our Series O preferred stock do not have any voting rights and are not entitled to elect any directors, except as required by law and except for the voting rights provided for below.

Whenever dividends payable on any shares of Series O preferred stock or any class or series of Voting Parity Stock (as such term is defined in the certificate of designation for the Series O preferred stock) have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly dividend periods or their equivalent, whether or not for consecutive dividend periods, the holders of our Series O preferred stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of our board of directors at our next annual meeting of stockholders and at each subsequent meeting of stockholders, by a plurality of votes cast; *provided* that our board of directors shall at no time include more than two such directors and including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights. Upon the vesting of such right of such holders, the maximum authorized number of members of our board of directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series O preferred stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of Series O preferred stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series O preferred stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect such directors shall continue until such time as we have paid in full dividends for the equivalent of at least four quarterly dividend periods or their equivalent, at which time such right with respect to the Series O preferred stock shall terminate, except as provided by law, and subject to re-vesting in the event of each and every subsequent nonpayment of dividends. Upon any termination of the right of the holders of all shares of Series O preferred stock and Voting Parity Stock to vote for directors, the term of office of all such directors then in office elected by only those holders voting as a class shall terminate immediately. Whenever the term of office of the directors elected by such holders voting as a

class shall end and the special voting powers vested in such holders shall have expired, the number of directors shall be such number as may be provided for in our by-laws.

In addition to any other vote required by law or our restated certificate of incorporation, as amended, so long as any shares of our Series O preferred stock are outstanding, the vote or consent of the holders of the outstanding shares of our Series O preferred stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in

voting power of all such outstanding Series O preferred stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, will be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law:

- the issuance of any series of preferred stock or preference stock ranking senior to the Series O preferred stock with respect to either the payment of dividends or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up;
- any amendment, alteration or repeal of any provision of our restated certificate of incorporation, as amended (including the certificate of designation relating to the Series O preferred stock) or our by-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series O preferred stock;
- any amendment or alteration of our restated certificate of incorporation, as amended, or by-laws to authorize, create or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of our capital stock ranking senior to the Series O preferred stock with respect to either payment of dividends or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up; or
- the consummation of a reclassification involving the Series O preferred stock or a merger or consolidation with another corporation or other entity, except holders of the Series O preferred stock will have no right to vote under this provision if in each case (i) the shares of Series O preferred stock remain outstanding or, in the case of any such merger or consolidation with respect to which we are not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (ii) such shares of Series O preferred stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series O preferred stock, taken as a whole;

provided, however, that any authorization, creation or increase in the authorized amount of or issuance of our Series O preferred stock or any class or series of Parity Stock or securities ranking junior to the Series O preferred stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or securities ranking junior to the Series O preferred stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series O preferred stock, and holders of the Series O preferred stock shall have no right to vote thereon.

If an amendment, alteration, repeal, reclassification, merger or consolidation described above would adversely affect one or more but not all series of voting preferred stock (including the Series O preferred stock for this purpose), then only those series affected and entitled to vote shall vote as a class in lieu of all such series of preferred stock.

Each holder of the Series O preferred stock will have 25 votes per share on any matter on which holders of the Series O preferred stock are entitled to vote, whether separately or together with any other series of our stock (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

Series O Depositary Shares. Each Series O depositary share issued by us represents a 1/1,000th interest in one share of our Series O preferred stock. The shares of our Series O preferred stock are deposited with Equiniti Trust Company, as depositary. Pursuant to the deposit agreement, the depositary issued Series O depositary shares, which are evidenced by depositary receipts.

Equiniti Trust Company acts as transfer agent and registrar and paying agent with respect to the Series O depositary shares.

The depositary's office at which the depositary receipts are administered is located at Equiniti Trust Company, 1110 Centre Pointe Curve, Suite 101, Mendota Heights, MN 55120.

The Series O depositary shares were issued in book-entry form through DTC. This means that actual depositary receipts will not be issued, except in limited circumstances. This means that the Series O depositary shares will be in the form of a single global depositary receipt deposited with a DTC nominee. Each beneficial holder must rely on the procedures of DTC and if the Series O depositary shares are held through a broker or financial institution nominee, the beneficial holder must rely on the procedures of such broker or financial institution to assert the rights of a depositary receipt holder described in this section.

The depositary will distribute all cash dividends or other cash distributions received on the Series O preferred stock to the holders of record of Series O depositary shares in proportion to the numbers of such depositary shares owned by each holder. In the event of a distribution other than in cash, the depositary will distribute property received by it to the holders of record of the Series O

depository shares in proportion to the number of Series O depository shares held by each holder, unless the depository determines that it is not feasible to make such distribution, in which case the depository may, with our approval, adopt a method of distribution that it deems practicable, including the sale of such property and distribution of the net proceeds from such sale to such holders.

Record dates for the payment of dividends and other matters relating to the Series O depository shares are the same as the corresponding record dates for the Series O preferred stock.

The amounts distributed to holders of the Series O depository shares will be reduced by any amounts required to be withheld by the depository or by us on account of taxes or other governmental charges.

If the Series O preferred stock underlying the Series O depository shares is redeemed (i) after December 15, 2017, in whole or in part, or (ii) prior to December 15, 2017 in whole, but not in part, due to the occurrence of a Regulatory Capital Treatment Event, Series O depository shares will be redeemed with the proceeds received by the depository from the redemption of the Series O preferred stock held by the depository. The redemption price per Series O depository share will be equal to 1/1,000th of the applicable redemption price per share payable with respect to such Series O preferred stock (or \$25 per Series O depository share), plus an amount equal to any declared and unpaid dividends, without accumulation of any undeclared dividends. If less than all the Series O preferred stock is redeemed after December 15, 2017, the Series O depository shares to be redeemed will be selected pro rata, or in any other manner determined by the depository to be fair and equitable.

When the depository receives notice of any meeting at which the holders of the Series O preferred stock are entitled to vote, the depository will mail, or otherwise transmit by an authorized method, the information contained in the notice and any accompanying proxy material to the record holders of the Series O depository shares relating to the Series O preferred stock. Each record holder of the Series O depository shares on the record date, which will be the same date as the record date for the Series O preferred stock, may instruct the depository to vote the amount of the Series O preferred stock represented by the holder's Series O depository shares. To the extent possible, the depository will vote the amount of the Series O preferred stock represented by the Series O depository shares in accordance with the instructions it receives. We will agree to take all reasonable actions that the depository determines are necessary to enable the depository to vote as instructed. If the depository does not receive specific instructions from the holders of any Series O depository shares representing the Series O preferred stock, it will not vote the amount of Series O preferred stock represented by such Series O depository shares.

Series P Preferred Stock. Our Non-Cumulative Perpetual Class A Preferred Stock, Series P, which we refer to as our "Series P preferred stock," with no par value, ranks senior to our common stock and to any other securities that we may issue in the future that are expressly made junior to our Series P preferred stock, as to payment of dividends and/or distribution of assets upon our liquidation, dissolution or winding up. The Series P preferred stock ranks equally with our Parity Stock (as such term is defined in the certificate of designation for the Series P preferred stock) as to payment of dividends and distribution of assets upon our liquidation, dissolution or winding up.

Dividends on shares of our Series P preferred stock are not mandatory. Holders of our Series P preferred stock are entitled to receive, when, as and if declared by our board of directors or any duly authorized committee of our board of directors out of legally available assets, non-cumulative cash dividends on the liquidation preference amount, which is \$25,000 per share of Series P preferred stock. These dividends accrue at a rate per annum equal to 5.25%, payable quarterly in arrears on each March 15, June 15, September 15 and December 15. The right of holders of our Series P preferred stock to receive dividends is non-cumulative. The Series P preferred stock was issued on March 22, 2013, and the first dividend payment date was June 15, 2013.

To the extent we declare dividends on the Series P preferred stock and on any other Parity Stock but cannot make full payment of those declared dividends, we will allocate the dividend payments on a proportional basis among the holders of shares of Series P preferred stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights. No interest will be payable in respect of any dividend payment that may be in arrears.

We cannot pay dividends on our common stock or other securities ranking junior to the Series P preferred stock or repurchase, redeem or otherwise acquire for consideration shares of our common stock, other securities ranking junior to the Series P preferred stock or Parity Stock, subject to certain exceptions, unless the full dividends for the then-current period on all outstanding shares of Series P preferred stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

We, at the option of our board of directors or any duly authorized committee of our board of directors, may redeem, subject to the prior approval of the FRB, the Series P preferred stock, in whole or in part, on any dividend payment date on or after June 15, 2018. In addition, within 90 days of our good faith determination that a Regulatory Capital Treatment Event (as such term is defined in the certificate of designation for the Series P preferred stock), we, at the option of our board of directors or any duly authorized committee of the board of directors, may, subject to approval of the appropriate federal banking agency, redeem in whole, but not in part, the shares of Series P preferred stock at the time outstanding prior to June 15, 2018. Any redemption shall be at the redemption price of \$25,000 per share plus an amount equal to any dividends that have been declared but not paid to the redemption date without accumulation of any undeclared dividends.

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of our Series P preferred stock are entitled to receive a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends that have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation, out of our assets legally available for distribution to our stockholders, before any distribution is made to holders of our common stock or any securities ranking junior to the Series P preferred stock and subject to the rights of the holders of Parity Stock or any of our stock ranking senior to the Series P preferred stock as to such distribution and the rights of our depositors and other creditors.

Holders of our Series P preferred stock do not have any voting rights and are not entitled to elect any directors, except as required by law and except for the voting rights provided for below.

Whenever dividends payable on any shares of Series P preferred stock or any class or series of Voting Parity Stock (as such term is defined in the certificate of designation for the Series P preferred stock) have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly dividend periods or their equivalent, whether or not for consecutive dividend periods, the holders of our Series P preferred stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of our board of directors at our next annual meeting of stockholders and at each subsequent meeting of stockholders, by a plurality of votes cast; *provided* that our board of directors shall at no time include more than two such directors and including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights. Upon the vesting of such right of such holders, the maximum authorized number of members of our board of directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series P preferred stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of Series P preferred stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series P preferred stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect such directors shall continue until such time as we have paid in full dividends for the equivalent of at least four quarterly dividend periods or their equivalent, at which time such right with respect to the Series P preferred stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent nonpayment of dividends. Upon any termination of the right of the holders of all shares of Series P preferred stock and Voting Parity Stock to vote for directors, the term of office of all such directors then in office elected by only those holders voting as a class shall terminate immediately. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders shall have expired, the number of directors shall be such number as may be provided for in our by-laws.

In addition to any other vote required by law or our restated certificate of incorporation, as amended, so long as any shares of our Series P preferred stock are outstanding, the vote or consent of the holders of the outstanding shares of our Series P preferred stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series P preferred stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, will be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law:

- the issuance of any series of preferred stock or preference stock ranking senior to the Series P preferred stock with respect to either the payment of dividends or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up;
- any amendment, alteration or repeal of any provision of our restated certificate of incorporation, as amended (including the certificate of designation relating to the Series P preferred stock) or our by-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series P preferred stock;
- any amendment or alteration of our restated certificate of incorporation, as amended, or by-laws to authorize, create or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of our capital stock ranking senior to the Series P preferred stock with respect to either payment of dividends or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up; or
- the consummation of a reclassification involving the Series P preferred stock or a merger or consolidation with another corporation or other entity, except holders of the Series P preferred stock will have no right to vote under this provision if in each case (i) the shares of Series P preferred stock remain outstanding or, in the case of any such merger or consolidation with respect to which we are not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (ii) such shares of Series P preferred stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series P preferred stock, taken as a whole;

provided, however, that any authorization, creation or increase in the authorized amount of or issuance of our Series P preferred stock or any class or series of Parity Stock or securities ranking junior to the Series P preferred stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or securities ranking junior to the Series P preferred stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series P preferred stock, and holders of the Series P preferred stock shall have no right to vote thereon.

If an amendment, alteration, repeal, reclassification, merger or consolidation described above would adversely affect one or more but not all series of voting preferred stock (including the Series P preferred stock for this purpose), then only those series affected and entitled to vote shall vote as a class in lieu of all such series of preferred stock.

Each holder of the Series P preferred stock will have 25 votes per share on any matter on which holders of the Series P preferred stock are entitled to vote, whether separately or together with any other series of our stock (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

Series P Depositary Shares. Each Series P depositary share issued by us represents a 1/1,000th interest in one share of our Series P preferred stock. The shares of our Series P preferred stock are deposited with Equiniti Trust Company, as depositary. Pursuant to the deposit agreement, the depositary issued Series P depositary shares, which are evidenced by depositary receipts.

Equiniti Trust Company acts as transfer agent and registrar and paying agent with respect to the Series P depositary shares.

The depositary's office at which the depositary receipts are administered is located at Equiniti Trust Company, 1110 Centre Pointe Curve, Suite 101, Mendota Heights, MN 55120.

The Series P depositary shares were issued in book-entry form through DTC. This means that actual depositary receipts will not be issued, except in limited circumstances. This means that the Series P depositary shares will be in the form of a single global depositary receipt deposited with a DTC nominee. Each beneficial holder must rely on the procedures of DTC and if the Series P depositary shares are held through a broker or financial institution nominee, the beneficial holder must rely on the procedures of such broker or financial institution to assert the rights of a depositary receipt holder described in this section.

The depositary will distribute all cash dividends or other cash distributions received on the Series P preferred stock to the holders of record of Series P depositary shares in proportion to the numbers of such depositary shares owned by each holder. In the event of a distribution other than in cash, the depositary will distribute property received by it to the holders of record of the Series P depositary shares in proportion to the number of Series P depositary shares held by each holder, unless the depositary determines that it is not feasible to make such distribution, in which case the depositary may, with our approval, adopt a method of distribution that it deems practicable, including the sale of such property and distribution of the net proceeds from such sale to such holders.

Record dates for the payment of dividends and other matters relating to the Series P depositary shares are the same as the corresponding record dates for the Series P preferred stock.

The amounts distributed to holders of the Series P depositary shares will be reduced by any amounts required to be withheld by the depositary or by us on account of taxes or other governmental charges.

If the Series P preferred stock underlying the Series P depositary shares is redeemed (i) after June 15, 2018, in whole or in part, or (ii) prior to June 15, 2018 in whole, but not in part, due to the occurrence of a Regulatory Capital Treatment Event, Series P depositary shares will be redeemed with the proceeds received by the depositary from the redemption of the Series P preferred stock held by the depositary. The redemption price per Series P depositary share will be equal to 1/1,000th of the applicable redemption price per share payable with respect to such Series P preferred stock (or \$25 per Series P depositary share), plus an amount equal to any declared and unpaid dividends, without accumulation of any undeclared dividends. If less than all the Series P preferred stock is redeemed after June 15, 2018, the Series P depositary shares to be redeemed will be selected pro rata, or in any other manner determined by the depositary to be fair and equitable.

When the depositary receives notice of any meeting at which the holders of the Series P preferred stock are entitled to vote, the depositary will mail, or otherwise transmit by an authorized method, the information contained in the notice and any accompanying proxy material to the record holders of the Series P depositary shares relating to the Series P preferred stock. Each record holder of the Series P depositary shares on the record date, which will be the same date as the record date for the Series P preferred stock, may instruct the depositary to vote the amount of the Series P preferred stock represented by the holder's Series P depositary shares. To the extent possible, the depositary will vote the amount of the Series P preferred stock represented by the Series P depositary shares in accordance with the instructions it receives. We will agree to take all reasonable actions that the depositary determines are necessary to enable the depositary to vote as instructed. If the depositary does not receive specific instructions from the holders of any Series P depositary shares representing the Series P preferred stock, it will not vote the amount of Series P preferred stock represented by such Series P depositary shares.

Series Q Preferred Stock. Our 5.85% Fixed-to-Floating Rate Non-Cumulative Perpetual Class A Preferred Stock, Series Q, which we refer to as our "Series Q preferred stock," with no par value, ranks senior to our common stock and to any other securities that we may issue in the future that are expressly made junior to our Series Q preferred stock, as to payment of dividends and/or distribution of assets upon our liquidation, dissolution or winding up. The Series Q preferred stock ranks equally with our Parity Stock (as such term is defined in the certificate of designation for the Series Q preferred stock) as to payment of dividends and distribution of assets upon our liquidation, dissolution or winding up.

Dividends on shares of our Series Q preferred stock are not mandatory. Holders of our Series Q preferred stock are entitled to receive, when, as and if declared by our board of directors or any duly authorized committee of our board of directors out of legally available assets, non-cumulative cash dividends on the liquidation preference amount, which is \$25,000 per share of Series Q preferred stock. From July 22, 2013 to, but excluding, September 15, 2023 (the “Fixed Rate Period”), these dividends will accrue at a fixed rate per annum equal to 5.85%, and from, and including, September 15, 2023 (the “Floating Rate Period”), dividends will accrue at a rate per annum equal to three-month LIBOR plus 3.09%. These dividends are payable quarterly in arrears on each March 15, June 15, September 15 and December 15. The right of holders of our Series Q preferred stock to receive dividends is non-cumulative. The Series Q preferred

stock was issued on July 22, 2013, and the first dividend payment date was September 15, 2013. Wells Fargo Bank, N.A. is the calculation agent for purposes of determining three-month LIBOR for dividends payable for the Floating Rate Period.

To the extent we declare dividends on the Series Q preferred stock and on any other Parity Stock but cannot make full payment of those declared dividends, we will allocate the dividend payments on a proportional basis among the holders of shares of Series Q preferred stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights. No interest will be payable in respect of any dividend payment that may be in arrears.

We cannot pay dividends on our common stock or other securities ranking junior to the Series Q preferred stock or repurchase, redeem or otherwise acquire for consideration shares of our common stock, other securities ranking junior to the Series Q preferred stock or Parity Stock, subject to certain exceptions, unless the full dividends for the then-current period on all outstanding shares of Series Q preferred stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

We, at the option of our board of directors or any duly authorized committee of our board of directors, may redeem, subject to the prior approval of the FRB, the Series Q preferred stock, in whole or in part, on any dividend payment date on or after September 15, 2023. In addition, within 90 days of our good faith determination that a Regulatory Capital Treatment Event (as such term is defined in the certificate of designation for the Series Q preferred stock), we, at the option of our board of directors or any duly authorized committee of the board of directors, may, subject to approval of the appropriate federal banking agency, redeem in whole, but not in part, the shares of Series Q preferred stock at the time outstanding prior to September 15, 2023. Any redemption shall be at the redemption price of \$25,000 per share plus an amount equal to any dividends that have been declared but not paid to the redemption date without accumulation of any undeclared dividends.

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of our Series Q preferred stock are entitled to receive a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends that have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation, out of our assets legally available for distribution to our stockholders, before any distribution is made to holders of our common stock or any securities ranking junior to the Series Q preferred stock and subject to the rights of the holders of Parity Stock or any of our stock ranking senior to the Series Q preferred stock as to such distribution and the rights of our depositors and other creditors.

Holders of our Series Q preferred stock do not have any voting rights and are not entitled to elect any directors, except as required by law and except for the voting rights provided for below.

Whenever dividends payable on any shares of Series Q preferred stock or any class or series of Voting Parity Stock (as such term is defined in the certificate of designation for the Series Q preferred stock) have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly dividend periods or their equivalent, whether or not for consecutive dividend periods, the holders of our Series Q preferred stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of our board of directors at our next annual meeting of stockholders and at each subsequent meeting of stockholders, by a plurality of votes cast; *provided that* our board of directors shall at no time include more than two such directors and including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights. Upon the vesting of such right of such holders, the maximum authorized number of members of our board of directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series Q preferred stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of Series Q preferred stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series Q preferred stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect such directors shall continue until such time as we have paid in full dividends for the equivalent of at least four quarterly dividend periods or their equivalent, at which time such right with respect to the Series Q preferred stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent nonpayment of dividends. Upon any termination of the right of the holders of all shares of Series Q preferred stock and Voting Parity Stock to vote for directors, the term of office of all such directors then in office elected by only those holders voting as a class shall terminate immediately. Whenever the term of office of the directors elected by such holders voting as a class shall

end and the special voting powers vested in such holders shall have expired, the number of directors shall be such number as may be provided for in our by-laws.

In addition to any other vote required by law or our restated certificate of incorporation, as amended, so long as any shares of our Series Q preferred stock are outstanding, the vote or consent of the holders of the outstanding shares of our Series Q preferred stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series Q preferred stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, will be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law:

- the issuance of any series of preferred stock or preference stock ranking senior to the Series Q preferred stock with respect to either the payment of dividends or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up;

- any amendment, alteration or repeal of any provision of our restated certificate of incorporation, as amended (including the certificate of designation relating to the Series Q preferred stock) or our by-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series Q preferred stock;

- any amendment or alteration of our restated certificate of incorporation, as amended, or by-laws to authorize, create or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of our capital stock ranking senior to the Series Q preferred stock with respect to either payment of dividends or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up; or

- the consummation of a reclassification involving the Series Q preferred stock or a merger or consolidation with another corporation or other entity, except holders of the Series Q preferred stock will have no right to vote under this provision if in each case (i) the shares of Series Q preferred stock remain outstanding or, in the case of any such merger or consolidation with respect to which we are not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (ii) such shares of Series Q preferred stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series Q preferred stock, taken as a whole;

provided, however, that any authorization, creation or increase in the authorized amount of or issuance of our Series Q preferred stock or any class or series of Parity Stock or securities ranking junior to the Series Q preferred stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or securities ranking junior to the Series Q preferred stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series Q preferred stock, and holders of the Series Q preferred stock shall have no right to vote thereon.

If an amendment, alteration, repeal, reclassification, merger or consolidation described above would adversely affect one or more but not all series of voting preferred stock (including the Series Q preferred stock for this purpose), then only those series affected and entitled to vote shall vote as a class in lieu of all such series of preferred stock.

Each holder of the Series Q preferred stock will have 25 votes per share on any matter on which holders of the Series Q preferred stock are entitled to vote, whether separately or together with any other series of our stock (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

Series Q Depositary Shares. Each Series Q depositary share issued by us represents a 1/1,000th interest in one share of our Series Q preferred stock. The shares of our Series Q preferred stock are deposited with Equiniti Trust Company, as depositary. Pursuant to the deposit agreement, the depositary issued Series Q depositary shares, which are evidenced by depositary receipts.

Equiniti Trust Company acts as transfer agent and registrar and paying agent with respect to the Series Q depositary shares.

The depositary's office at which the depositary receipts are administered is located at Equiniti Trust Company, 1110 Centre Pointe Curve, Suite 101, Mendota Heights, MN 55120.

The Series Q depositary shares were issued in book-entry form through DTC. This means that actual depositary receipts will not be issued, except in limited circumstances. This means that the Series Q depositary shares will be in the form of a single global depositary receipt deposited with a DTC nominee. Each beneficial holder must rely on the procedures of DTC and if the Series Q depositary shares are held through a broker or financial institution nominee, the beneficial holder must rely on the procedures of such broker or financial institution to assert the rights of a depositary receipt holder described in this section.

The depositary will distribute all cash dividends or other cash distributions received on the Series Q preferred stock to the holders of record of Series Q depositary shares in proportion to the numbers of such depositary shares owned by each holder. In the

event of a distribution other than in cash, the depositary will distribute property received by it to the holders of record of the Series Q depositary shares in proportion to the number of Series Q depositary shares held by each holder, unless the depositary determines that it is not feasible to make such distribution, in which case the depositary may, with our approval, adopt a method of distribution that it deems practicable, including the sale of such property and distribution of the net proceeds from such sale to such holders.

Record dates for the payment of dividends and other matters relating to the Series Q depositary shares are the same as the corresponding record dates for the Series Q preferred stock.

The amounts distributed to holders of the Series Q depositary shares will be reduced by any amounts required to be withheld by the depositary or by us on account of taxes or other governmental charges.

If the Series Q preferred stock underlying the Series Q depositary shares is redeemed (i) after September 15, 2023, in whole or in part, or (ii) prior to September 15, 2023 in whole, but not in part, due to the occurrence of a Regulatory Capital Treatment Event, Series Q depositary shares will be redeemed with the proceeds received by the depositary from the redemption of the Series Q preferred stock held by the depositary. The redemption price per Series Q depositary share will be equal to 1/1,000th of the applicable redemption price per share payable with respect to such Series Q preferred stock (or \$25 per Series Q depositary share), plus an amount equal to any declared and unpaid dividends, without accumulation of any undeclared dividends. If less than all the Series Q preferred stock is redeemed after September 15, 2023, the Series Q depositary shares to be redeemed will be selected pro rata, or in any other manner determined by the depositary to be fair and equitable.

When the depositary receives notice of any meeting at which the holders of the Series Q preferred stock are entitled to vote, the depositary will mail, or otherwise transmit by an authorized method, the information contained in the notice and any accompanying proxy material to the record holders of the Series Q depositary shares relating to the Series Q preferred stock. Each record holder of the Series Q depositary shares on the record date, which will be the same date as the record date for the Series Q preferred stock, may instruct the depositary to vote the amount of the Series Q preferred stock represented by the holder's Series Q depositary shares. To the extent possible, the depositary will vote the amount of the Series Q preferred stock represented by the Series Q depositary shares in accordance with the instructions it receives. We will agree to take all reasonable actions that the depositary determines are necessary to enable the depositary to vote as instructed. If the depositary does not receive specific instructions from the holders of any Series Q depositary shares representing the Series Q preferred stock, it will not vote the amount of Series Q preferred stock represented by such Series Q depositary shares.

Series R Preferred Stock. Our 6.625% Fixed-to-Floating Rate Non-Cumulative Perpetual Class A Preferred Stock, Series R, which we refer to as our "Series R preferred stock," with no par value, ranks senior to our common stock and to any other securities that we may issue in the future that are expressly made junior to our Series R preferred stock, as to payment of dividends and/or distribution of assets upon our liquidation, dissolution or winding up. The Series R preferred stock ranks equally with our Parity Stock (as such term is defined in the certificate of designation for the Series R preferred stock) as to payment of dividends and distribution of assets upon our liquidation, dissolution or winding up.

Dividends on shares of our Series R preferred stock are not mandatory. Holders of our Series R preferred stock are entitled to receive, when, as and if declared by our board of directors or any duly authorized committee of our board of directors out of legally available assets, non-cumulative cash dividends on the liquidation preference amount, which is \$25,000 per share of Series R preferred stock. From December 18, 2013 to, but excluding, March 15, 2024 (the "Fixed Rate Period"), these dividends will accrue at a fixed rate

per annum equal to 6.625%, and from, and including, March 15, 2024 (the "Floating Rate Period"), dividends will accrue at a rate per annum equal to three-month LIBOR plus 3.69%. These dividends are payable quarterly in arrears on each March 15, June 15, September 15 and December 15. The right of holders of our Series R preferred stock to receive dividends is non-cumulative. The Series R preferred stock was issued on December 18, 2013, and the first dividend payment date was March 15, 2014. Wells Fargo Bank, N.A. is the calculation agent for purposes of determining three-month LIBOR for dividends payable for the Floating Rate Period.

To the extent we declare dividends on the Series R preferred stock and on any other Parity Stock but cannot make full payment of those declared dividends, we will allocate the dividend payments on a proportional basis among the holders of shares of Series R preferred stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights. No interest will be payable in respect of any dividend payment that may be in arrears.

We cannot pay dividends on our common stock or other securities ranking junior to the Series R preferred stock or repurchase, redeem or otherwise acquire for consideration shares of our common stock, other securities ranking junior to the Series R preferred stock or Parity Stock, subject to certain exceptions, unless the full dividends for the then-current period on all outstanding shares of Series R preferred stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

We, at the option of our board of directors or any duly authorized committee of our board of directors, may redeem, subject to the prior approval of the FRB, the Series R preferred stock, in whole or in part, on any dividend payment date on or after March 15, 2024. In addition, within 90 days of our good faith determination that a Regulatory Capital Treatment Event (as such term is defined in the certificate of designation for the Series R preferred stock), we, at the option of our board of directors or any duly authorized

committee of the board of directors, may, subject to approval of the appropriate federal banking agency, redeem in whole, but not in part, the shares of Series R preferred stock at the time outstanding prior to March 15, 2024. Any redemption shall be at the redemption price of \$25,000 per share plus an amount equal to any dividends that have been declared but not paid to the redemption date without accumulation of any undeclared dividends.

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of our Series R preferred stock are entitled to receive a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends that have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation, out of our assets legally available for distribution to our stockholders, before any distribution is made to holders of our common stock or any securities ranking junior to the Series R preferred stock and subject to the rights of the holders of Parity Stock or any of our stock ranking senior to the Series R preferred stock as to such distribution and the rights of our depositors and other creditors.

Holders of our Series R preferred stock do not have any voting rights and are not entitled to elect any directors, except as required by law and except for the voting rights provided for below.

Whenever dividends payable on any shares of Series R preferred stock or any class or series of Voting Parity Stock (as such term is defined in the certificate of designation for the Series R preferred stock) have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly dividend periods or their equivalent, whether or not for consecutive dividend periods, the holders of our Series R preferred stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of our board of directors at our next annual meeting of stockholders and at each subsequent meeting of stockholders, by a plurality of votes cast; *provided* that our board of directors shall at no time include more than two such directors and including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights. Upon the vesting of such right of such holders, the maximum authorized number of members of our board of directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series R preferred stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of Series R preferred stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series R preferred stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect such directors shall continue until such time as we have paid in full dividends for the equivalent of at least four quarterly dividend periods or their equivalent, at which time such right with respect to the Series R preferred stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent nonpayment of dividends. Upon any termination of the right of the holders of all shares of Series R preferred

stock and Voting Parity Stock to vote for directors, the term of office of all such directors then in office elected by only those holders voting as a class shall terminate immediately. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders shall have expired, the number of directors shall be such number as may be provided for in our by-laws.

In addition to any other vote required by law or our restated certificate of incorporation, as amended, so long as any shares of our Series R preferred stock are outstanding, the vote or consent of the holders of the outstanding shares of our Series R preferred stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series R preferred stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, will be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law:

- the issuance of any series of preferred stock or preference stock ranking senior to the Series R preferred stock with respect to either the payment of dividends or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up;
- any amendment, alteration or repeal of any provision of our restated certificate of incorporation, as amended (including the certificate of designation relating to the Series R preferred stock) or our by-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series R preferred stock;
- any amendment or alteration of our restated certificate of incorporation, as amended, or by-laws to authorize, create or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of our capital stock ranking senior to the Series R preferred stock with respect to either payment of dividends or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up; or
- the consummation of a reclassification involving the Series R preferred stock or a merger or consolidation with another corporation or other entity, except holders of the Series R preferred stock will have no right to vote under this provision if in each case (i) the shares of Series R preferred stock remain outstanding or, in the case of any such merger or consolidation with respect to which we are not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (ii) such shares of Series R preferred stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series R preferred stock, taken as a whole;

provided, however, that any authorization, creation or increase in the authorized amount of or issuance of our Series R preferred stock or any class or series of Parity Stock or securities ranking junior to the Series R preferred stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or securities ranking junior to the Series R preferred stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series R preferred stock, and holders of the Series R preferred stock shall have no right to vote thereon.

If an amendment, alteration, repeal, reclassification, merger or consolidation described above would adversely affect one or more but not all series of voting preferred stock (including the Series R preferred stock for this purpose), then only those series affected and entitled to vote shall vote as a class in lieu of all such series of preferred stock.

Each holder of the Series R preferred stock will have 25 votes per share on any matter on which holders of the Series R preferred stock are entitled to vote, whether separately or together with any other series of our stock (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

Series R Depositary Shares. Each Series R depositary share issued by us represents a 1/1,000th interest in one share of our Series R preferred stock. The shares of our Series R preferred stock are deposited with Equiniti Trust Company, as depositary. Pursuant to the deposit agreement, the depositary issued Series R depositary shares, which are evidenced by depositary receipts.

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Equiniti Trust Company acts as transfer agent and registrar and paying agent with respect to the Series R depositary shares.

The depositary's office at which the depositary receipts are administered is located at Equiniti Trust Company, 1110 Centre Pointe Curve, Suite 101, Mendota Heights, MN 55120.

The Series R depositary shares were issued in book-entry form through DTC. This means that actual depositary receipts will not be issued, except in limited circumstances. This means that the Series R depositary shares will be in the form of a single global depositary receipt deposited with a DTC nominee. Each beneficial holder must rely on the procedures of DTC and if the Series R depositary shares are held through a broker or financial institution nominee, the beneficial holder must rely on the procedures of such broker or financial institution to assert the rights of a depositary receipt holder described in this section.

The depositary will distribute all cash dividends or other cash distributions received on the Series R preferred stock to the holders of record of Series R depositary shares in proportion to the numbers of such depositary shares owned by each holder. In the event of a distribution other than in cash, the depositary will distribute property received by it to the holders of record of the Series R depositary shares in proportion to the number of Series R depositary shares held by each holder, unless the depositary determines that it is not feasible to make such distribution, in which case the depositary may, with our approval, adopt a method of distribution that it deems practicable, including the sale of such property and distribution of the net proceeds from such sale to such holders.

Record dates for the payment of dividends and other matters relating to the Series R depositary shares are the same as the corresponding record dates for the Series R preferred stock.

The amounts distributed to holders of the Series R depositary shares will be reduced by any amounts required to be withheld by the depositary or by us on account of taxes or other governmental charges.

If the Series R preferred stock underlying the Series R depositary shares is redeemed (i) after March 15, 2024, in whole or in part, or (ii) prior to March 15, 2024 in whole, but not in part, due to the occurrence of a Regulatory Capital Treatment Event, Series R depositary shares will be redeemed with the proceeds received by the depositary from the redemption of the Series R preferred stock held by the depositary. The redemption price per Series R depositary share will be equal to 1/1,000th of the applicable redemption price per share payable with respect to such Series R preferred stock (or \$25 per Series R depositary share), plus an amount equal to any declared and unpaid dividends, without accumulation of any undeclared dividends. If less than all the Series R preferred stock is redeemed after March 15, 2024, the Series R depositary shares to be redeemed will be selected pro rata, or in any other manner determined by the depositary to be fair and equitable.

When the depositary receives notice of any meeting at which the holders of the Series R preferred stock are entitled to vote, the depositary will mail, or otherwise transmit by an authorized method, the information contained in the notice and any accompanying proxy material to the record holders of the Series R depositary shares relating to the Series R preferred stock. Each record holder of the Series R depositary shares on the record date, which will be the same date as the record date for the Series R preferred stock, may instruct the depositary to vote the amount of the Series R preferred stock represented by the holder's Series R depositary shares. To the extent possible, the depositary will vote the amount of the Series R preferred stock represented by the Series R depositary shares in accordance with the instructions it receives. We will agree to take all reasonable actions that the depositary determines are necessary to enable the depositary to vote as instructed. If the depositary does not receive specific instructions from the holders of any Series R depositary shares representing the Series R preferred stock, it will not vote the amount of Series R preferred stock represented by such Series R depositary shares.

Series W Preferred Stock. Our Non-Cumulative Perpetual Class A Preferred Stock, Series W, which we refer to as our “Series W preferred stock,” with no par value, ranks senior to our common stock and to any other securities that we may issue in the future that are expressly made junior to our Series W preferred stock, as to payment of dividends and/or distribution of assets upon our liquidation, dissolution or winding up. The Series W preferred stock ranks equally with our Parity Stock (as such term is defined in the certificate of designation for the Series W preferred stock) as to payment of dividends and distribution of assets upon our liquidation, dissolution or winding up.

Dividends on shares of our Series W preferred stock are not mandatory. Holders of our Series W preferred stock are entitled to receive, when, as and if declared by our board of directors or any duly authorized committee of our board of directors out of legally

available assets, non-cumulative cash dividends on the liquidation preference amount, which is \$25,000 per share of Series W preferred stock. These dividends accrue at a rate per annum equal to 5.70%, payable quarterly in arrears on each March 15, June 15, September 15 and December 15. The right of holders of our Series W preferred stock to receive dividends is non-cumulative. The Series W preferred stock was issued on January 29, 2016, and the first dividend payment date was March 15, 2016.

To the extent we declare dividends on the Series W preferred stock and on any other Parity Stock but cannot make full payment of those declared dividends, we will allocate the dividend payments on a proportional basis among the holders of shares of Series W preferred stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights. No interest will be payable in respect of any dividend payment that may be in arrears.

We cannot pay dividends on our common stock or other securities ranking junior to the Series W preferred stock or repurchase, redeem or otherwise acquire for consideration shares of our common stock, other securities ranking junior to the Series W preferred stock or Parity Stock, subject to certain exceptions, unless the full dividends for the then-current period on all outstanding shares of Series W preferred stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

We, at the option of our board of directors or any duly authorized committee of our board of directors, may redeem, subject to the prior approval of the FRB, the Series W preferred stock, in whole or in part, on any dividend payment date on or after March 15, 2021. In addition, within 90 days of our good faith determination that a Regulatory Capital Treatment Event (as such term is defined in the certificate of designation for the Series W preferred stock), we, at the option of our board of directors or any duly authorized committee of the board of directors, may, subject to approval of the appropriate federal banking agency, redeem in whole, but not in part, the shares of Series W preferred stock at the time outstanding prior to March 15, 2021. Any redemption shall be at the redemption price of \$25,000 per share plus an amount equal to any dividends that have been declared but not paid to the redemption date without accumulation of any undeclared dividends.

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of our Series W preferred stock are entitled to receive a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends that have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation, out of our assets legally available for distribution to our stockholders, before any distribution is made to holders of our common stock or any securities ranking junior to the Series W preferred stock and subject to the rights of the holders of Parity Stock or any of our stock ranking senior to the Series W preferred stock as to such distribution and the rights of our depositors and other creditors.

Holders of our Series W preferred stock do not have any voting rights and are not entitled to elect any directors, except as required by law and except for the voting rights provided for below.

Whenever dividends payable on any shares of Series W preferred stock or any class or series of Voting Parity Stock (as such term is defined in the certificate of designation for the Series W preferred stock) have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly dividend periods or their equivalent, whether or not for consecutive dividend periods, the holders of our Series W preferred stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of our board of directors at our next annual meeting of stockholders and at each subsequent meeting of stockholders, by a plurality of votes cast; *provided that* our board of directors shall at no time include more than two such directors and including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights. Upon the vesting of such right of such holders, the maximum authorized number of members of our board of directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series W preferred stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of Series W preferred stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series W preferred stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect such directors shall continue until such time as we have paid in full dividends for the equivalent of at least four quarterly dividend periods or their equivalent, at which time such right with respect to the Series W preferred stock shall terminate, except as provided by law, and subject to vesting in the event of each and every subsequent nonpayment of dividends. Upon any termination of the right of the holders of all shares of Series W preferred stock and Voting Parity Stock to vote for directors, the term of office of all such directors then in office elected by only those

holders voting as a class shall terminate immediately. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders shall have expired, the number of directors shall be such number as may be provided for in our by-laws.

In addition to any other vote required by law or our restated certificate of incorporation, as amended, so long as any shares of our Series W preferred stock are outstanding, the vote or consent of the holders of the outstanding shares of our Series W preferred stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66⅔% in voting power of all such outstanding Series W preferred stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, will be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law:

- the issuance of any series of preferred stock or preference stock ranking senior to the Series W preferred stock with respect to either the payment of dividends or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up;
- any amendment, alteration or repeal of any provision of our restated certificate of incorporation, as amended (including the certificate of designation relating to the Series W preferred stock) or our by-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series W preferred stock;
- any amendment or alteration of our restated certificate of incorporation, as amended, or by-laws to authorize, create or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of our capital stock ranking senior to the Series W preferred stock with respect to either payment of dividends or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up; or
- the consummation of a reclassification involving the Series W preferred stock or a merger or consolidation with another corporation or other entity, except holders of the Series W preferred stock will have no right to vote under this provision if in each case (i) the shares of Series W preferred stock remain outstanding or, in the case of any such merger or consolidation with respect to which we are not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (ii) such shares of Series W preferred stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series W preferred stock, taken as a whole;

provided, however, that any authorization, creation or increase in the authorized amount of or issuance of our Series W preferred stock or any class or series of Parity Stock or securities ranking junior to the Series W preferred stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or securities ranking junior to the Series W preferred stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series W preferred stock, and holders of the Series W preferred stock shall have no right to vote thereon.

If an amendment, alteration, repeal, reclassification, merger or consolidation described above would adversely affect one or more but not all series of voting preferred stock (including the Series W preferred stock for this purpose), then only those series affected and entitled to vote shall vote as a class in lieu of all such series of preferred stock.

Each holder of the Series W preferred stock will have 25 votes per share on any matter on which holders of the Series W preferred stock are entitled to vote, whether separately or together with any other series of our stock (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

Series W Depositary Shares. Each Series W depositary share issued by us represents a 1/1,000th interest in one share of our Series W preferred stock. The shares of our Series W preferred stock are deposited with Equiniti Trust Company, as depositary. Pursuant to the deposit agreement, the depositary issued Series W depositary shares, which are evidenced by depositary receipts.

Equiniti Trust Company acts as transfer agent and registrar and paying agent with respect to the Series W depositary shares.

The depositary's office at which the depositary receipts are administered is located at Equiniti Trust Company, 1110 Centre Pointe Curve, Suite 101, Mendota Heights, MN 55120.

The Series W depositary shares were issued in book-entry form through DTC. This means that actual depositary receipts will not be issued, except in limited circumstances. This means that the Series W depositary shares will be in the form of a single global depositary receipt deposited with a DTC nominee. Each beneficial holder must rely on the procedures of DTC and if the Series W

depository shares are held through a broker or financial institution nominee, the beneficial holder must rely on the procedures of such broker or financial institution to assert the rights of a depository receipt holder described in this section.

The depository will distribute all cash dividends or other cash distributions received on the Series W preferred stock to the holders of record of Series W depository shares in proportion to the numbers of such depository shares owned by each holder. In the event of a distribution other than in cash, the depository will distribute property received by it to the holders of record of the Series W depository shares in proportion to the number of Series W depository shares held by each holder, unless the depository determines that it is not feasible to make such distribution, in which case the depository may, with our approval, adopt a method of distribution that it deems practicable, including the sale of such property and distribution of the net proceeds from such sale to such holders.

Record dates for the payment of dividends and other matters relating to the Series W depository shares are the same as the corresponding record dates for the Series W preferred stock.

The amounts distributed to holders of the Series W depository shares will be reduced by any amounts required to be withheld by the depository or by us on account of taxes or other governmental charges.

If the Series W preferred stock underlying the Series W depository shares is redeemed (i) after March 15, 2021, in whole or in part, or (ii) prior to March 15, 2021 in whole, but not in part, due to the occurrence of a Regulatory Capital Treatment Event, Series W depository shares will be redeemed with the proceeds received by the depository from the redemption of the Series W preferred stock held by the depository. The redemption price per Series W depository share will be equal to 1/1,000th of the applicable redemption price per share payable with respect to such Series W preferred stock (or \$25 per Series W depository share), plus an amount equal to any declared and unpaid dividends, without accumulation of any undeclared dividends. If less than all the Series W preferred stock is redeemed after March 15, 2021, the Series W depository shares to be redeemed will be selected pro rata, or in any other manner consistent with the rules and policies of the NYSE as the depository may determine to be fair and equitable.

When the depository receives notice of any meeting at which the holders of the Series W preferred stock are entitled to vote, the depository will mail, or otherwise transmit by an authorized method, the information contained in the notice and any accompanying proxy material to the record holders of the Series W depository shares relating to the Series W preferred stock. Each record holder of the Series W depository shares on the record date, which will be the same date as the record date for the Series W preferred stock, may instruct the depository to vote the amount of the Series W preferred stock represented by the holder's Series W depository shares. To the extent possible, the depository will vote the amount of the Series W preferred stock represented by the Series W depository shares in accordance with the instructions it receives. We will agree to take all reasonable actions that the depository determines are necessary to enable the depository to vote as instructed. If the depository does not receive specific instructions from the holders of any Series W depository shares representing the Series W preferred stock, it will not vote the amount of Series W preferred stock represented by such Series W depository shares.

Series X Preferred Stock. Our Non-Cumulative Perpetual Class A Preferred Stock, Series X, which we refer to as our "Series X preferred stock," with no par value, ranks senior to our common stock and to any other securities that we may issue in the future that are expressly made junior to our Series X preferred stock, as to payment of dividends and/or distribution of assets upon our liquidation, dissolution or winding up. The Series X preferred stock ranks equally with our Parity Stock (as such term is defined in the certificate of designation for the Series X preferred stock) as to payment of dividends and distribution of assets upon our liquidation, dissolution or winding up.

Dividends on shares of our Series X preferred stock are not mandatory. Holders of our Series X preferred stock are entitled to receive, when, as and if declared by our board of directors or any duly authorized committee of our board of directors out of legally

available assets, non-cumulative cash dividends on the liquidation preference amount, which is \$25,000 per share of Series X preferred stock. These dividends accrue at a rate per annum equal to 5.50%, payable quarterly in arrears on each March 15, June 15, September 15 and December 15. The right of holders of our Series X preferred stock to receive dividends is non-cumulative. The Series X preferred stock was issued on June 15, 2016, and the first dividend payment date was September 15, 2016.

To the extent we declare dividends on the Series X preferred stock and on any other Parity Stock but cannot make full payment of those declared dividends, we will allocate the dividend payments on a proportional basis among the holders of shares of Series X preferred stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights. No interest will be payable in respect of any dividend payment that may be in arrears.

We cannot pay dividends on our common stock or other securities ranking junior to the Series X preferred stock or repurchase, redeem or otherwise acquire for consideration shares of our common stock, other securities ranking junior to the Series X preferred stock or Parity Stock, subject to certain exceptions, unless the full dividends for the then-current period on all outstanding shares of Series X preferred stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

We, at the option of our board of directors or any duly authorized committee of our board of directors, may redeem, subject to the prior approval of the FRB, the Series X preferred stock, in whole or in part, on any dividend payment date on or after September 15,

2021. In addition, within 90 days of our good faith determination that a Regulatory Capital Treatment Event (as such term is defined in the certificate of designation for the Series X preferred stock), we, at the option of our board of directors or any duly authorized committee of the board of directors, may, subject to approval of the appropriate federal banking agency, redeem in whole, but not in part, the shares of Series X preferred stock at the time outstanding prior to September 15, 2021. Any redemption shall be at the redemption price of \$25,000 per share plus an amount equal to any dividends that have been declared but not paid to the redemption date without accumulation of any undeclared dividends.

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of our Series X preferred stock are entitled to receive a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends that have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation, out of our assets legally available for distribution to our stockholders, before any distribution is made to holders of our common stock or any securities ranking junior to the Series X preferred stock and subject to the rights of the holders of Parity Stock or any of our stock ranking senior to the Series X preferred stock as to such distribution and the rights of our depositors and other creditors.

Holders of our Series X preferred stock do not have any voting rights and are not entitled to elect any directors, except as required by law and except for the voting rights provided for below.

Whenever dividends payable on any shares of Series X preferred stock or any class or series of Voting Parity Stock (as such term is defined in the certificate of designation for the Series X preferred stock) have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly dividend periods or their equivalent, whether or not for consecutive dividend periods, the holders of our Series X preferred stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of our board of directors at our next annual meeting of stockholders and at each subsequent meeting of stockholders, by a plurality of votes cast; *provided that* our board of directors shall at no time include more than two such directors and including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights. Upon the vesting of such right of such holders, the maximum authorized number of members of our board of directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series X preferred stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of Series X preferred stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series X preferred stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect such directors shall continue until such time as we have paid in full dividends for the equivalent of at least four quarterly dividend periods or their equivalent, at which time such right with respect to the Series X preferred stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent nonpayment of dividends. Upon any termination of the right of the holders of all shares of Series X preferred stock and Voting Parity Stock to vote for directors, the term of office of all such directors then in office elected by only those holders

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voting as a class shall terminate immediately. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders shall have expired, the number of directors shall be such number as may be provided for in our by-laws.

In addition to any other vote required by law or our restated certificate of incorporation, as amended, so long as any shares of our Series X preferred stock are outstanding, the vote or consent of the holders of the outstanding shares of our Series X preferred stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series X preferred stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, will be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law:

- the issuance of any series of preferred stock or preference stock ranking senior to the Series X preferred stock with respect to either the payment of dividends or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up;
- any amendment, alteration or repeal of any provision of our restated certificate of incorporation, as amended (including the certificate of designation relating to the Series X preferred stock) or our by-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series X preferred stock;
- any amendment or alteration of our restated certificate of incorporation, as amended, or by-laws to authorize, create or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of our capital stock ranking senior to the Series X preferred stock with respect to either payment of dividends or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up; or
- the consummation of a reclassification involving the Series X preferred stock or a merger or consolidation with another corporation or other entity, except holders of the Series X preferred stock will have no right to vote under this provision if in each case (i) the shares of Series X preferred stock remain outstanding or, in the case of any such merger or consolidation with respect to which we are not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (ii) such shares of Series X preferred stock remaining outstanding or such preference securities, as the case may be, have

such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series X preferred stock, taken as a whole;

provided, however, that any authorization, creation or increase in the authorized amount of or issuance of our Series X preferred stock or any class or series of Parity Stock or securities ranking junior to the Series X preferred stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or securities ranking junior to the Series X preferred stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series X preferred stock, and holders of the Series X preferred stock shall have no right to vote thereon.

If an amendment, alteration, repeal, reclassification, merger or consolidation described above would adversely affect one or more but not all series of voting preferred stock (including the Series X preferred stock for this purpose), then only those series affected and entitled to vote shall vote as a class in lieu of all such series of preferred stock.

Each holder of the Series X preferred stock will have 25 votes per share on any matter on which holders of the Series X preferred stock are entitled to vote, whether separately or together with any other series of our stock (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

Series X Depositary Shares. Each Series X depositary share issued by us represents a 1/1,000th interest in one share of our Series X preferred stock. The shares of our Series X preferred stock are deposited with Equiniti Trust Company, as depositary. Pursuant to the deposit agreement, the depositary issued Series X depositary shares, which are evidenced by depositary receipts.

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Equiniti Trust Company acts as transfer agent and registrar and paying agent with respect to the Series X depositary shares.

The depositary's office at which the depositary receipts are administered is located at Equiniti Trust Company, 1110 Centre Pointe Curve, Suite 101, Mendota Heights, MN 55120.

The Series X depositary shares were issued in book-entry form through DTC. This means that actual depositary receipts will not be issued, except in limited circumstances. This means that the Series X depositary shares will be in the form of a single global depositary receipt deposited with a DTC nominee. Each beneficial holder must rely on the procedures of DTC and if the Series X depositary shares are held through a broker or financial institution nominee, the beneficial holder must rely on the procedures of such broker or financial institution to assert the rights of a depositary receipt holder described in this section.

The depositary will distribute all cash dividends or other cash distributions received on the Series X preferred stock to the holders of record of Series X depositary shares in proportion to the numbers of such depositary shares owned by each holder. In the event of a distribution other than in cash, the depositary will distribute property received by it to the holders of record of the Series X depositary shares in proportion to the number of Series X depositary shares held by each holder, unless the depositary determines that it is not feasible to make such distribution, in which case the depositary may, with our approval, adopt a method of distribution that it deems practicable, including the sale of such property and distribution of the net proceeds from such sale to such holders.

Record dates for the payment of dividends and other matters relating to the Series X depositary shares are the same as the corresponding record dates for the Series X preferred stock.

The amounts distributed to holders of the Series X depositary shares will be reduced by any amounts required to be withheld by the depositary or by us on account of taxes or other governmental charges.

If the Series X preferred stock underlying the Series X depositary shares is redeemed (i) after September 15, 2021, in whole or in part, or (ii) prior to September 15, 2021, in whole, but not in part, due to the occurrence of a Regulatory Capital Treatment Event, Series X depositary shares will be redeemed with the proceeds received by the depositary from the redemption of the Series X preferred stock held by the depositary. The redemption price per Series X depositary share will be equal to 1/1,000th of the applicable redemption price per share payable with respect to such Series X preferred stock (or \$25 per Series X depositary share), plus an amount equal to any declared and unpaid dividends, without accumulation of any undeclared dividends. If less than all the Series X preferred stock is redeemed after September 15, 2021, the Series X depositary shares to be redeemed will be selected pro rata, or in any other manner consistent with the rules and policies of the NYSE as the depositary may determine to be fair and equitable.

When the depositary receives notice of any meeting at which the holders of the Series X preferred stock are entitled to vote, the depositary will mail, or otherwise transmit by an authorized method, the information contained in the notice and any accompanying proxy material to the record holders of the Series X depositary shares relating to the Series X preferred stock. Each record holder of the Series X depositary shares on the record date, which will be the same date as the record date for the Series X preferred stock, may instruct the depositary to vote the amount of the Series X preferred stock represented by the holder's Series X depositary shares. To the extent possible, the depositary will vote the amount of the Series X preferred stock represented by the Series X depositary shares in accordance with the instructions it receives. We will agree to take all reasonable actions that the depositary determines are necessary

to enable the depositary to vote as instructed. If the depositary does not receive specific instructions from the holders of any Series X depositary shares representing the Series X preferred stock, it will not vote the amount of Series X preferred stock represented by such Series X depositary shares.

Series Y Preferred Stock. Our Non-Cumulative Perpetual Class A Preferred Stock, Series Y, which we refer to as our “Series Y preferred stock,” with no par value, ranks senior to our common stock and to any other securities that we may issue in the future that are expressly made junior to our Series Y preferred stock, as to payment of dividends and/or distribution of assets upon our liquidation, dissolution or winding up. The Series Y preferred stock ranks equally with our Parity Stock (as such term is defined in the certificate of designation for the Series Y preferred stock) as to payment of dividends and distribution of assets upon our liquidation, dissolution or winding up.

Dividends on shares of our Series Y preferred stock are not mandatory. Holders of our Series Y preferred stock are entitled to receive, when, as and if declared by our board of directors or any duly authorized committee of our board of directors out of legally

available assets, non-cumulative cash dividends on the liquidation preference amount, which is \$25,000 per share of Series Y preferred stock. These dividends accrue at a rate per annum equal to 5.625%, payable quarterly in arrears on each March 15, June 15, September 15 and December 15. The right of holders of our Series Y preferred stock to receive dividends is non-cumulative. The Series Y preferred stock was issued on April 24, 2017, and the first dividend payment date was June 15, 2017.

To the extent we declare dividends on the Series Y preferred stock and on any other Parity Stock but cannot make full payment of those declared dividends, we will allocate the dividend payments on a proportional basis among the holders of shares of Series Y preferred stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights. No interest will be payable in respect of any dividend payment that may be in arrears.

We cannot pay dividends on our common stock or other securities ranking junior to the Series Y preferred stock or repurchase, redeem or otherwise acquire for consideration shares of our common stock, other securities ranking junior to the Series Y preferred stock or Parity Stock, subject to certain exceptions, unless the full dividends for the then-current period on all outstanding shares of Series Y preferred stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

We, at the option of our board of directors or any duly authorized committee of our board of directors, may redeem, subject to the prior approval of the FRB, the Series Y preferred stock, in whole or in part, on any dividend payment date on or after June 15, 2022. In addition, within 90 days of our good faith determination that a Regulatory Capital Treatment Event (as such term is defined in the certificate of designation for the Series Y preferred stock), we, at the option of our board of directors or any duly authorized committee of the board of directors, may, subject to approval of the appropriate federal banking agency, redeem in whole, but not in part, the shares of Series Y preferred stock at the time outstanding prior to June 15, 2022. Any redemption shall be at the redemption price of \$25,000 per share plus an amount equal to any dividends that have been declared but not paid to the redemption date without accumulation of any undeclared dividends.

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of our Series Y preferred stock are entitled to receive a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends that have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation, out of our assets legally available for distribution to our stockholders, before any distribution is made to holders of our common stock or any securities ranking junior to the Series Y preferred stock and subject to the rights of the holders of Parity Stock or any of our stock ranking senior to the Series Y preferred stock as to such distribution and the rights of our depositors and other creditors.

Holders of our Series Y preferred stock do not have any voting rights and are not entitled to elect any directors, except as required by law and except for the voting rights provided for below.

Whenever dividends payable on any shares of Series Y preferred stock or any class or series of Voting Parity Stock (as such term is defined in the certificate of designation for the Series Y preferred stock) have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly dividend periods or their equivalent, whether or not for consecutive dividend periods, the holders of our Series Y preferred stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of our board of directors at our next annual meeting of stockholders and at each subsequent meeting of stockholders, by a plurality of votes cast; *provided* that our board of directors shall at no time include more than two such directors and including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights. Upon the vesting of such right of such holders, the maximum authorized number of members of our board of directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series Y preferred stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of Series Y preferred stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series Y preferred stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect such directors shall continue until such time as we have paid in full dividends for the equivalent of at least four quarterly dividend periods or their equivalent, at which time such right with respect to the Series Y preferred stock shall terminate, except as provided by law, and subject to revesting in the event

of each and every subsequent nonpayment of dividends. Upon any termination of the right of the holders of all shares of Series Y preferred stock and Voting Parity Stock to vote for directors, the term of office of all such directors then in office elected by only those holders

voting as a class shall terminate immediately. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders shall have expired, the number of directors shall be such number as may be provided for in our by-laws.

In addition to any other vote required by law or our restated certificate of incorporation, as amended, so long as any shares of our Series Y preferred stock are outstanding, the vote or consent of the holders of the outstanding shares of our Series Y preferred stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 ²/₃% in voting power of all such outstanding Series Y preferred stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, will be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law:

- the issuance of any series of preferred stock or preference stock ranking senior to the Series Y preferred stock with respect to either the payment of dividends or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up;
- any amendment, alteration or repeal of any provision of our restated certificate of incorporation, as amended (including the certificate of designation relating to the Series Y preferred stock) or our by-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series Y preferred stock;
- any amendment or alteration of our restated certificate of incorporation, as amended, or by-laws to authorize, create or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of our capital stock ranking senior to the Series Y preferred stock with respect to either payment of dividends or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up; or
- the consummation of a reclassification involving the Series Y preferred stock or a merger or consolidation with another corporation or other entity, except holders of the Series Y preferred stock will have no right to vote under this provision if in each case (i) the shares of Series Y preferred stock remain outstanding or, in the case of any such merger or consolidation with respect to which we are not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (ii) such shares of Series Y preferred stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series Y preferred stock, taken as a whole;

provided, however, that any authorization, creation or increase in the authorized amount of or issuance of our Series Y preferred stock or any class or series of Parity Stock or securities ranking junior to the Series Y preferred stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or securities ranking junior to the Series Y preferred stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series Y preferred stock, and holders of the Series Y preferred stock shall have no right to vote thereon.

If an amendment, alteration, repeal, reclassification, merger or consolidation described above would adversely affect one or more but not all series of voting preferred stock (including the Series Y preferred stock for this purpose), then only those series affected and entitled to vote shall vote as a class in lieu of all such series of preferred stock.

Each holder of the Series Y preferred stock will have 25 votes per share on any matter on which holders of the Series Y preferred stock are entitled to vote, whether separately or together with any other series of our stock (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

Series Y Depositary Shares. Each Series Y depositary share issued by us represents a 1/1,000th interest in one share of our Series Y preferred stock. The shares of our Series Y preferred stock are deposited with Equiniti Trust Company, as depositary. Pursuant to the deposit agreement, the depositary issued Series Y depositary shares, which are evidenced by depositary receipts.

Equiniti Trust Company acts as transfer agent and registrar and paying agent with respect to the Series Y depositary shares.

The depositary's office at which the depositary receipts are administered is located at Equiniti Trust Company, 1110 Centre Pointe Curve, Suite 101, Mendota Heights, MN 55120.

The Series Y depositary shares were issued in book-entry form through DTC. This means that actual depositary receipts will not be issued, except in limited circumstances. This means that the Series Y depositary shares will be in the form of a single global

depository receipt deposited with a DTC nominee. Each beneficial holder must rely on the procedures of DTC and if the Series Y depository shares are held through a broker or financial institution nominee, the beneficial holder must rely on the procedures of such broker or financial institution to assert the rights of a depository receipt holder described in this section.

The depository will distribute all cash dividends or other cash distributions received on the Series Y preferred stock to the holders of record of Series Y depository shares in proportion to the numbers of such depository shares owned by each holder. In the event of a distribution other than in cash, the depository will distribute property received by it to the holders of record of the Series Y depository shares in proportion to the number of Series Y depository shares held by each holder, unless the depository determines that it is not feasible to make such distribution, in which case the depository may, with our approval, adopt a method of distribution that it deems practicable, including the sale of such property and distribution of the net proceeds from such sale to such holders.

Record dates for the payment of dividends and other matters relating to the Series Y depository shares are the same as the corresponding record dates for the Series Y preferred stock.

The amounts distributed to holders of the Series Y depository shares will be reduced by any amounts required to be withheld by the depository or by us on account of taxes or other governmental charges.

If the Series Y preferred stock underlying the Series Y depository shares is redeemed (i) after June 15, 2022, in whole or in part, or (ii) prior to June 15, 2022, in whole, but not in part, due to the occurrence of a Regulatory Capital Treatment Event, Series Y depository shares will be redeemed with the proceeds received by the depository from the redemption of the Series Y preferred stock held by the depository. The redemption price per Series Y depository share will be equal to 1/1,000th of the applicable redemption price per share payable with respect to such Series Y preferred stock (or \$25 per Series Y depository share), plus an amount equal to any declared and unpaid dividends, without accumulation of any undeclared dividends. If less than all the Series Y preferred stock is redeemed after June 15, 2022, the Series Y depository shares to be redeemed will be selected pro rata, or in any other manner consistent with the rules and policies of the NYSE as the depository may determine to be fair and equitable.

When the depository receives notice of any meeting at which the holders of the Series Y preferred stock are entitled to vote, the depository will mail, or otherwise transmit by an authorized method, the information contained in the notice and any accompanying proxy material to the record holders of the Series Y depository shares relating to the Series Y preferred stock. Each record holder of the Series Y depository shares on the record date, which will be the same date as the record date for the Series Y preferred stock, may instruct the depository to vote the amount of the Series Y preferred stock represented by the holder's Series Y depository shares. To the extent possible, the depository will vote the amount of the Series Y preferred stock represented by the Series Y depository shares in accordance with the instructions it receives. We will agree to take all reasonable actions that the depository determines are necessary to enable the depository to vote as instructed. If the depository does not receive specific instructions from the holders of any Series Y depository shares representing the Series Y preferred stock, it will not vote the amount of Series Y preferred stock represented by such Series Y depository shares.

Series Z Preferred Stock. Our Non-Cumulative Perpetual Class A Preferred Stock, Series Z, which we refer to as our "Series Z preferred stock," with no par value, ranks senior to our common stock and to any other securities that we may issue in the future that are expressly made junior to our Series Z preferred stock, as to payment of dividends and/or distribution of assets upon our liquidation, dissolution or winding up. The Series Z preferred stock ranks equally with our Parity Stock (as such term is defined in the certificate of designation for the Series Z preferred stock) as to payment of dividends and distribution of assets upon our liquidation, dissolution or winding up.

Dividends on shares of our Series Z preferred stock are not mandatory. Holders of our Series Z preferred stock are entitled to receive, when, as and if declared by our board of directors or any duly authorized committee of our board of directors out of legally available assets, non-cumulative cash dividends on the liquidation preference amount, which is \$25,000 per share of Series Z preferred stock. These dividends accrue at a rate per annum equal to 4.75%, payable quarterly in arrears on each March 15, June 15, September 15

and December 15. The right of holders of our Series Z preferred stock to receive dividends is non-cumulative. The Series Z preferred stock was issued on January 27, 2020, and the first dividend payment date was March 15, 2020.

To the extent we declare dividends on the Series Z preferred stock and on any other Parity Stock but cannot make full payment of those declared dividends, we will allocate the dividend payments on a proportional basis among the holders of shares of Series Z preferred stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights. No interest will be payable in respect of any dividend payment that may be in arrears.

We cannot pay dividends on our common stock or other securities ranking junior to the Series Z preferred stock or repurchase, redeem or otherwise acquire for consideration shares of our common stock, other securities ranking junior to the Series Z preferred stock or Parity Stock, subject to certain exceptions, unless the full dividends for the then-current period on all outstanding shares of Series Z preferred stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

We, at the option of our board of directors or any duly authorized committee of our board of directors, may redeem, subject to the prior approval of the FRB, the Series Z preferred stock, in whole or in part, on any dividend payment date on or after March 15, 2025. In addition, within 90 days of our good faith determination that a Regulatory Capital Treatment Event (as such term is defined in the certificate of designation for the Series Z preferred stock), we, at the option of our board of directors or any duly authorized committee of the board of directors, may, subject to approval of the appropriate federal banking agency, redeem in whole, but not in part, the shares of Series Z preferred stock at the time outstanding prior to March 15, 2025. Any redemption shall be at the redemption price of \$25,000 per share plus an amount equal to any dividends that have been declared but not paid to the redemption date without accumulation of any undeclared dividends.

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of our Series Z preferred stock are entitled to receive a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends that have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation, out of our assets legally available for distribution to our stockholders, before any distribution is made to holders of our common stock or any securities ranking junior to the Series Z preferred stock and subject to the rights of the holders of Parity Stock or any of our stock ranking senior to the Series Z preferred stock as to such distribution and the rights of our depositors and other creditors.

Holders of our Series Z preferred stock do not have any voting rights and are not entitled to elect any directors, except as required by law and except for the voting rights provided for below.

Whenever dividends payable on any shares of Series Z preferred stock or any class or series of Voting Parity Stock (as such term is defined in the certificate of designation for the Series Z preferred stock) have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly dividend periods or their equivalent, whether or not for consecutive dividend periods, the holders of our Series Z preferred stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of our board of directors at our next annual meeting of stockholders and at each subsequent meeting of stockholders, by a plurality of votes cast; *provided that* our board of directors shall at no time include more than two such directors and including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights. Upon the vesting of such right of such holders, the maximum authorized number of members of our board of directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series Z preferred stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of Series Z preferred stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series Z preferred stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect such directors shall continue until such time as we have paid in full dividends for the equivalent of at least four quarterly dividend periods or their equivalent, at which time such right with respect to the Series Z preferred stock shall terminate, except as provided by law, and subject to re-vesting in the event of each and every subsequent nonpayment of dividends. Upon any termination of the right of the holders of all shares of Series Z preferred stock and Voting Parity Stock to vote for directors, the term of office of all such directors then in office elected by only those holders voting as a class shall terminate immediately. Whenever the term of office of the directors elected by such holders voting as a class shall

end and the special voting powers vested in such holders shall have expired, the number of directors shall be such number as maybe provided for in our by-laws.

In addition to any other vote required by law or our restated certificate of incorporation, as amended, so long as any shares of our Series Z preferred stock are outstanding, the vote or consent of the holders of the outstanding shares of our Series Z preferred stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series Z preferred stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, will be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law:

- the issuance of any series of preferred stock or preference stock ranking senior to the Series Z preferred stock with respect to either the payment of dividends or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up;
- any amendment, alteration or repeal of any provision of our restated certificate of incorporation, as amended (including the certificate of designation relating to the Series Z preferred stock) or our by-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series Z preferred stock;
- any amendment or alteration of our restated certificate of incorporation, as amended, or by-laws to authorize, create or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of our capital stock ranking senior to the Series Z preferred stock with respect to either payment of dividends or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up; or
- the consummation of a reclassification involving the Series Z preferred stock or a merger or consolidation with another corporation or other entity, except holders of the Series Z preferred stock will have no right to vote under this provision if in each case (i) the shares of Series Z preferred stock remain outstanding or, in the case of any such merger or consolidation with respect to which we are not the

surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (ii) such shares of Series Z preferred stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series Z preferred stock, taken as a whole;

provided, however, that any authorization, creation or increase in the authorized amount of or issuance of our Series Z preferred stock or any class or series of Parity Stock or securities ranking junior to the Series Z preferred stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or securities ranking junior to the Series Z preferred stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series Z preferred stock, and holders of the Series Z preferred stock shall have no right to vote thereon.

If an amendment, alteration, repeal, reclassification, merger or consolidation described above would adversely affect one or more but not all series of voting preferred stock (including the Series Z preferred stock for this purpose), then only those series affected and entitled to vote shall vote as a class in lieu of all such series of preferred stock.

Each holder of the Series Z preferred stock will have 25 votes per share on any matter on which holders of the Series Z preferred stock are entitled to vote, whether separately or together with any other series of our stock (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

Series Z Depositary Shares. Each Series Z depositary share issued by us represents a 1/1,000th interest in one share of our Series Z preferred stock. The shares of our Series Z preferred stock are deposited with Equiniti Trust Company, as depositary. Pursuant to the deposit agreement, the depositary issued Series Z depositary shares, which are evidenced by depositary receipts.

Equiniti Trust Company acts as transfer agent and registrar and paying agent with respect to the Series Z depositary shares.

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The depositary's office at which the depositary receipts are administered is located at Equiniti Trust Company, 1110 Centre Pointe Curve, Suite 101, Mendota Heights, MN 55120.

The Series Z depositary shares were issued in book-entry form through DTC. This means that actual depositary receipts will not be issued, except in limited circumstances. This means that the Series Z depositary shares will be in the form of a single global depositary receipt deposited with a DTC nominee. Each beneficial holder must rely on the procedures of DTC and if the Series Z depositary shares are held through a broker or financial institution nominee, the beneficial holder must rely on the procedures of such broker or financial institution to assert the rights of a depositary receipt holder described in this section.

The depositary will distribute all cash dividends or other cash distributions received on the Series Z preferred stock to the holders of record of Series Z depositary shares in proportion to the numbers of such depositary shares owned by each holder. In the event of a distribution other than in cash, the depositary will distribute property received by it to the holders of record of the Series Z depositary shares in proportion to the number of Series Z depositary shares held by each holder, unless the depositary determines that it is not feasible to make such distribution, in which case the depositary may, with our approval, adopt a method of distribution that it deems practicable, including the sale of such property and distribution of the net proceeds from such sale to such holders.

Record dates for the payment of dividends and other matters relating to the Series Z depositary shares are the same as the corresponding record dates for the Series Z preferred stock.

The amounts distributed to holders of the Series Z depositary shares will be reduced by any amounts required to be withheld by the depositary or by us on account of taxes or other governmental charges.

If the Series Z preferred stock underlying the Series Z depositary shares is redeemed (i) after March 15, 2025, in whole or in part, or (ii) prior to March 15, 2025, in whole, but not in part, due to the occurrence of a Regulatory Capital Treatment Event, Series Z depositary shares will be redeemed with the proceeds received by the depositary from the redemption of the Series Z preferred stock held by the depositary. The redemption price per Series Z depositary share will be equal to 1/1,000th of the applicable redemption price per share payable with respect to such Series Z preferred stock (or \$25 per Series Z depositary share), plus an amount equal to any declared and unpaid dividends, without accumulation of any undeclared dividends. If less than all the Series Z preferred stock is redeemed after March 15, 2025, the Series Z depositary shares to be redeemed will be selected pro rata, or in any other manner consistent with the rules and policies of the NYSE as the depositary may determine to be fair and equitable.

When the depositary receives notice of any meeting at which the holders of the Series Z preferred stock are entitled to vote, the depositary will mail, or otherwise transmit by an authorized method, the information contained in the notice and any accompanying proxy material to the record holders of the Series Z depositary shares relating to the Series Z preferred stock. Each record holder of the Series Z depositary shares on the record date, which will be the same date as the record date for the Series Z preferred stock, may instruct the depositary to vote the amount of the Series Z preferred stock represented by the holder's Series Z depositary shares. To the extent possible, the depositary will vote the amount of the Series Z preferred stock represented by the Series Z depositary shares in accordance with the instructions it receives. We will agree to take all reasonable actions that the depositary determines are necessary

to enable the depositary to vote as instructed. If the depositary does not receive specific instructions from the holders of any Series Z depositary shares representing the Series Z preferred stock, it will not vote the amount of Series Z preferred stock represented by such Series Z depositary shares.

Series AA Preferred Stock. Our Non-Cumulative Perpetual Class A Preferred Stock, Series AA, which we refer to as our “Series AA preferred stock,” with no par value, ranks senior to our common stock and to any other securities that we may issue in the future that are expressly made junior to our Series AA preferred stock, as to payment of dividends and/or distribution of assets upon our liquidation, dissolution or winding up. The Series AA preferred stock ranks equally with our Parity Stock (as such term is defined in the certificate of designation for the Series AA preferred stock) as to payment of dividends and distribution of assets upon our liquidation, dissolution or winding up.

Dividends on shares of our Series AA preferred stock are not mandatory. Holders of our Series AA preferred stock are entitled to receive, when, as and if declared by our board of directors or any duly authorized committee of our board of directors out of legally available assets, non-cumulative cash dividends on the liquidation preference amount, which is \$25,000 per share of Series AA preferred stock. These dividends accrue at a rate per annum equal to 4.70%, payable quarterly in arrears on each March 15, June 15, September 15

and December 15. The right of holders of our Series AA preferred stock to receive dividends is non-cumulative. The Series AA preferred stock was issued on October 28, 2020, and the first dividend payment date was December 15, 2020.

To the extent we declare dividends on the Series AA preferred stock and on any other Parity Stock but cannot make full payment of those declared dividends, we will allocate the dividend payments on a proportional basis among the holders of shares of Series AA preferred stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights. No interest will be payable in respect of any dividend payment that may be in arrears.

We cannot pay dividends on our common stock or other securities ranking junior to the Series AA preferred stock or repurchase, redeem or otherwise acquire for consideration shares of our common stock, other securities ranking junior to the Series AA preferred stock or Parity Stock, subject to certain exceptions, unless the full dividends for the then-current period on all outstanding shares of Series AA preferred stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

We, at the option of our board of directors or any duly authorized committee of our board of directors, may redeem, subject to the prior approval of the FRB, the Series AA preferred stock, in whole or in part, on any dividend payment date on or after December 15, 2025. In addition, within 90 days of our good faith determination that a Regulatory Capital Treatment Event (as such term is defined in the certificate of designation for the Series AA preferred stock), we, at the option of our board of directors or any duly authorized committee of the board of directors, may, subject to approval of the appropriate federal banking agency, redeem in whole, but not in part, the shares of Series AA preferred stock at the time outstanding prior to December 15, 2025. Any redemption shall be at the redemption price of \$25,000 per share plus an amount equal to any dividends that have been declared but not paid to the redemption date without accumulation of any undeclared dividends.

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of our Series AA preferred stock are entitled to receive a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends that have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation, out of our assets legally available for distribution to our stockholders, before any distribution is made to holders of our common stock or any securities ranking junior to the Series AA preferred stock and subject to the rights of the holders of Parity Stock or any of our stock ranking senior to the Series AA preferred stock as to such distribution and the rights of our depositors and other creditors.

Holders of our Series AA preferred stock do not have any voting rights and are not entitled to elect any directors, except as required by law and except for the voting rights provided for below.

Whenever dividends payable on any shares of Series AA preferred stock or any class or series of Voting Parity Stock (as such term is defined in the certificate of designation for the Series AA preferred stock) have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly dividend periods or their equivalent, whether or not for consecutive dividend periods, the holders of our Series AA preferred stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of our board of directors at our next annual meeting of stockholders and at each subsequent meeting of stockholders, by a plurality of votes cast; *provided* that our board of directors shall at no time include more than two such directors and including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights. Upon the vesting of such right of such holders, the maximum authorized number of members of our board of directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series AA preferred stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of Series AA preferred stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series AA preferred stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect such directors shall continue until such time as we have paid in full dividends for the equivalent of at least four quarterly dividend periods or their

equivalent, at which time such right with respect to the Series AA preferred stock shall terminate, except as provided by law, and subject to vesting in the event of each and every subsequent nonpayment of dividends. Upon any termination of the right of the holders of all shares of Series AA preferred stock and Voting Parity Stock to vote for directors, the term of office of all such directors then in office elected by only those holders voting as a class shall terminate immediately. Whenever the term of office of the directors elected by such holders voting as a

class shall end and the special voting powers vested in such holders shall have expired, the number of directors shall be such number as may be provided for in our by-laws.

In addition to any other vote required by law or our restated certificate of incorporation, as amended, so long as any shares of our Series AA preferred stock are outstanding, the vote or consent of the holders of the outstanding shares of our Series AA preferred stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series AA preferred stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, will be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law:

- the issuance of any series of preferred stock or preference stock ranking senior to the Series AA preferred stock with respect to either the payment of dividends or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up;
- any amendment, alteration or repeal of any provision of our restated certificate of incorporation, as amended (including the certificate of designation relating to the Series AA preferred stock) or our by-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series AA preferred stock;
- any amendment or alteration of our restated certificate of incorporation, as amended, or by-laws to authorize, create or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of our capital stock ranking senior to the Series AA preferred stock with respect to either payment of dividends or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up; or
- the consummation of a reclassification involving the Series AA preferred stock or a merger or consolidation with another corporation or other entity, except holders of the Series AA preferred stock will have no right to vote under this provision if in each case (i) the shares of Series AA preferred stock remain outstanding or, in the case of any such merger or consolidation with respect to which we are not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (ii) such shares of Series AA preferred stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series AA preferred stock, taken as a whole;

provided, however, that any authorization, creation or increase in the authorized amount of or issuance of our Series AA preferred stock or any class or series of Parity Stock or securities ranking junior to the Series AA preferred stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or securities ranking junior to the Series AA preferred stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series AA preferred stock, and holders of the Series AA preferred stock shall have no right to vote thereon.

If an amendment, alteration, repeal, reclassification, merger or consolidation described above would adversely affect one or more but not all series of voting preferred stock (including the Series AA preferred stock for this purpose), then only those series affected and entitled to vote shall vote as a class in lieu of all such series of preferred stock.

Each holder of the Series AA preferred stock will have 25 votes per share on any matter on which holders of the Series AA preferred stock are entitled to vote, whether separately or together with any other series of our stock (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

Series AA Depositary Shares. Each Series AA depositary share issued by us represents a 1/1,000th interest in one share of our Series AA preferred stock. The shares of our Series AA preferred stock are deposited with Equiniti Trust Company, as depositary. Pursuant to the deposit agreement, the depositary issued Series AA depositary shares, which are evidenced by depositary receipts.

Equiniti Trust Company acts as transfer agent and registrar and paying agent with respect to the Series AA depositary shares.

The Series AA depositary shares were issued in book-entry form through DTC. This means that actual depositary receipts will not be issued, except in limited circumstances. This means that the Series AA depositary shares will be in the form of a single global depositary receipt deposited with a DTC nominee. Each beneficial holder must rely on the procedures of DTC and if the Series AA depositary shares are held through a broker or financial institution nominee, the beneficial holder must rely on the procedures of such broker or financial institution to assert the rights of a depositary receipt holder described in this section.

The depositary will distribute all cash dividends or other cash distributions received on the Series AA preferred stock to the holders of record of Series AA depositary shares in proportion to the numbers of such depositary shares owned by each holder. In the event of a distribution other than in cash, the depositary will distribute property received by it to the holders of record of the Series AA depositary shares in proportion to the number of Series AA depositary shares held by each holder, unless the depositary determines that it is not feasible to make such distribution, in which case the depositary may, with our approval, adopt a method of distribution that it deems practicable, including the sale of such property and distribution of the net proceeds from such sale to such holders.

Record dates for the payment of dividends and other matters relating to the Series AA depositary shares are the same as the corresponding record dates for the Series AA preferred stock.

The amounts distributed to holders of the Series AA depositary shares will be reduced by any amounts required to be withheld by the depositary or by us on account of taxes or other governmental charges.

If the Series AA preferred stock underlying the Series AA depositary shares is redeemed (i) after December 15, 2025, in whole or in part, or (ii) prior to December 15, 2025, in whole, but not in part, due to the occurrence of a Regulatory Capital Treatment Event (as such term is defined in the certificate of designation for the Series AA preferred stock), Series AA depositary shares will be redeemed with the proceeds received by the depositary from the redemption of the Series AA preferred stock held by the depositary. The redemption price per Series AA depositary share will be equal to 1/1,000th of the applicable redemption price per share payable with respect to such Series AA preferred stock (or \$25 per Series AA depositary share), plus an amount equal to any declared and unpaid dividends, without accumulation of any undeclared dividends. If less than all the Series AA preferred stock is redeemed after December 15, 2025, the Series AA depositary shares to be redeemed will be selected pro rata, or in any other manner consistent with the rules and policies of the NYSE as the depositary may determine to be fair and equitable.

When the depositary receives notice of any meeting at which the holders of the Series AA preferred stock are entitled to vote, the depositary will mail, or otherwise transmit by an authorized method, the information contained in the notice and any accompanying proxy material to the record holders of the Series AA depositary shares relating to the Series AA preferred stock. Each record holder of the Series AA depositary shares on the record date, which will be the same date as the record date for the Series AA preferred stock, may instruct the depositary to vote the amount of the Series AA preferred stock represented by the holder's Series AA depositary shares. To the extent possible, the depositary will vote the amount of the Series AA preferred stock represented by the Series AA depositary shares in accordance with the instructions it receives. We will agree to take all reasonable actions that the depositary determines are necessary to enable the depositary to vote as instructed. If the depositary does not receive specific instructions from the holders of any Series AA depositary shares representing the Series AA preferred stock, it will not vote the amount of Series AA preferred stock represented by such Series AA depositary shares.

Series CC Preferred Stock. Our Non-Cumulative Perpetual Class A Preferred Stock, Series CC, which we refer to as our "Series CC preferred stock," with no par value, ranks senior to our common stock and to any other securities that we may issue in the future that are expressly made junior to our Series CC preferred stock, as to payment of dividends and/or distribution of assets upon our liquidation, dissolution or winding up. The Series CC preferred stock ranks equally with our Parity Stock (as such term is defined in the certificate of designation for the Series CC preferred stock) as to payment of dividends and distribution of assets upon our liquidation, dissolution or winding up.

Dividends on shares of our Series CC preferred stock are not mandatory. Holders of our Series CC preferred stock are entitled to receive, when, as and if declared by our board of directors or any duly authorized committee of our board of directors out of legally available assets, non-cumulative cash dividends on the liquidation preference amount, which is \$25,000 per share of Series CC preferred

stock. These dividends accrue at a rate per annum equal to 4.375%, payable quarterly in arrears on each March 15, June 15, September 15 and December 15. The right of holders of our Series CC preferred stock to receive dividends is non-cumulative. The Series CC preferred stock was originally issued on February 1, 2021. On February 9, 2021, an additional issuance of Series CC preferred stock occurred due to the partial exercise of an over-allotment option granted to the underwriters. The first dividend payment date will be March 15, 2021.

To the extent we declare dividends on the Series CC preferred stock and on any other Parity Stock but cannot make full payment of those declared dividends, we will allocate the dividend payments on a proportional basis among the holders of shares of Series CC preferred stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights. No interest will be payable in respect of any dividend payment that may be in arrears.

We cannot pay dividends on our common stock or other securities ranking junior to the Series CC preferred stock or repurchase, redeem or otherwise acquire for consideration shares of our common stock, other securities ranking junior to the Series CC preferred stock or Parity Stock, subject to certain exceptions, unless the full dividends for the then-current period on all outstanding shares of Series CC preferred stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

We, at the option of our board of directors or any duly authorized committee of our board of directors, may redeem, subject to the prior approval of the FRB, the Series CC preferred stock, in whole or in part, on any dividend payment date on or after March 15, 2026. In addition, within 90 days of our good faith determination that a Regulatory Capital Treatment Event (as such term is defined in the certificate of designation for the Series CC preferred stock), we, at the option of our board of directors or any duly authorized committee of the board of directors, may, subject to approval of the appropriate federal banking agency, redeem in whole, but not in part, the shares of Series CC preferred stock at the time outstanding prior to March 15, 2026. Any redemption shall be at the redemption price of \$25,000 per share plus an amount equal to any dividends that have been declared but not paid to the redemption date without accumulation of any undeclared dividends.

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of our Series CC preferred stock are entitled to receive a liquidating distribution in the amount of \$25,000 per share, plus an amount equal to any dividends that have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation, out of our assets legally available for distribution to our stockholders, before any distribution is made to holders of our common stock or any securities ranking junior to the Series CC preferred stock and subject to the rights of the holders of Parity Stock or any of our stock ranking senior to the Series CC preferred stock as to such distribution and the rights of our depositors and other creditors.

Holders of our Series CC preferred stock do not have any voting rights and are not entitled to elect any directors, except as required by law and except for the voting rights provided for below.

Whenever dividends payable on any shares of Series CC preferred stock or any class or series of Voting Parity Stock (as such term is defined in the certificate of designation for the Series CC preferred stock) have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly dividend periods or their equivalent, whether or not for consecutive dividend periods, the holders of our Series CC preferred stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of our board of directors at our next annual meeting of stockholders and at each subsequent meeting of stockholders, by a plurality of votes cast; *provided that* our board of directors shall at no time include more than two such directors and including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights. Upon the vesting of such right of such holders, the maximum authorized number of members of our board of directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series CC preferred stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of Series CC preferred stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series CC preferred stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect such directors shall continue until such time as we have paid in full dividends for the equivalent of at least four quarterly dividend periods or their equivalent, at which time such right with respect to the Series CC preferred stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent nonpayment of dividends. Upon any termination of the right of the holders of all shares of Series CC

preferred stock and Voting Parity Stock to vote for directors, the term of office of all such directors then in office elected by only those holders voting as a class shall terminate immediately. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders shall have expired, the number of directors shall be such number as may be provided for in our by-laws.

In addition to any other vote required by law or our restated certificate of incorporation, as amended, so long as any shares of our Series CC preferred stock are outstanding, the vote or consent of the holders of the outstanding shares of our Series CC preferred stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series CC preferred stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, will be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law:

- the issuance of any series of preferred stock or preference stock ranking senior to the Series CC preferred stock with respect to either the payment of dividends or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up;
- any amendment, alteration or repeal of any provision of our restated certificate of incorporation, as amended (including the certificate of designation relating to the Series CC preferred stock) or our by-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series CC preferred stock;
- any amendment or alteration of our restated certificate of incorporation, as amended, or by-laws to authorize, create or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of our capital stock ranking senior

to the Series CC preferred stock with respect to either payment of dividends or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up; or

- the consummation of a reclassification involving the Series CC preferred stock or a merger or consolidation with another corporation or other entity, except holders of the Series CC preferred stock will have no right to vote under this provision if in each case (i) the shares of Series CC preferred stock remain outstanding or, in the case of any such merger or consolidation with respect to which we are not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (ii) such shares of Series CC preferred stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series CC preferred stock, taken as a whole;

provided, however, that any authorization, creation or increase in the authorized amount of or issuance of our Series CC preferred stock or any class or series of Parity Stock or securities ranking junior to the Series CC preferred stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or securities ranking junior to the Series CC preferred stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series CC preferred stock, and holders of the Series CC preferred stock shall have no right to vote thereon.

If an amendment, alteration, repeal, reclassification, merger or consolidation described above would adversely affect one or more but not all series of voting preferred stock (including the Series CC preferred stock for this purpose), then only those series affected and entitled to vote shall vote as a class in lieu of all such series of preferred stock.

Each holder of the Series CC preferred stock will have 25 votes per share on any matter on which holders of the Series CC preferred stock are entitled to vote, whether separately or together with any other series of our stock (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

Series CC Depositary Shares. Each Series CC depositary share issued by us represents a 1/1,000th interest in one share of our Series CC preferred stock. The shares of our Series CC preferred stock are deposited with Equiniti Trust Company, as depositary. Pursuant to the deposit agreement, the depositary issued Series CC depositary shares, which are evidenced by depositary receipts.

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Equiniti Trust Company acts as transfer agent and registrar and paying agent with respect to the Series CC depositary shares.

The depositary's office at which the depositary receipts are administered is located at Equiniti Trust Company, 1110 Centre Pointe Curve, Suite 101, Mendota Heights, MN 55120.

The Series CC depositary shares were issued in book-entry form through DTC. This means that actual depositary receipts will not be issued, except in limited circumstances. This means that the Series CC depositary shares will be in the form of a single global depositary receipt deposited with a DTC nominee. Each beneficial holder must rely on the procedures of DTC and if the Series CC depositary shares are held through a broker or financial institution nominee, the beneficial holder must rely on the procedures of such broker or financial institution to assert the rights of a depositary receipt holder described in this section.

The depositary will distribute all cash dividends or other cash distributions received on the Series CC preferred stock to the holders of record of Series CC depositary shares in proportion to the numbers of such depositary shares owned by each holder. In the event of a distribution other than in cash, the depositary will distribute property received by it to the holders of record of the Series CC depositary shares in proportion to the number of Series CC depositary shares held by each holder, unless the depositary determines that it is not feasible to make such distribution, in which case the depositary may, with our approval, adopt a method of distribution that it deems practicable, including the sale of such property and distribution of the net proceeds from such sale to such holders.

Record dates for the payment of dividends and other matters relating to the Series CC depositary shares are the same as the corresponding record dates for the Series CC preferred stock.

The amounts distributed to holders of the Series CC depositary shares will be reduced by any amounts required to be withheld by the depositary or by us on account of taxes or other governmental charges.

If the Series CC preferred stock underlying the Series CC depositary shares is redeemed (i) after March 15, 2026, in whole or in part, or (ii) prior to March 15, 2026, in whole, but not in part, due to the occurrence of a Regulatory Capital Treatment Event (as such term is defined in the certificate of designation for the Series CC preferred stock), Series CC depositary shares will be redeemed with the proceeds received by the depositary from the redemption of the Series CC preferred stock held by the depositary. The redemption price per Series CC depositary share will be equal to 1/1,000th of the applicable redemption price per share payable with respect to such Series CC preferred stock (or \$25 per Series CC depositary share), plus an amount equal to any declared and unpaid dividends, without accumulation of any undeclared dividends. If less than all the Series CC preferred stock is redeemed after March 15,

2026, the Series CC depositary shares to be redeemed will be selected pro rata, or in any other manner consistent with the rules and policies of the NYSE as the depositary may determine to be fair and equitable.

When the depositary receives notice of any meeting at which the holders of the Series CC preferred stock are entitled to vote, the depositary will mail, or otherwise transmit by an authorized method, the information contained in the notice and any accompanying proxy material to the record holders of the Series CC depositary shares relating to the Series CC preferred stock. Each record holder of the Series CC depositary shares on the record date, which will be the same date as the record date for the Series CC preferred stock, may instruct the depositary to vote the amount of the Series CC preferred stock represented by the holder's Series CC depositary shares. To the extent possible, the depositary will vote the amount of the Series CC preferred stock represented by the Series CC depositary shares in accordance with the instructions it receives. We will agree to take all reasonable actions that the depositary determines are necessary to enable the depositary to vote as instructed. If the depositary does not receive specific instructions from the holders of any Series CC depositary shares representing the Series CC preferred stock, it will not vote the amount of Series CC preferred stock represented by such Series CC depositary shares.

Dividend Equalization Preferred ("DEP") Shares. With regard to distributions upon liquidation or dissolution, our DEP Shares rank junior to any other class or series of our preferred stock issued in exchange for preferred stock established by the Wachovia Corporation ("Wachovia") board of directors after September 1, 2001 and each class or series of preferred stock established by our board of directors following the issuance of the DEP Shares, and rank senior to the common stock for the \$10.00 liquidation preference described below.

Holders of our DEP Shares are not entitled to receive any dividends, and the DEP Shares are not convertible or exchangeable. The DEP Shares are redeemable, in whole or in part, at our option after December 31, 2021, for an amount equal to \$10.00 per DEP Share. We must provide no less than 30 and no more than 60 days' notice prior to any date specified for redemption of the DEP Shares. If we redeem less than all of the outstanding DEP Shares, then we must redeem all DEP Shares held by holders of fewer than one-tenth of a share, or by holders that would hold fewer than one-tenth of a share following the redemption.

In the event of liquidation, holders of our DEP Shares are entitled to receive, before any distribution is made to the holders of common stock or any other junior stock, but after any distribution to any other class or series of our preferred stock issued in exchange for preferred stock established by the Wachovia board of directors after September 1, 2001, an amount equal to \$10.00 per DEP Share. The holders of DEP Shares have no other right or claim to any of our remaining assets. Each one one-thousandth of a DEP Share has a corresponding liquidation preference of \$0.01.

Holders of our DEP Shares do not have voting rights, except those required by applicable law or the rules of a securities exchange on which the DEP Shares may be listed.

DESCRIPTION OF GUARANTEE OF 5.80% FIXED-TO-FLOATING RATE NORMAL WACHOVIA INCOME TRUST SECURITIES OF WACHOVIA CAPITAL TRUST III

The following description of the 5.80% Fixed-to-Floating Rate Normal Wachovia Income Trust Securities (collectively, the "WITS," and individually, a "WIT") of Wachovia Capital Trust III (the "Trust") and the related Guarantee of the WITS (the "Guarantee") by Wells Fargo & Company, as successor to Wachovia Corporation (the "Company"), is a summary and does not purport to be complete, and is qualified in its entirety by reference to the Trust Agreement (as defined below) and the Guarantee. The Trust is a perpetual statutory trust created under Delaware law. At the time of the issuance of the WITS, the Trust concurrently issued common securities of the Trust to the Company (the "Trust Common Securities"). Both the WITS and Trust Common Securities (together, the "Trust Securities") represent beneficial interests in the Trust.

The WITS

The WITS were issued pursuant to an Amended and Restated Trust Agreement, as further amended or supplemented from time to time (the "Trust Agreement"), with the Company as the depositor, U.S. Bank National Association as the property trustee, U.S. Bank Trust National Association as the Delaware trustee, and two or more individuals who are employees or officers of, or affiliated with, the Company as the administrative trustees (the property trustee, the Delaware trustee, and the administrative trustees together, the "trustees"). The Trust will pass through, as distributions on or the redemption price of WITS, amounts that it receives on its assets that are the "corresponding assets" for the WITS. The corresponding asset for each WIT is a 1/100th, or \$1,000, interest in one share of the Company's Non-Cumulative Perpetual Class A Preferred Stock, Series I, \$100,000 liquidation preference per share (the "Preferred Stock").

Holders of WITS are entitled to receive distributions corresponding to non-cumulative cash dividend payments on the Preferred Stock held by the Trust. The Trust must make distributions on the WITS on the Distribution Dates (as defined below) to the

extent that it has funds available therefor. The Trust's funds available for distribution to holders of the WITS are limited to dividends received from the Trust on the Preferred Stock. The Company guarantees the payment of distributions on the WITS out of moneys held by the Trust to the extent of available Trust funds. The "Distribution Dates" for the WITS are each March 15, June 15, September 15 and December 15, or if any such date is not a business day, the next business day.

Dividends on the Preferred Stock will be payable if, as and when declared by the Company's board of directors, on the dividend payment dates, which are each March 15, June 15, September 15 and December 15 (or, if such day is not a business day, the next business day). Dividends on the Preferred Stock will accrue at a *per annum* rate equal to the greater of (x) Three-Month LIBOR for the related dividend period plus 0.93% and (y) 5.56975%. See "The Preferred Stock" below.

Redemption and Redemption Procedures

The WITS have no stated maturity but must be redeemed on the date the Company redeems the Preferred Stock, and the property trustee or paying agent will apply the proceeds from such repayment or redemption to redeem a like amount (as defined below) of the WITS. The Preferred Stock is perpetual but the Company may redeem it, subject to certain limitations. The redemption price per WIT will equal the liquidation amount per WIT plus accumulated and unpaid distributions to but excluding the redemption date. If less than all of the shares of Preferred Stock held by the Trust are to be redeemed on a redemption date, then the proceeds from such redemption will be allocated *pro rata* to the redemption of the WITS and the Trust Common Securities, except as set forth under "-Ranking of Trust Common Securities" below. The term "like amount" as used above means WITS having a liquidation amount equal to that portion of the liquidation amount of the Preferred Stock to be contemporaneously redeemed, the proceeds of which will be used to pay the redemption price of such WITS.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to the registered address of each holder of WITS to be redeemed. If (i) the Trust gives an irrevocable notice of redemption of the WITS for cash and (ii) the Company has paid to the property trustee a sufficient amount of cash in connection with the related redemption of the Preferred Stock, then on the redemption date, the property trustee will irrevocably deposit with Depository Trust Company ("DTC") funds sufficient to pay the redemption price for the WITS being redeemed. The Trust will also give DTC irrevocable instructions and authority to pay the redemption amount in immediately available funds to the beneficial owners of the global securities representing the WITS. Distributions to be paid on or before the redemption date for any WITS called for redemption will be payable to the holders as of the record dates for the related Distribution Dates. If the WITS called for redemption are no longer in book-entry form, the property trustee, to the extent funds are available, will irrevocably deposit with the paying agent for the WITS funds sufficient to pay the applicable redemption price and will give such paying agent irrevocable instructions and authority to pay the redemption price to the holders thereof upon surrender of their certificates evidencing the WITS.

If notice of redemption shall have been given and funds deposited as required, then upon the date of such deposit:

- all rights of the holders of the WITS called for redemption will cease, except the right of the holders of such WITS to receive the redemption price and any distribution payable in respect of the WITS on or prior to the redemption date, but without interest on such redemption price; and
- the WITS called for redemption will cease to be outstanding.

If any redemption date is not a business day, then the redemption amount will be payable on the next business day (and without any interest or other payment in respect of any such delay). However, if payment on the next business day causes payment of the redemption amount to be in the next calendar month, then payment will be on the preceding business day.

If payment of the redemption amount for any shares of Preferred Stock called for redemption is improperly withheld or refused and accordingly the redemption amount of the WITS is not paid either by the Trust or by the Company under the Guarantee, then dividends on the Preferred Stock will continue to accrue and distributions on the WITS called for redemption will continue to accumulate at the applicable rate from the original redemption date scheduled to the actual date of payment. In this case, the actual payment date will be considered the redemption date for purposes of calculating the redemption amount. Redemptions of the WITS may require prior approval of the Board of Governors of the Federal Reserve System (the "Federal Reserve").

If less than all of the outstanding shares of Preferred Stock are to be redeemed on a redemption date, then the aggregate liquidation amount of WITS and Trust Common Securities to be redeemed shall be allocated *pro rata* to the WITS and Trust Common Securities based upon the relative liquidation amounts of such Trust Securities, except as set forth under "-Ranking of Trust Common Securities" below. The property trustee will select the WITS to be redeemed on a *pro rata* basis not more than 60 days before the redemption date from the outstanding WITS not previously called for redemption by any method the property trustee deems fair and appropriate, or, if the WITS are in book-entry only form, in accordance with the procedures of DTC. The property trustee shall promptly notify the transfer agent in writing of the WITS selected for redemption and, in the case of any WITS selected for redemption in part, the liquidation amount to be redeemed.

For all purposes of the Trust Agreement, unless the context otherwise requires, all provisions relating to the redemption of WITS shall relate, in the case of any WITS redeemed or to be redeemed only in part, to the portion of the aggregate liquidation amount of WITS that has been or is to be redeemed. If less than all of the WITS are redeemed, the WITS held through the facilities of DTC will be redeemed pro rata in accordance with DTC's internal procedures.

Subject to applicable law, including, without limitation, U.S. federal securities laws and the Declaration of Covenant entered into in connection with the issuance of the WITS, the Company or its affiliates may at any time and from time to time purchase outstanding WITS by tender, in the open market or by private agreement.

Liquidation Distribution upon Dissolution

Pursuant to the Trust Agreement, the Trust shall dissolve on the first to occur of:

- certain events of bankruptcy, dissolution or liquidation of the Company;
- redemption of all of the WITS as described above; and
- the entry of an order for the dissolution of the Trust by a court of competent jurisdiction.

Except as set forth in the next paragraph, if an early dissolution occurs as a result of certain events of bankruptcy, dissolution or liquidation of the Company, the property trustee and the administrative trustees will liquidate the Trust as expeditiously as they determine possible by distributing, after satisfaction of liabilities to creditors of the Trust as provided by applicable law, to each holder of WITS a like amount of corresponding assets as of the date of such distribution. Except as set forth in the next paragraph, if an early dissolution occurs as a result of the entry of an order for the dissolution of the Trust by a court of competent jurisdiction, unless otherwise required by applicable law, the property trustee will liquidate the Trust as expeditiously as it determines to be possible by distributing, after satisfaction of liabilities to creditors of the Trust as provided by applicable law, to each holder of WITS of each class a like amount of corresponding assets as of the date of such distribution. The property trustee shall give notice of liquidation to each holder of WITS at least 30 days and not more than 60 days before the date of liquidation.

If, whether because of an order for dissolution entered by a court of competent jurisdiction or otherwise, the property trustee determines that distribution of the corresponding assets in the manner provided above is not practical, or if the early dissolution occurs as a result of the redemption of all the WITS, the property trustee shall liquidate the property of the Trust and wind up its affairs in such manner as it determines. In that case, upon the winding-up of the Trust, except with respect to an early dissolution that occurs as a result of the redemption of all the WITS, the holders will be entitled to receive out of the assets of the Trust available for distribution to holders and after satisfaction of liabilities to creditors of the Trust as provided by applicable law, an amount equal to the aggregate liquidation amount per Trust security plus accrued and unpaid distributions to the date of payment. If, upon any such winding-up, the Trust has insufficient assets available to pay in full such aggregate liquidation distribution, then the amounts payable directly by the Trust on its Trust Securities shall be paid on a *pro rata* basis, except as set forth under "-Ranking of Trust Common Securities" below.

The term "like amount" as used above means, with respect to a distribution of Preferred Stock to holders of WITS in connection with a dissolution or liquidation of the Trust therefor, Preferred Stock having a liquidation preference equal to the liquidation amount of the WITS of the holder to whom such Preferred Stock would be distributed.

Distribution of Trust Assets

Upon liquidation of the Trust other than as a result of an early dissolution upon the redemption of all the WITS and after satisfaction of the liabilities of creditors of the Trust as provided by applicable law, the assets of the Trust will be distributed to the holders of such Trust Securities in exchange therefor.

After the liquidation date fixed for any distribution of assets of the Trust:

- the WITS will no longer be deemed to be outstanding;

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- if the assets to be distributed are shares of Preferred Stock, DTC or its nominee, as the record holder of the WITS, will receive a registered global certificate or certificates representing the Preferred Stock to be delivered upon such distribution
 - any certificates representing the WITS not held by DTC or its nominee or surrendered to the exchange agent will be deemed to represent shares of Preferred Stock having a liquidation preference equal to the WITS until such certificates are so surrendered for transfer and reissuance; and
 - all rights of the holders of the WITS will cease, except the right to receive Preferred Stock upon such surrender.

Since each WIT corresponds to 1/100th of a share of Preferred Stock, holders of the WITS may receive fractional shares of Preferred Stock upon this distribution.

Ranking of Trust Common Securities

If on any Distribution Date the Trust does not have funds available from payments of dividends on the Preferred Stock to make full distributions on the WITS and the Trust Common Securities then, if the deficiency in funds results from the Company's failure to pay a full dividend on shares of Preferred Stock on a dividend payment date, then the available funds from dividends on the Preferred Stock shall be applied first to make distributions then due on the WITS on a *pro rata* basis on such Distribution Date up to the amount of such distributions corresponding to dividends on the Preferred Stock (or, if less, the amount of the corresponding distributions that would have been made on the WITS had the Company paid a full dividend on the Preferred Stock) before any such amount is applied to make a distribution on Trust Common Securities on such Distribution Date.

If on any date where WITS and Trust Common Securities must be redeemed because the Company is redeeming Preferred Stock the Trust does not have funds available from the Company's redemption of shares of Preferred Stock to pay the full redemption price then due on all of the outstanding WITS and Trust Common Securities to be redeemed, then (i) the available funds shall be applied first to pay the redemption price on the WITS to be redeemed on such redemption date and (ii) Trust Common Securities shall be redeemed only to the extent funds are available for such purpose after the payment of the full redemption price on the WITS to be redeemed.

If an early dissolution event occurs in respect of the Trust, no liquidation distributions shall be made on the Trust Common Securities until full liquidation distributions have been made on the WITS.

In the case of any event of default under the Trust Agreement resulting from the Company's failure to comply in any material respect with any of the Company's obligations as issuer of the Preferred Stock, or arising under applicable law, the Company, as holder of the Trust Common Securities, will be deemed to have waived any right to act with respect to any such event of default under the Trust Agreement until the effect of all such events of default with respect to the WITS have been cured, waived or otherwise eliminated. Until all events of default under the Trust Agreement have been so cured, waived or otherwise eliminated, the property trustee shall act solely on behalf of the holders of the WITS and not on the Company's behalf, and only the holders of the WITS will have the right to direct the property trustee to act on their behalf.

Events of Default; Notice

Any one of the following events constitutes an event of default under the Trust Agreement, or a "Trust Event of Default," regardless of the reason for such event of default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

- the failure to comply in any material respect with the Company's obligations as issuer of the Preferred Stock or those of the Trust arising under applicable law;
- the default by the Trust in the payment of any distribution on any Trust security of the Trust when such becomes due and payable, and continuation of such default for a period of 30 days;

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- the default by the Trust in the payment of any redemption price of any Trust security of the Trust when such becomes due and payable;
 - the failure to perform or the breach, in any material respect, of any other covenant or warranty of the trustees in the Trust Agreement for 90 days after the defaulting trustee or trustees have received written notice of the failure to perform or breach in the manner specified in such Trust Agreement; or
 - the occurrence of certain events of bankruptcy or insolvency with respect to the property trustee and the Company's failure to appoint a successor property trustee within 90 days.

Within 30 days after any Trust Event of Default actually known to the property trustee occurs, the property trustee will transmit notice of such Trust Event of Default to the holders of the affected Trust Securities and to the administrative trustees, unless such Trust Event of Default shall have been cured or waived. The Company, as depositor, and the administrative trustees are required to file annually with the property trustee a certificate as to whether or not the Company or they are in compliance with all the conditions and covenants applicable to the Company and to them under the Trust Agreement.

Mergers, Consolidations, Amalgamations or Replacements of the Trust

The Trust may not merge with or into, consolidate, amalgamate, or be replaced by, or convey, transfer or lease its properties and assets substantially as an entirety to the Company or any other person, except as described below or as otherwise described in the Trust Agreement. The Trust may, at the Company's request, with the consent of the administrative trustees but without the consent of the holders of the WITS, the property trustee or the Delaware trustee, merge with or into, consolidate, amalgamate, or be replaced by,

or convey, transfer or lease its properties and assets substantially as an entirety to, a trust organized as such under the laws of any state if:

- such successor entity either:
- expressly assumes all of the obligations of the Trust with respect to the WITS, or
- substitutes for the WITS other securities having substantially the same terms as the WITS, or the “Successor Securities,” so long as the Successor Securities rank the same as the WITS in priority with respect to distributions and payments upon liquidation, redemption and otherwise;
- a trustee of such successor entity possessing the same powers and duties as the property trustee is appointed to hold the Preferred Stock then held by or on behalf of the property trustee;
- such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not cause the WITS, including any Successor Securities, to be downgraded by any nationally recognized statistical rating organization;
- such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not adversely affect the rights, preferences and privileges of the holders of the WITS, including any Successor Securities, in any material respect;
- such successor entity has purposes substantially identical to those of the Trust;
- prior to such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease, the property trustee has received an opinion from counsel to the Trust experienced in such matters to the effect that:
- such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not adversely affect the rights, preferences and privileges of the holders of the WITS, including any Successor Securities, in any material respect, and
- following such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease, neither the Trust nor such successor entity will be required to register as an
- investment company under the Investment Company Act of 1940, as amended (the “ICA”);

- the Trust has received an opinion of counsel experienced in such matters that such merger, consolidation, amalgamation, conveyance, transfer or lease will not cause the Trust or the successor entity to be classified as an association or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes; and
- the Company or any permitted successor or assignee owns all of the common securities of such successor entity and guarantees the obligations of such successor entity under the Successor Securities at least to the extent provided by the Guarantee.

Notwithstanding the foregoing, the Trust may not, except with the consent of holders of 100% in liquidation amount of the WITS, consolidate, amalgamate, merge with or into, or be replaced by or convey, transfer or lease its properties and assets substantially as an entirety to any other entity or permit any other entity to consolidate, amalgamate, merge with or into, or replace it if such consolidation, amalgamation, merger, replacement, conveyance, transfer or lease would cause the Trust or the successor entity to be classified as other than one or more grantor trusts and/or agency arrangements or to be classified as an association or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes.

Voting Rights; Amendment of the Trust Agreement

Except as otherwise required by law and the Trust Agreement or as otherwise described herein, the holders of the WITS have no voting rights or control over the administration, operation or management of the Trust or the obligations of the parties to the Trust Agreement, including in respect of Preferred Stock beneficially owned by the Trust. Under the Trust Agreement, however, the property trustee is required to obtain their consent before exercising some of its rights in respect of these securities.

Trust Agreement

The Trust Agreement is governed by Delaware law. The Company and the administrative trustees may amend the Trust Agreement without the consent of the holders of the WITS, the property trustee or the Delaware trustee, unless in the case of the first two bullets below such amendment will materially and adversely affect the interests of any holder of WITS or the property trustee or the Delaware trustee, to:

- cure any ambiguity, correct or supplement any provisions in the Trust Agreement that may be inconsistent with any other provision, or to make any other provisions with respect to matters or questions arising under such Trust Agreement, which may not be inconsistent with the other provisions of the Trust Agreement;

- modify, eliminate or add to any provisions of the Trust Agreement to such extent as shall be necessary to ensure that the Trust will be classified for U.S. federal income tax purposes as one or more grantor trusts and/or agency arrangements and not as an association or a publicly traded partnership taxable as a corporation at all times that any Trust Securities are outstanding, to ensure that the Trust will not be required to register as an "investment company" under the ICA or to ensure the treatment of the WITS as tier 1 regulatory capital under prevailing Federal Reserve rules and regulations;
- provide that certificates for the WITS may be executed by an administrative trustee by facsimile signature instead of manual signature, in which case such amendment(s) shall also provide for the appointment by the Company of an authentication agent and certain related provisions;
- require that holders that are not U.S. persons for U.S. federal income tax purposes irrevocably appoint a U.S. person to exercise any voting rights to ensure that the Trust will not be treated as a foreign trust for U.S. federal income tax purposes; or
- conform the terms of the Trust Agreement to the description of the Trust Agreement, the WITS and the Trust Common Securities in the applicable prospectus, in the manner provided in the Trust Agreement.

Any such amendment shall become effective when notice thereof is given to the property trustee, the Delaware trustee and the holders of the WITS.

The Company and the administrative trustees may generally amend the Trust Agreement with:

- the consent of holders representing not less than a majority, based upon liquidation amounts, of the WITS affected by the amendments; and
- receipt by the trustees of the Trust of an opinion of counsel to the effect that such amendment or the exercise of any power granted to the trustees of the Trust or the administrative trustees in accordance with such amendment will not affect the Trust's status as one or more grantor trusts and/or agency arrangements for U.S. federal income tax purposes or affect the Trust's exemption from status as an "investment company" under the ICA.

However, without the consent of each affected holder of Trust Securities, the Trust Agreement may not be amended to:

- change the amount or timing, or otherwise adversely affect the amount, of any distribution required to be made in respect of Trust Securities as of a specified date; or
- restrict the right of a holder of Trust Securities to institute a suit for the enforcement of any such payment on or after such date.

Preferred Stock

So long as the Preferred Stock is held by the property trustee on behalf of the Trust, the trustees of the Trust will not waive any default in respect of the Preferred Stock without obtaining the prior approval of the holders of at least a majority in liquidation amount of the WITS then outstanding. The trustees of the Trust shall also not consent to any amendment to the Trust's or the Company's governing documents that would change the dates on which dividends are payable or the amount of such dividends, without the prior written consent of each holder of WITS. In addition to obtaining the foregoing approvals from holders, the trustees shall obtain, at the Company's expense, an opinion of counsel to the effect that such action shall not cause the Trust to be taxable as a corporation or classified as a partnership for U.S. federal income tax purposes. See "The Preferred Stock" below.

General

Any required approval of holders the WITS may be given at a meeting of holders convened for such purpose or pursuant to written consent. The property trustee will cause a notice of any meeting at which holders of the WITS are entitled to vote, or of any matter upon which action by written consent of such holders is to be taken, to be given to each record holder of the WITS in the manner set forth in the Trust Agreement.

No vote or consent of the holders of WITS will be required for the Trust to redeem and cancel the WITS in accordance with the Trust Agreement.

Notwithstanding that holders of the WITS are entitled to vote or consent under any of the circumstances described above, any of the WITS that are owned by the Company or its affiliates or the trustees or any of their affiliates, shall, for purposes of such vote or consent, be treated as if they were not outstanding.

Payment

Payments on the WITS shall be made to DTC, which shall credit the relevant accounts on the applicable Distribution Dates. If any WITS are not held by DTC, such payments shall be made by check mailed to the address of the holder as such address shall appear on the register.

Property Trustee

Other than during the occurrence and continuance of a Trust Event of Default, the property trustee undertakes to perform only the duties that are specifically set forth in the Trust Agreement. After a Trust Event of Default, the property trustee must exercise the same degree of care and skill as a prudent individual would exercise or use in the conduct of his or her own affairs. Subject to this provision, the property trustee is under no obligation to exercise any of the powers vested in it by the Trust Agreement at the request of any holder of WITS unless it is offered indemnity satisfactory to it by such holder against the costs, expenses and liabilities that might be incurred. If no Trust Event of Default has occurred and is continuing and the property trustee is required to decide between alternative courses of action, construe ambiguous provisions in the Trust Agreement or is unsure of the application of any provision of the Trust Agreement, and the matter is not one upon which holders of WITS are entitled under the Trust Agreement to vote, then the property trustee will take any action that the Company directs. If the Company does not provide direction, the property trustee may take any action that it deems advisable and in the interests of the holders of the Trust Securities and will have no liability except for its own bad faith, negligence or willful misconduct.

The Company and its affiliates may maintain certain accounts and other banking relationships with the property trustee and its affiliates in the ordinary course of business.

Trust Expenses

Pursuant to the Trust Agreement, the Company agrees to pay:

- all debts and other obligations of the Trust (other than with respect to the WITS);
- all costs and expenses of the Trust, including costs and expenses relating to the organization of the Trust, the fees and expenses of the trustees and the cost and expenses relating to the operation of the Trust; and
- any and all taxes and costs and expenses with respect thereto, other than U.S. withholding taxes, to which the Trust might become subject.

Miscellaneous

The administrative trustees are authorized and directed to conduct the affairs of and to operate the Trust in such a way that it will not be required to register as an "investment company" under the ICA or characterized as other than one or more grantor trusts and/or agency arrangements for U.S. federal income tax purposes.

In this regard, the Company and the administrative trustees are authorized to take any action, not inconsistent with applicable law, the certificate of trust of the Trust or the Trust Agreement, that the Company and the administrative trustees determine to be necessary or desirable to achieve such end, as long as such action does not materially and adversely affect the interests of the holders of the WITS.

Holders of the WITS have no preemptive or similar rights. The WITS are not convertible into or exchangeable for the Company's common stock or preferred stock.

The Preferred Stock

The Company issued its Preferred Stock to the Trust as contemplated by the WITS. This description of the Preferred Stock is qualified in its entirety by the Certificate of Designations dated December 30, 2008.

The Preferred Stock ranks senior to the Company's common stock and to any other securities that the Company may issue in the future that are subordinate to the Preferred Stock. The Company may authorize and issue additional shares of preferred stock that may rank junior to, on parity with or senior to the Preferred Stock as to dividend rights and rights upon liquidation, winding up, or dissolution without the consent of the holders of the Preferred Stock.

Dividends on shares of the Preferred Stock are not mandatory. Holders of the Preferred Stock are entitled to receive, if, when, and as declared by the Company's board of directors out of legally available assets, non-cumulative cash dividends on the liquidation preference, which is \$100,000 per share of Preferred Stock. These dividends are payable quarterly in arrears on each March 15, June 15, September 15 and December 15. Dividends accrue on the Preferred Stock at a rate per annum equal to the greater of (x) three-

month LIBOR for the related dividend period plus 0.93% and (y) 5.56975%. The right of holders of the Preferred Stock to receive dividends is non-cumulative.

When dividends are not paid in full upon the Preferred Stock and any other parity stock, dividends upon that stock will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the current dividend period per share on the Preferred Stock, and accrued dividends, including any accumulations on such voting parity stock, bear to each other. No interest will be payable in respect of any dividend payment that may be in arrears.

So long as full dividends on all outstanding shares of the Company's Preferred Stock for the then-current dividend period have been paid or declared and a sum sufficient for the payment thereof set aside, the Company, at the option of its board of directors, may redeem the Preferred Stock in whole or in part on any dividend payment date at any time after March 15, 2011. Any such redemption shall be at the redemption price of \$100,000 per share plus dividends that have been declared but not paid to the redemption date, without interest.

In the event of the Company's voluntary or involuntary liquidation, dissolution or winding up, the holders of the Preferred Stock are entitled to receive a liquidating distribution in the amount of the liquidation preference of \$100,000 per share, plus any accrued and unpaid dividends for the then-current dividend period to the date of liquidation, out of the Company's assets legally available for distribution to its stockholders, before any distribution is made to holders of the Company's common stock or any securities ranking junior to the Preferred Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with the Preferred Stock upon liquidation and the rights of the Company's depositors and other creditors.

Holders of the Preferred Stock do not have any voting rights and are not entitled to elect any directors, except as required by law.

The Guarantee

The payment of distributions out of money held by the Trust, and payments upon redemption of the WITS or liquidation of the Trust, are guaranteed by the Company. The Guarantee and the Company's obligations under the Trust Agreement, including obligations to pay costs, expenses, debts and liabilities of the Trust, with certain exceptions, has the effect of providing a full and unconditional guarantee of amounts due on the WITS. U.S. Bank National Association, as the guarantee trustee, holds the Guarantee for the benefit of the holders of the WITS. The Guarantee does not cover payment of distributions when the Trust does not have sufficient available funds to pay those distributions. The Guarantee is governed by the laws of the State of New York.

General

The following payments on the WITS, also referred to as the "guarantee payments," if not fully paid by the Trust, will be paid by the Company under the Guarantee for the benefit of the holders of the WITS. Pursuant to the Guarantee, the Company irrevocably and unconditionally agrees to pay in full the guarantee payments, without duplication:

- any accumulated and unpaid distributions required to be paid on the WITS, to the extent the Trust has funds available to make the payment;

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- the redemption price for any WITS called for redemption, to the extent the Trust has funds available to make the payment; and
- upon a voluntary or involuntary dissolution, winding-up or liquidation of the Trust, other than in connection with a distribution of a like amount of corresponding assets to the holders of the WITS, the lesser of:
- the aggregate of the liquidation amount and all accumulated and unpaid distributions on the WITS to the date of payment, to the extent the Trust has funds available to make the payment; and
- the amount of assets of the Trust remaining available for distribution to holders of the WITS upon liquidation of the Trust.

The Company's obligation to make a guarantee payment may be satisfied by direct payment of the required amounts by the Company to the holders of the WITS or by causing the Trust to pay the amounts to the holders.

If the Company does not make a regular dividend payment on the Preferred Stock, the Trust will not have sufficient funds to make the related payments on the WITS. The Guarantee does not cover payments on the WITS when the Trust does not have sufficient funds to make these payments. Because the Company is a holding company, its rights to participate in the assets of any of its subsidiaries upon the subsidiary's liquidation or reorganization will be subject to the prior claims of the subsidiary's creditors except to the extent that it may itself be a creditor with recognized claims against the subsidiary. The Guarantee does not limit the incurrence or issuance by the Company of other secured or unsecured indebtedness.

Effect of the Guarantee

The Guarantee, when taken together with the Trust's obligations under the Trust Agreement, including the obligations to pay costs, expenses, debts and liabilities of the Trust, other than with respect to the Trust Securities, has the effect of providing a full and unconditional guarantee on a subordinated basis of payments due on the WITS. The Company also agreed to irrevocably and unconditionally guarantee the obligations of the Trust with respect to the Trust Common Securities to the same extent as the Guarantee.

Status of the Guarantee

The Guarantee is unsecured and ranks:

- subordinate and junior in right of payment to all of the Company's senior debt in the same manner as the Remarketable Junior Subordinated Notes due 2042 originally issued in connection with the issuance of the WITS pursuant to an indenture dated as of February 1, 2006 between the Company and U.S. Bank National Association, as indenture trustee (the "original junior subordinated notes"), as set forth in such indenture; and
- equally with all other guarantees for payments on WITS that the Company issues in the future to the extent the related subordinated notes by their terms rank *pari passu* with the original junior subordinated notes, subordinated notes that the Company issues in the future to the extent that by their terms rank *pari passu* with the original junior subordinated notes and any of the Company's other present or future obligations that by their terms rank *pari passu* with such Guarantee.

The Guarantee constitutes a guarantee of payment and not of collection, which means that the guaranteed party may sue the Company to enforce its rights under the Guarantee without suing any other person or entity. The Guarantee is held for the benefit of the holders of the WITS. The Guarantee will be discharged only by payment of the guarantee payments in full to the extent not paid by the Trust.

Amendments and Assignment

The Guarantee may be amended only with the prior approval of the holders of not less than a majority in aggregate liquidation amount of the outstanding WITS. No vote will be required, however, for any changes that do not adversely affect the rights of holders of the WITS in any material respect. All guarantees and agreements contained in the Guarantee will bind the Company's successors, assignees, receivers, trustees and representatives and will be for the benefit of the holders of the WITS then outstanding.

Termination of the Guarantee

The Guarantee will terminate:

- upon full payment of the redemption price of all WITS; or
- upon full payment of the amounts payable in accordance with the Trust Agreement upon liquidation of the Trust.

The Guarantee will continue to be effective or will be reinstated, as the case may be, if at any time any holder of WITS must restore payment of any sums paid under the WITS or the Guarantee.

Events of Default

An event of default under the Guarantee will occur if the Company fails to perform any payment obligation or if the Company fails to perform any other obligation under the Guarantee and such default remains unremedied for 30 days.

The holders of a majority in liquidation amount of the WITS have the right to direct the time, method and place of conducting any proceeding for any remedy available to the guarantee trustee in respect of the Guarantee or to direct the exercise of any trust or power conferred upon the guarantee trustee under the Guarantee. Any holder of WITS may institute a legal proceeding directly against the Company to enforce the guarantee trustee's rights and the Company's obligations under the Guarantee, without first instituting a legal proceeding against the Trust, the guarantee trustee or any other person or entity.

As guarantor, the Company is required to file annually with the guarantee trustee a certificate as to whether or not the Company is in compliance with all applicable conditions and covenants under the Guarantee.

Information Concerning the Guarantee Trustee

Prior to the occurrence of an event of default relating to the Guarantee, the guarantee trustee is required to perform only the duties that are specifically set forth in the Guarantee. Following the occurrence of an event of default, the guarantee trustee will exercise the same degree of care as a prudent individual would exercise in the conduct of his or her own affairs. Provided that the foregoing requirements have been met, the guarantee trustee is under no obligation to exercise any of the powers vested in it by the Guarantee at the request of any holder of WITS, unless offered indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred thereby.

The Company and its affiliates may maintain certain accounts and other banking relationships with the guarantee trustee and its affiliates in the ordinary course of business.

Relationship between the WITS and the Guarantee

As set forth in the Trust Agreement, the exclusive purposes of the Trust are, as now applicable:

- issuing the Trust Securities representing beneficial interests in the Trust;

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- purchasing and holding the Preferred Stock; and
- engaging in only those activities necessary or incidental thereto.

As long as dividends are declared and paid on the Preferred Stock, those payments will be sufficient to cover the distributions and payments due on the Trust Securities. This is due to the following factors:

- the Trust holds an aggregate liquidation preference of Preferred Stock equal to the aggregate liquidation amount of the Trust Securities and the dividend payment rates and dates on the Preferred Stock match the distribution payment rates and dates on the Trust securities;
- under the Guarantee Agreement, the Company will pay, and the Trust will not be obligated to pay, directly or indirectly, all costs, expenses, debts and obligations of the Trust, other than those relating to such Trust Securities; and
- the Trust Agreement further provides that the trustees may not cause or permit the Trust to engage in any activity that is not consistent with the purposes of the Trust.

To the extent that funds are available, the Company guarantees payments of distributions and other payments due on the Trust Securities. If the Company does not make dividend payments on the Preferred Stock, the Trust will not have sufficient funds to pay distributions on the Trust Securities. The Guarantee is a subordinated guarantee in relation to the Trust Securities. The Guarantee does not apply to any payment of distributions unless and until the Trust has sufficient funds for the payment of such distributions.

Rights upon Dissolution

Upon any voluntary or involuntary dissolution of the Trust, holders of the WITS will receive the distributions described under "The WITS-Liquidation Distribution upon Dissolution." Upon any voluntary or involuntary liquidation or bankruptcy of the Company, the property trustee, as holder of the Preferred Stock, would be a preferred stockholder of the Company, entitled to the preferences upon liquidation described under "The Preferred Stock." Since the Company is the guarantor under the Guarantee and has agreed to pay for all costs, expenses and liabilities of the Trust, other than the Trust's obligations to the holders of the Trust Securities, the positions of a holder of WITS relative to other creditors and to the Company's stockholders in the event of liquidation or bankruptcy are expected to be substantially the same as if that holder held the corresponding assets of the Trust directly.

DESCRIPTION OF GUARANTEE OF MEDIUM-TERM NOTES, SERIES A, DUE OCTOBER 30, 2028 OF WELLS FARGO FINANCE LLC

The following description of Wells Fargo Finance LLC's Medium-Term Notes, Series A, Notes due October 30, 2028 (the "Notes") and the related Guarantee of the Notes by Wells Fargo & Company (the "Guarantee") is a summary and does not purport to be complete. This description is qualified in its entirety by reference to the indenture, dated as of April 25, 2018, among Wells Fargo Finance LLC, as issuer, Wells Fargo & Company, as guarantor, and Citibank, N.A., as trustee (the "indenture"). Wells Fargo Finance LLC is a Delaware limited liability company and a direct, wholly-owned finance subsidiary of Wells Fargo & Company. References in this section to "Wells Fargo Finance" are solely to Wells Fargo Finance LLC and not to any of its subsidiaries, and references in this

section to the “Company” are solely to Wells Fargo & Company and not to any of its subsidiaries, in each case unless the context requires otherwise or as otherwise indicated.

The Notes

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Wells Fargo Finance issued \$5,000,000 aggregate principal amount of the Notes on October 31, 2018. The Notes are senior unsecured debt securities of Wells Fargo Finance, rank equally with all of its other unsecured unsubordinated debt and are part of a series of debt securities entitled Medium-Term Notes, Series A. Payment on the Notes is fully and unconditionally guaranteed by the Company.

The Notes mature on October 30, 2028 and bear interest at a rate of 4.50% per annum. Interest is payable semi-annually on April 30 and October 30 of each year. The initial interest payment date was April 30, 2019, and the last interest payment will occur at stated maturity. Interest payable with respect to a semi-annual interest period will be computed on the basis of a 360-day year of twelve 30-day months. If a scheduled interest payment date is not a business day, interest will be paid on the next business day, and interest on that payment will not accrue during the period from and after the scheduled interest payment date. The paying agent (as defined below) for the Notes will pay interest to the person in whose name the Notes are registered at the close of business on the record date. The record date for an interest payment date is the date one business day prior to such interest payment date. A “business day” means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York.

The Notes are not subject to redemption by Wells Fargo Finance or repayment at the option of any holder and were issued in registered form in denominations of \$1,000 each or integral multiples of \$1,000 in excess thereof.

The Notes were issued under the indenture, and the indenture and the Notes are governed by New York law. The indenture does not limit the amount of debt securities that Wells Fargo Finance may issue thereunder.

Citibank, N.A. is the trustee under the indenture. The “paying agent” for the Notes is Wells Fargo Bank, N.A., acting through its corporate trust office at 600 South 4th Street, Minneapolis, MN 55415.

The Guarantee of the Notes

The Company will fully and unconditionally guarantee, on an unsecured basis, the full and punctual payment of the principal of and interest on the Notes when the same becomes due and payable, at maturity, upon acceleration or otherwise. If for any reason Wells Fargo Finance does not make any required payment in respect of the Notes when due, the Company will on demand pay the unpaid amount at the same place and in the same manner that applies to payments made by Wells Fargo Finance under the indenture. The Guarantee is of payment and not of collection.

The Company's obligations under the Guarantee are unconditional and absolute. However,

- (1) the Company will not be liable for any amount of payment that Wells Fargo Finance is excused from making or any amount in excess of the amount actually due and owing by Wells Fargo Finance, and
- (2) any defenses or counterclaims available to Wells Fargo Finance (except those resulting solely from, or on account of, its insolvency or its status as debtor or subject of a bankruptcy or insolvency proceeding) will also be available to the Company to the same extent as these defenses or counterclaims are available to Wells Fargo Finance, whether or not asserted by Wells Fargo Finance.

Holders of the Notes are direct creditors of Wells Fargo Finance, as well as direct creditors of the Company under the Guarantee. As a finance subsidiary, Wells Fargo Finance has no independent operations beyond the issuance and administration of its securities and will have no independent assets available for distributions to holders of the Notes if they make claims in respect of the Notes in a bankruptcy, resolution or similar proceeding. Accordingly, any recoveries by such holders will be limited to those available under the Guarantee by the Company and that Guarantee ranks *pari passu* with all other unsecured, unsubordinated obligations of the Company.

The assets of the Company consist primarily of equity in its subsidiaries, and the Company is a separate and distinct legal entity from its subsidiaries. As a result, the Company's ability to address claims of holders of the Notes against the Company under the Guarantee depends on the Company's receipt of dividends, loan payments and other funds from its subsidiaries. Various federal and state statutes and regulations limit the amount of dividends that banking and other subsidiaries may pay to the Company without

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regulatory approval. In addition, if any of the Company's subsidiaries becomes insolvent, the direct creditors of that subsidiary will have a prior claim on its assets. The rights of the Company and the rights of its creditors will be subject to that prior claim unless the Company is also a direct creditor of that subsidiary.

Indenture Provisions

The indenture does not contain restrictions on Wells Fargo Finance's ability to:

- incur, assume or become liable for any type of debt or other obligation;
- create liens on Wells Fargo Finance's property for any purpose; or
- pay dividends or make distributions on Wells Fargo Finance's capital stock or repurchase or redeem Wells Fargo Finance's capital stock.

The indenture does not require the maintenance of any financial ratios or specified levels of net worth or liquidity. In addition, the indenture does not contain any provision which would require Wells Fargo Finance to repurchase or redeem or modify the terms of any debt securities upon a change of control or other event involving Wells Fargo Finance which may adversely affect the creditworthiness of the debt securities.

Consolidation, Merger or Sale

The indenture generally permits a consolidation or merger between Wells Fargo Finance and another entity and/or between the Company and another entity. It also permits the conveyance, transfer or lease by Wells Fargo Finance of all or substantially all of its property and assets and/or by the Company of all or substantially all of its property and assets.

With respect to Wells Fargo Finance, these transactions, if a transaction other than a conveyance, transfer or lease to one or more of the Company's subsidiaries, are permitted if:

- the resulting or acquiring entity, if other than Wells Fargo Finance, is organized and existing under the laws of a domestic jurisdiction and assumes all of Wells Fargo Finance's responsibilities and liabilities under the indenture, including the payment of all amounts due on the debt securities and performance of the covenants in the indenture; and
- immediately after the transaction, and giving effect to the transaction, no covenant breach (as defined below) or event of default under the indenture exists.

If Wells Fargo Finance consolidates or merges with or into any other entity or conveys, transfers or leases all or substantially all of its assets in accordance with the requirements of the indenture, the resulting or acquiring entity will be substituted for Wells Fargo Finance in the indenture with the same effect as if it had been an original party to the indenture. As a result, such successor entity may exercise Wells Fargo Finance's rights and powers under the indenture, in Wells Fargo Finance's name and, except in the case of a lease of all or substantially all of Wells Fargo Finance's properties, Wells Fargo Finance will be released from all its liabilities and obligations under the indenture and under the debt securities. The successor entity to a consolidation or merger may be the Company or a subsidiary of the Company. In addition, the successor entity in a conveyance, transfer or lease may be the Company. The indenture also permits Wells Fargo Finance to convey, transfer or lease all or substantially all of its assets to one or more of the Company's subsidiaries without any restriction and, in that event, those subsidiaries would not be required under the indenture to assume Wells Fargo Finance's liabilities and obligations under the indenture and the debt securities.

With respect to the Company, these transactions, if a transaction other than a conveyance, transfer or lease to one or more of its subsidiaries, are permitted if:

- the resulting or acquiring entity, if other than the Company, is organized and existing under the laws of a domestic jurisdiction and assumes all of the Company's responsibilities and liabilities under the indenture, including the guarantee of

the payment of all amounts due on the debt securities to the extent provided in the indenture and performance of the covenants in the indenture; and

- immediately after the transaction, and giving effect to the transaction, no covenant breach (as defined below) or event of default under the indenture exists.

If the Company consolidates or merges with or into any other entity or conveys, transfers or leases all or substantially all of its assets in accordance with the requirements of the indenture, the resulting or acquiring entity will be substituted for the Company in the indenture with the same effect as if it had been an original party to the indenture. As a result, such successor entity may exercise the

Company's rights and powers under the indenture, in the name of the Company and, except in the case of a lease of all or substantially all of the Company's properties, the Company will be released from all its liabilities and obligations under the indenture and under the debt securities. The successor entity to a consolidation or merger may be a subsidiary of the Company. In addition, the indenture permits the Company to convey, transfer or lease all or substantially all of its assets to one or more of its subsidiaries without any restriction and, in that event, those subsidiaries would not be required under the indenture to assume the Company's liabilities and obligations under the indenture and the debt securities.

The term "subsidiary" in respect of any specified person means any corporation more than 50% of the outstanding shares of voting stock, except for directors' qualifying shares, of which shall at the time be owned, directly or indirectly by such specified person or by one or more of the subsidiaries of such specified person, or by such specified person and one or more other subsidiaries of such specified person. Voting stock is stock (or the equivalent thereof) that is entitled in the ordinary course to vote for the election of a majority of the directors, managers or trustees of a corporation and does not include stock (or the equivalent thereof) that is entitled to so vote only as a result of the happening of certain events; references to "corporation" refer to corporations, associations, companies (including limited liability companies) and business trusts; and references to any "person" refer to any corporation.

Events of Default and Covenant Breaches

An "event of default," with respect to any series of debt securities, means any of the following:

- (1) failure to pay interest on any debt security of that series for 30 days after the payment is due;
- (2) failure to pay the principal of or any premium on any debt security of that series for 30 days after the payment is due;
- (3) the entry by a court having jurisdiction of (A) a decree or order for relief in respect of Wells Fargo Finance in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency or similar law or (B) a decree or order adjudging Wells Fargo Finance a bankrupt or insolvent, or approving a petition seeking receivership, insolvency or liquidation of or in respect of Wells Fargo Finance under any applicable Federal or State law, or appointing a receiver, liquidator, trustee or similar official of Wells Fargo Finance, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days;
- (4) the commencement by Wells Fargo Finance of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency or similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, the appointment of a receiver for Wells Fargo Finance under any applicable Federal or State bankruptcy, insolvency or similar law following consent by the Board of Directors of Wells Fargo Finance to such appointment, or the entry of a decree or order for relief in respect of Wells Fargo Finance in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, receivership, liquidation or similar law following Wells Fargo Finance's consent to such decree or order; or
- (5) the guarantee ceases to be in full force and effect, other than in accordance with the indenture, or the Company denies or disaffirms its obligations under the guarantee, provided that no event of default with respect to the guarantee will occur as a result of, or because it is related directly or indirectly to, the insolvency of the Company or the commencement of proceedings under Title 11, or the appointment of a receiver for the Company under the Dodd-Frank Act or the Federal Deposit Insurance Corporation having separately repudiated the guarantee in any receivership of the Company, or the commencement of any proceeding under any other applicable Federal or State bankruptcy, insolvency, resolution or other

similar law, or a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official having been appointed for or having taken possession of the Company or its property, or the institution of any other comparable judicial or regulatory proceedings relative to the Company, or to the creditors or property of the Company.

If an event of default for any series of debt securities occurs and continues, the trustee or the holders of at least 25% in aggregate principal amount of the outstanding debt securities of the series may declare the entire principal of all the debt securities of that series to be due and payable immediately. If such a declaration occurs, the holders of a majority of the aggregate principal amount of the outstanding debt securities of that series can, subject to conditions, rescind the declaration. The holders of Wells Fargo Finance's debt securities will not have the right to accelerate the payment of principal of the debt securities as a result of a covenant breach or Wells Fargo Finance's failure to perform any covenant or agreement contained in the debt securities or the indenture other than the obligations to pay principal and interest on the debt securities.

Events of bankruptcy, insolvency, receivership or liquidation relating to the Company will not constitute an event of default with respect to any series of Wells Fargo Finance's debt securities. In addition, failure by the Company to perform any of its covenants or warranties (other than a payment default) will not constitute an event of default with respect to any series of Wells Fargo Finance's debt securities. Therefore, events of bankruptcy, insolvency, receivership or liquidation relating to the Company (in the absence of any such event occurring with respect to Wells Fargo Finance) will not permit any of the debt securities to be declared due and payable and the trustee is not authorized to exercise any remedy against Wells Fargo Finance or the Company upon the occurrence or continuation of these events with respect to the Company. Instead, even if an event of bankruptcy, insolvency, receivership or liquidation relating to the Company has occurred, the trustee and the holders of debt securities of a series will not be able to declare the relevant debt securities

to be immediately due and payable unless there is an event of default with respect to that series as described above, such as Wells Fargo Finance's bankruptcy, insolvency, receivership or liquidation or a payment default by Wells Fargo Finance or the Company on the relevant debt securities.

A "covenant breach," when used in the indenture with respect to any series of debt securities, means failure to perform any covenant in the indenture that applies to debt securities of that series for 90 days after Wells Fargo Finance LLC and the Company have received written notice of the failure to perform in the manner specified in the indenture.

A covenant breach shall not be an event of default, and neither the trustee nor any holder of debt securities will have any acceleration rights if a covenant breach occurs or continues.

The indenture requires each of Wells Fargo Finance and the Company to file an officers' certificate with the trustee each year that states, to the knowledge of a certifying officer, whether or not any defaults exist under the terms of the indenture. The trustee may withhold notice to the holders of debt securities of any default, except defaults in the payment of principal, premium, interest or any sinking fund installment, if it considers the withholding of notice to be in the best interests of the holders. For purposes of this paragraph, "default" means any event which is, or after notice or lapse of time or both would become, a covenant breach with respect to the debt securities of a series or an event of default under the indenture with respect to the debt securities of the applicable series.

Other than its duties in the case of a covenant breach or an event of default, the trustee is not obligated to exercise any of its rights or powers under the indenture at the request, order or direction of any holders, unless the holders offer the trustee indemnification. If indemnification is provided, then, subject to other rights of the trustee, the holders of a majority in principal amount of the outstanding debt securities of any series may, with respect to the debt securities of that series, direct the time, method and place of:

- conducting any proceeding for any remedy available to the trustee; or
- exercising any trust or power conferred upon the trustee.

The holder of a debt security of any series will have the right to begin any proceeding with respect to the indenture or for any remedy only if:

- the holder has previously given the trustee written notice of a continuing covenant breach or event of default with respect to that series;

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- the holders of at least 25% in aggregate principal amount of the outstanding debt securities of that series have made a written request of, and offered reasonable indemnification to, the trustee to begin such proceeding with respect to such covenant breach or event of default;
- the trustee has not started such proceeding within 60 days after receiving the request; and
- the trustee has not received directions inconsistent with such request from the holders of a majority in aggregate principal amount of the outstanding debt securities of that series during those 60 days.

However, the holder of any debt security will have an absolute right to receive payment of principal of and any premium and interest on the debt security when due and to institute suit to enforce this payment.

Modification and Waiver

Under the Indenture, certain of the rights and obligations of Wells Fargo Finance and the Company and certain of the rights of holders of the debt securities may be modified or amended with the consent of the holders of at least a majority of the aggregate principal amount of the outstanding debt securities of all series of debt securities affected by the modification or amendment, acting as one class. However, the following modifications and amendments will not be effective against any holder without its consent:

- a change in the stated maturity date of any payment of principal or interest;
- a reduction in payments due on the debt securities;
- a change in the place of payment or currency in which any payment on the debt securities is payable;
- a limitation of a holder's right to sue Wells Fargo Finance for the enforcement of payments due on the debt securities;
- a reduction in the percentage of outstanding debt securities required to consent to a modification or amendment of the indenture or required to consent to a waiver of compliance with certain provisions of the indenture or certain defaults under the indenture;

- a reduction in the requirements contained in the indenture for quorum or voting;
- a limitation of a holder's right, if any, to repayment of debt securities at the holder's option;
- make any change in the guarantee that would adversely affect any holder or release the Company from the guarantee other than pursuant to the terms of the indenture; and
- a modification of any of the foregoing requirements contained in the indenture.

Under the indenture, the holders of at least a majority of the aggregate principal amount of the outstanding debt securities of all series of debt securities affected by a particular covenant or condition, acting as one class, may, on behalf of all holders of such series of debt securities, waive compliance by Wells Fargo Finance or the Company, as applicable, with any covenant or condition contained in the indenture unless Wells Fargo Finance specifies that such covenant or condition cannot be so waived at the time Wells Fargo Finance establishes the series.

In addition, under the indenture, the holders of a majority in aggregate principal amount of the outstanding debt securities of any series of debt securities may, on behalf of all holders of that series, waive any past default under the indenture, except:

- a default in the payment of the principal of or any premium or interest on any debt securities of that series; or
- a default under any provision of the indenture which itself cannot be modified or amended without the consent of the holders of each outstanding debt security of that series.

Form of Performance Share Award Agreement for Grants on or after January 26, 2021

Brackets identify provisions that may vary depending on the particular grant, grant recipient, and/or other relevant factor.

**WELLS FARGO & COMPANY
LONG-TERM INCENTIVE COMPENSATION PLAN
PERFORMANCE SHARE AWARD AGREEMENT**

Grant Date: *[applicable date]*

- 1. Award.** Wells Fargo & Company (the "Company") has awarded you Performance Shares to provide an incentive for you to remain in the employment of the Company or an Affiliate and provide valuable services to the Company or an Affiliate. The target number of Performance Shares ("Target Award Number") awarded you is identified as the "Total Granted" on the acknowledgement screen for your grant on this website. The Target Award Number is subject to upward and downward adjustments based on Company performance during the *[performance period]* (the "Performance Period") as set forth on Exhibit A. The "Final Award Number" is the number of Performance Shares awarded to you under this Award Agreement after adjusting the Target Award Number in accordance with Exhibit A. This Award Agreement also grants Performance Shares with respect to dividend equivalents as provided in paragraph 5. Each Performance Share entitles you to receive one share of Wells Fargo & Company common stock ("Common Stock") contingent upon earning such Performance Share based on the Company performance criteria set forth on Exhibit A, vesting as set forth in paragraph 2 and subject to the other terms and conditions set forth in the Company's Long-Term Incentive Compensation Plan, as may be amended from time to time (the "Plan") and this Award Agreement, including but not limited to the Clawback Policy (defined below) and other terms of paragraph 3, Exhibits A and B hereto and the attached Wells Fargo Agreement Regarding Trade Secrets, Confidential Information, Non-Solicitation and Assignment of Inventions.
- 2. Vesting.** Except as otherwise provided in this Award Agreement, the Final Award Number of Performance Shares will vest on the Determination Date as set forth on Exhibit A ("Determination Date"), subject to the Clawback Policy and other terms of paragraph 3. Shares of Common Stock will be issued to you or, in case of your death, your Beneficiary determined in accordance with the Plan. You will have no rights as a stockholder of the Company with respect to your Performance Shares (including any Performance Shares with respect to dividend equivalents as provided below) until settlement. However, you may be entitled to dividend equivalents as set forth in paragraph 5. Except as otherwise provided in the Plan or this Award Agreement, vested Performance Shares will be settled and distributed in shares of Common Stock on or after the Determination Date and no later than *[applicable date]* (the "Settlement Date"). You acknowledge that your transactions in any shares of Common Stock you may acquire pursuant to this Award are subject to your compliance with the Company's Personal Trading Policy, including with respect to certain blackout trading restrictions and preclearance requirements, to the extent applicable to you.
- 3. Clawback Policy.** The Award is fully conditioned on and subject to the Performance Conditions (as defined in the Clawback Policy) to vesting and the other clawback, forfeiture and cancellation provisions described in the Wells Fargo & Company Clawback and Forfeiture Policy attached hereto as Exhibit C, as it may be amended from time to time (the "Clawback Policy"). The Award is also subject to any other applicable reduction, recoupment, "malus" or "clawback" policies, practices or provisions of the Company and its Affiliates, as in effect from time to time, and any applicable reduction, recoupment, malus or clawback requirements imposed under laws, rules and regulations.
- 4. Termination.**
 - (a) If prior to *[end of Performance Period]* you (i) cease to be an Employee due to your death or (ii) die after the occurrence of an event described in paragraph 4(b), 4(c), or 4(d), and in the case of paragraph 4(d), you have satisfied the vesting conditions therein through your date of death, then the Target Award Number of Performance Shares under this Award Agreement after giving effect to any Net Operating Loss adjustments determined in accordance with Exhibit A for any years in the Performance Period completed prior to the year in which you die (and any Performance Shares with respect to dividend equivalents as provided below) will immediately vest upon the date of your death and will be distributed to your Beneficiary in shares of Common Stock between the date of your death and December 31 of the year following the year in which you die, notwithstanding the settlement provisions of paragraphs 4(b), 4(c) or 4(d), if applicable.

If you cease to be an Employee due to your death on or after *[end of Performance Period]* and prior to the Determination Date, the Final Award Number of Performance Shares under this Award Agreement (and any Performance Shares with respect to dividend equivalents as provided below) will vest upon the Determination Date and will be distributed to your Beneficiary on the Settlement Date. Notwithstanding the foregoing, if by the applicable last payment date set forth herein your Beneficiary has not presented evidence deemed satisfactory by the Company to allow transfer of the shares of Common Stock to the Beneficiary under applicable laws, the Company may treat all Performance Shares awarded hereby as forfeited, in which case the Company shall have no obligation to issue shares of Common Stock or benefits in lieu of such shares to your Beneficiary and shall have no liability therefor.

- (b) If prior to the Determination Date you have an involuntary Separation from Service due to (i) application of the Company's Extended Absence Policy to you in connection with a Disability, (ii) your displacement and receipt of an immediate lump sum severance benefit, placement on a Salary Continuation Leave of Absence or placement on another leave of absence which will result in your receipt of a severance benefit in connection with that leave, or (iii) the Company or an Affiliate entering into a corporate transaction with another company (the "buyer") (including a transaction where the buyer acquires all or any portion of the assets, stock or operations of the

Company or Affiliate) and pursuant to the terms of the transaction you are continuing in employment with the buyer after completion of the transaction, then the Final Award Number of Performance Shares under this Award Agreement (and any Performance Shares with respect to dividend equivalents as provided below) will vest upon the Determination Date and will be distributed to you in shares of Common Stock on the Settlement Date, subject to the Clawback Policy and the other terms of paragraph 3 above, the restrictions in paragraph 8 and the stock ownership requirements in paragraph 9 below. For purposes of this Award, the term "Separation from Service" is determined by the Company in accordance with Section 409A (as defined in paragraph 12 below) and in accordance with the definition set forth on Exhibit B to this Award Agreement, which definition is incorporated by reference herein. For purposes of this Award, the term "Disability" is defined as set forth on Exhibit B to this Award Agreement, which definition is incorporated by reference herein.

- (c) If prior to the Determination Date, the Affiliate that employs you incurs a Change in Control and you continue employment with the buyer immediately after the Change in Control, then the Final Award Number of Performance Shares under this Award Agreement (and any Performance Shares with respect to dividend equivalents as provided below) will continue to vest upon the Determination Date and will be distributed to you in shares of Common Stock on the Settlement Date, subject to the Clawback Policy and the other terms of paragraph 3 above, the restrictions in paragraph 8 and the stock ownership requirements in paragraph 9 below. For purposes of this Award, the term "Change in Control" is defined as set forth on Exhibit B to this Award Agreement, which definition is incorporated by reference herein.
- (d) If prior to the Determination Date you have a Separation from Service for a reason other than Cause and you have satisfied the definition of Retirement [under the Plan] [(as defined below)] on your Separation from Service date or you satisfy the definition of Retirement following your Separation from Service date at the end of an approved leave of absence not to exceed six months, the Final Award Number of Performance Shares under this Award Agreement (and any Performance Shares with respect to dividend equivalents as provided below) will continue to vest upon the Determination Date and will be distributed to you in shares of Common Stock on the Settlement Date subject to the Clawback Policy and the other terms of paragraph 3 above, the restrictions in paragraph 8 and the stock ownership requirements in paragraph 9 below, and provided that beginning immediately after you cease to be an Employee and continuing until the Determination Date you satisfy each of the following conditions ("vesting conditions"): (i) you comply with the terms of the attached Wells Fargo Agreement Regarding Trade Secrets, Confidential Information, Non-Solicitation and Assignment of Inventions, which agreement is incorporated by reference herein, (ii) you do not express any derogatory or damaging statements about the Company or any Affiliate, the management or the board of directors of the Company or any Affiliate, the products, services or the business condition of the Company or any Affiliate in any public way or to anyone who could make those statements public, and (iii) to the fullest extent enforceable under the applicable state law, you do not perform services as an officer, director, employee, consultant or otherwise for any business which is in competition with any line of business of the Company or any Affiliate for which you had executive responsibilities while you were employed by the Company or any Affiliate (including predecessors thereof) and which does business in any location in the geographic footprint of the Company or any Affiliate in which you had executive responsibilities. For purposes of this Award, the term "Cause" is defined as set forth on Exhibit B to this Award Agreement, which definition is incorporated by reference herein. [For purposes of this Award, the term "Retirement" is defined as termination of employment after reaching (i) age 55 with five completed years of service or (ii) such more favorable treatment as may apply based on the practices of the Company in effect from time to time.]

Notwithstanding the foregoing, nothing contained in this Award Agreement prohibits or restricts you (or your attorney) from initiating communications directly with, or responding to any inquiry from, or providing testimony before, the Securities and Exchange Commission, the Financial Industry

Regulatory Authority, the National Labor Relations Board, the Equal Employment Opportunity Commission, or any self-regulatory organization or governmental authority charged with the enforcement of any laws.

- (e) If prior to the Determination Date you incur a Separation from Service other than for a reason described in paragraph 4(a), 4(b), 4(c) or 4(d), any then unvested Performance Shares awarded hereby (including any Performance Shares with respect to dividend equivalents as provided below) will immediately terminate without notice to you and will be forfeited. For avoidance of doubt, a "Separation from Service other than as described in paragraph 4(a), 4(b), 4(c) or 4(d)" includes, without limitation, a voluntary Separation from Service that does not constitute a Retirement and an involuntary Separation from Service for Cause.

5. Dividend Equivalents. During the period beginning on the Grant Date and ending on the Settlement Date for the Performance Shares or the date the Performance Shares are forfeited, whichever occurs first, if the Company pays a dividend on the Common Stock, you will automatically receive, as of the payment date for such dividend, dividend equivalents in the form of additional Performance Shares based on the amount or number of shares that would have been paid on the Final Award Number of Performance Shares (or the NOL Adjusted Target Award Number of Performance Shares as applicable under paragraphs 4(a), 4(b), 4(c) and 4(d)) had they been issued and outstanding shares of Common Stock as of the record date and, if a cash dividend, the closing price of the Common Stock on the New York Stock Exchange as of the dividend payment date. You will also automatically receive dividend equivalents with respect to such additional Performance Shares, to be determined in the same manner. Performance Shares granted with respect to dividend equivalents will be subject to the same vesting schedule and other terms and conditions as the underlying Performance Shares, including the Company's right of recoupment or forfeiture, and will be distributed in shares of Common Stock when, and if, the underlying Performance Shares are settled and distributed.

6. Tax Withholding. The Company will withhold from the number of shares of Common Stock otherwise issuable hereunder (including with respect to dividend equivalents) a number of shares necessary to satisfy any and all applicable federal, state, local and foreign tax withholding obligations and employment-related tax requirements ("Tax-Related Items"). In addition, the Company (or your employer, if different) will withhold from your compensation any and all applicable Tax-Related Items in the event all or a portion of the Performance Shares are treated as taxable prior to or other than on the vesting date set forth in paragraph 2 above and the number of shares of

Common Stock otherwise issuable (if any) is insufficient to satisfy such Tax-Related Items withholding obligations. Finally, you shall pay to the Company (or your employer, if different) any amount of Tax-Related Items that the Company or your employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the shares of Common Stock if you fail to comply with your obligations in connection with the Tax-Related Items.

- 7. Nontransferable.** Unless the Committee provides otherwise, (i) no rights under this Award will be assignable or transferable, and neither you nor your Beneficiary will have any power to anticipate, alienate, dispose of, pledge or encumber any rights under this Award, and (ii) the rights and the benefits of this Award may be exercised and received during your lifetime only by you or your legal representative.
- 8. Other Restrictions; Amendment.** The grant of the Award and issuance of Common Stock hereunder is subject to compliance by the Company, its Affiliates and you with all legal and regulatory requirements applicable thereto, including compliance with the requirements of 12 C.F.R. Part 359, orders issued under 12 U.S.C. § 1818(b) (together with any agreements related thereto, "orders") and tax withholding obligations, and with all applicable regulations of any stock exchange on which the Common Stock may be listed at the time of issuance. For the avoidance of doubt, regulatory approval under Part 359 or any orders to which the Company is a party may be required for the issuance of Common Stock hereunder in certain circumstances, and the Company cannot provide any assurance that it will be able to request such approval in accordance with the requirements of Part 359 or any applicable order or that any requested approval will be received. Subject to paragraphs 12 and 13 below, the Committee or its delegate may, in its sole discretion and without your consent, reduce, delay vesting, modify, revoke, cancel, impose additional conditions and restrictions on or recover all or a portion of this Award if the Committee or its delegate deems it necessary or advisable to comply with, or to promote or facilitate compliance with, applicable laws, rules and regulations or as required under any procedures or policies implemented by the Company in furtherance of such legal or regulatory compliance.
- 9. Stock Ownership Policy.** If you are an Executive Officer of the Company or a member of its Operating Committee, as a condition to receiving this Award, you agree that you are subject to the Company's stock ownership policy, as may be amended from time to time, and that as a result, you may be required to hold, including after your Retirement, all or a portion of any shares of Common Stock issued to you pursuant to this Award in order to achieve compliance with such stock ownership policy.

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- 10. Additional Provisions.** This Award Agreement is subject to the provisions of the Plan. Capitalized terms not defined in this Award Agreement or by reference to another document are used as defined in the Plan. If the Plan and this Award Agreement conflict, the provisions of the Plan will govern. Interpretations of the Plan and this Award Agreement by the Committee are binding on you and the Company.
- 11. No Employment Agreement.** Neither the award to you of the Performance Shares nor the delivery to you of this Award Agreement or any other document relating to the Performance Shares will confer on you the right to continued employment with the Company or any Affiliate. You understand that your employment with the Company or any Affiliate is "at will" and nothing in this document changes, alters or modifies your "at will" status or your obligation to comply with all policies, procedures and rules of the Company, as they may be adopted or amended from time to time.
- 12. Section 409A.** This Award is intended to be exempt from or comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the applicable Treasury regulations or other binding guidance thereunder ("Section 409A"). Accordingly, all provisions included in this Award Agreement, or incorporated by reference, will be interpreted and administered in accordance with that intent. If any provision of the Plan or this Award Agreement would otherwise conflict with or frustrate this intent, that provision will be interpreted and deemed amended or limited so as to avoid the conflict; provided, however, that the Company makes no representation that the Award is exempt from or complies with Section 409A and makes no undertaking to preclude Section 409A from applying to the Award. The Company will have no liability to you or to any other party if the Award or payment of the Award that is intended to be exempt from or compliant with Section 409A is not so exempt or compliant or for any action taken by the Committee with respect thereto.
- 13. Six-month Delay.** Notwithstanding any provision of the Plan or this Award Agreement to the contrary, if, upon your Separation from Service for any reason, the Company determines that you are a "Specified Employee" for purposes of Section 409A and in accordance with the definition set forth on Exhibit B to this Award Agreement, which definition is incorporated by reference herein, your Performance Shares, if subject to settlement upon your Separation from Service and if required pursuant to Section 409A, will not settle before the date that is the first business day following the six-month anniversary of such Separation from Service, or, if earlier, upon your death.
- 14. No Fractional Shares.** The number of Performance Shares to be distributed to you under this Award Agreement will be rounded down to the nearest whole share.
- 15. Severability and Judicial Modification.** If any provision of this Award Agreement is held to be invalid or unenforceable under pertinent state law or otherwise or the Company elects not to enforce any such provision, the remaining provisions shall remain in full force and effect and the invalid or unenforceable provision shall be modified only to the extent necessary to render that provision valid and enforceable to the fullest extent permitted by law. If the invalid or unenforceable provision cannot be, or is not, modified, that provision shall be severed from this Award Agreement and all other provisions shall remain valid and enforceable.

16. **Applicable Law.** This Award Agreement and the award of Performance Shares evidenced hereby will be governed by, and construed in accordance with the laws of the state of Delaware (without regard to its choice-of-law provisions), except to the extent Federal law would apply.
17. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on your participation in the Plan, on the Award and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan and provided the imposition of the term or condition will not result in adverse accounting expense to the Company, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.
18. **Electronic Delivery and Acceptance.** The Company is electronically delivering documents related to current or future participation in the Plan and is requesting your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through the current plan administrator's on-line system, or any other on-line system or electronic means that the Company may decide, in its sole discretion, to use in the future.
19. **Entire Agreement.** The Plan is incorporated herein by reference. The Plan and this Award Agreement (including Exhibits A and B attached hereto) constitute the entire agreement of the parties with respect to the Award and supersede in their entirety all prior proposals, undertakings and agreements, written or oral, and all other communications between you and the Company with respect to the Award.

[insert requirement to acknowledge and accept grant terms]

**WELLS FARGO & COMPANY
LONG-TERM INCENTIVE COMPENSATION PLAN
PERFORMANCE SHARE AWARD AGREEMENT**

Exhibit A to Performance Share Award Agreement

This Exhibit A sets forth the manner in which the Final Award Number will be determined.

Definitions

Capitalized terms used but not defined herein (including, but not limited to, Return on Tangible Common Equity) shall have the same meanings assigned to them in the Plan and the Award Agreement. In addition, the following terms used in the text of this Exhibit A shall have the meanings set forth below:

"Average Return on Tangible Common Equity" means the sum of the Company's Return on Tangible Common Equity for each of the 12-month periods ending *[applicable dates during the Performance Period]*, which sum is then divided by *[applicable divisor]*, rounded to two decimals.

"Final Award Number Percentage" means the "Final Award Number Percentage" determined in accordance with the Determination of Final Award Number section of this Exhibit A.

"Financial Performance Group Companies" means, in addition to the Company, the companies listed below, provided that if, during the Performance Period, one or more of such companies shall merge, engage in a spin-off, or its existence or primary businesses shall terminate or cease due to receivership, bankruptcy, sale, or otherwise, then the Committee may eliminate such company as a Financial Performance Group Company or make such other equitable adjustments, such as adding an acquirer or a new company to the list of Financial Performance Group Companies, as it deems appropriate.

[Financial Performance Group Companies]

"Net Operating Loss" means for any year in the Performance Period, that the Company reports a net loss in the Company's consolidated financial statements, and a net loss continues to exist after eliminating the effect of the following items, each determined based on generally accepted accounting principles: (1) losses resulting from discontinued operations; (2) the cumulative effect of changes in generally accepted accounting principles; and (3) any other unusual or infrequent loss which is separately identified and quantified.

"Return on Tangible Common Equity" (ROTCE) means the net income of the Company as reported in its consolidated financial statements on an annualized basis less dividends accrued on outstanding preferred stock, divided by the Company's average total equity less preferred equity, noncontrolling interests, goodwill, certain identifiable intangible assets (other than mortgage servicing rights) and goodwill and other intangibles on nonmarketable equity securities, net of applicable deferred taxes, as may be adjusted by the Committee, in its discretion, for the effect of (i) losses resulting from discontinued operations, (ii) the cumulative effect of significant changes in generally accepted accounting principles, and (iii) any other unusual or infrequently occurring gain or loss which is separately identified and quantified.

“Company Total Stockholder Return Ranking” means the rank of the Company's Total Stockholder Return relative to the Total Stockholder Return achieved by each of the other Financial Performance Group Companies.

“Total Stockholder Return” means for each of the Financial Performance Group Companies (a)(i) the company's average closing price of a share of common stock (as reported in such reliable source as determined by the Committee, in its sole discretion) over the [applicable period], plus the value of any dividends declared on such common stock in respect of an [applicable date] occurring during the Performance Period, as adjusted assuming such dividends were reinvested in shares of common stock of the Company on such [applicable date], minus (ii) the Company's average closing price of a share of common stock (as reported in such reliable source as determined by the Committee, in its sole discretion) over the [applicable period] plus the value of any dividends declared on such common stock in respect of an [applicable date] occurring during such [applicable period] (“Base Price”), divided by (b) the Base Price (in each case, with such adjustments as are appropriate, in the judgment of the Committee in its sole discretion, to equitably calculate Total Stockholder Return in light of any stock splits, reverse stock splits, stock dividends, and other extraordinary transactions or other changes in the capital structure of the company, as applicable).

Determination of Final Award Number

Net Operating Loss Adjustments. If the Company incurs a Net Operating Loss for any year in the Performance Period, the Target Award Number will be reduced by [applicable percentage] for each such year, effective upon certification by the Committee of a Net Operating Loss for such year. The Target Award Number after giving effect to any such Net Operating Loss adjustment is referred to herein as the “NOL Adjusted Target Award Number.” If the Company does not incur a Net Operating Loss in any year in the Performance Period, your NOL Adjusted Target Award Number will be the same as your Target Award Number.

Absolute ROTCE Performance. As set forth in the table below, the Final Award Number of Performance Shares will be determined by (A) first, multiplying (i) the Final Award Number Percentage (rounded to the nearest whole percent and rounding up any half percentage point result), determined using linear interpolation within the applicable Company Average Return on Tangible Common Equity range by (ii) your NOL Adjusted Target Award and (B) second, making any adjustments to the number calculated in accordance with “A” of this Section, “Absolute ROTCE Performance,” within the Committee's discretion, as set forth below.

Company Average ROTCE	Final Award Number Percentage	Final Award Number of Performance Share
[applicable ROTCE range]	[applicable %]	[applicable %] x NOL Adjusted Target Award Number
[applicable ROTCE range]	[applicable %]	[applicable %] x NOL Adjusted Target Award Number
[applicable ROTCE range]	[applicable %]	[applicable %] x NOL Adjusted Target Award Number
[applicable ROTCE range]	[applicable %]	[applicable %] x NOL Adjusted Target Award Number

In the event that the Company's Average Return on Tangible Common Equity is [applicable ROTCE range], the Committee will, in its discretion, determine the Final Award Number Percentage, between [applicable percentage range]. However, in no event shall the Final Award Number Percentage be greater than [applicable percentage] nor shall the Final Award Number of Performance Shares be greater than [applicable percentage] of the NOL Adjusted Target Award Number.

The Committee may, in its discretion, make positive or negative adjustments to the number calculated in accordance with “A” of this section, “Absolute ROTCE Performance,” as it deems equitable and appropriate, to exclude the effect of, or give appropriate effect to, the following types of events or matters with respect to the Company occurring after the Grant Date: (1) economic and market factors (e.g., changes in interest rates, disruptions in capital markets) affecting the Company or its consolidated financial statements; (2) changes in accounting standards, principles, practices or policies, including the interpretation or application thereof, or in tax or other laws, rules, or regulations; (3) progress on risk and control work and regulatory commitments; (4) expenses related to restructuring and remediation, and for investments related to the risk and control environment; or (5) other similar events, matters or changed circumstances.

TSR Governor. If the Final Award Number Percentage is above [applicable percentage], but the Company Total Stockholder Return Ranking is at or below the median Total Stockholder Return ranking when compared to the Total Stockholder Returns of the other Financial Performance Group Companies, the Final Award Number Percentage shall be reduced to [applicable percentage] and the Final Award Number of Performance Shares shall be [applicable percentage] of the NOL Adjusted Target Award Number.

Dividend Equivalents. As provided in paragraph 5, you will be entitled to receive Performance Shares with respect to dividend equivalents on the Final Award Number (or the Target Award Number, as applicable, and as may be adjusted under paragraphs 4(a), 4(b), 4(c) and 4(d)) to determine the total number of Performance Shares that will be distributed to you upon settlement.

[Exclusion.] In determining the Company Average Return on Tangible Common Equity and Net Operating Loss for purposes of determining the Final Award Number of Performance Shares the impact of any penalties or other charges related to litigation, investigations or examinations arising out of retail sales practices of the Company or arising out of other material regulatory matters related to conduct of the Company, in each case during periods prior to your commencement of employment with the Company will be excluded.]

Committee Determination

The Committee shall determine the Final Award Number of Performance Shares after the end of the Performance Period and not later than [applicable date]. The date the Committee makes such determination is referred to in this Award Agreement as the "Determination Date."

The Committee shall make all determinations in calculating the Final Award Number of Performance Shares and the Committee's determination shall be binding.

WELLS FARGO & COMPANY LONG-TERM INCENTIVE COMPENSATION PLAN PERFORMANCE SHARE AWARD AGREEMENT

Exhibit B to Performance Share Award Agreement

Cause

"Cause" means (1) the continued failure by you to substantially perform your duties; (2) your conviction of a crime involving dishonesty or breach of trust, conviction of a felony, or commission of any act that makes you ineligible for coverage under the Company's fidelity bond or otherwise makes you ineligible for continued employment; or (3) your violation of the Company's policies, including but not limited to Wells Fargo's Code of Ethics and Business Conduct (or the Code applicable to your line of business), Anti-Bribery and Corruption Policy, Information Security Policies, and Risk Management Accountability Policy. For the avoidance of doubt, an event or conduct constituting Cause could take place before or after your termination of employment.

Change in Control

"Change in Control" means a change in the ownership or effective control of the Company or the Affiliate that employs you, or in the ownership of a substantial portion of the assets of the Company or the Affiliate that employs you within the meaning of Treas. Reg. Section 1.409A-3(i)(5) as determined by the Company.

Disability

You will be considered to have a "Disability" if you are (1) receiving income replacement benefits for a period of not less than three months under the Company's or an Affiliate's long-term disability plan as a result of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or (2) determined by the Social Security Administration to be eligible for social security disability benefits.

Separation from Service

A "Separation from Service" occurs upon your death, [retirement] [Retirement (as defined in paragraph 4(d) above) or other termination of employment or other event that qualifies as a "separation from service" under Internal Revenue Code Section 409A and the applicable regulations thereunder as in effect from time to time. The Company shall determine in each case when a Separation from Service has occurred, which determination shall be made in a manner consistent with Treasury Regulation Section 1.409A-1(h). The Company shall determine that a Separation from Service has occurred as of a certain date when the facts and circumstances indicate that the Company (or an Affiliate, if applicable) and you reasonably anticipate that, after that date, you will render no further services, or your level of bona fide services (either as an employee or independent contractor) will permanently decrease to a level that is 20% or less than the average level of your bona fide services (either as an employee or independent contractor) previously in effect for you over the immediately preceding 36-month period (or your entire period of service, if you have been providing services for less than 36 months).

The following presumptions shall also apply to all such determinations:

(1) Transfers. A Separation from Service has not occurred upon your transfer of employment from the Company to an Affiliate or vice versa, or from an Affiliate to another Affiliate.

(2) Medical leave of absence. Where you have a medical leave of absence due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, and you have not returned to employment with the Company or an Affiliate, a Separation from Service has occurred on the earlier of: (A) the

first day on which you would not be considered "disabled" under any disability policy of the Company or Affiliate under which you are then receiving a benefit; or (B) the first day on which your medical leave of absence period exceeds 29 months.

(3) Military leave of absence. Where you have a military leave of absence, and you have not returned to employment with the Company or an Affiliate, a Separation from Service has occurred on the day next following the last day on which you are entitled to reemployment rights under USERRA.

(4) Salary continuation leave. A Separation from Service has occurred on the first day of your salary continuation leave taken under the Company's Salary Continuation Pay Plan.

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(5) Other leaves of absence. In the event that you are on a bona fide leave of absence, not otherwise described in this definition, from which you have not returned to employment with the Company or an Affiliate, your Separation from Service has occurred on the first day on which your leave of absence period exceeds six months or, if earlier, upon your termination of employment (provided that such termination of employment constitutes a Separation from Service in accordance with the last sentence of the first paragraph of this definition).

(6) Asset purchase transaction. If, in connection with the sale or other disposition of substantial assets (such as a division or substantially all assets of a trade or business) of the Company or an Affiliate to an unrelated buyer, you become an employee of the buyer or an affiliate of the buyer upon the closing of or in connection with such transaction, a Separation from Service has not occurred if the Company and the buyer have specified that such transaction will not, with respect to any individual affected by such transaction who becomes an employee of the buyer or an affiliate, be considered a "separation from service" under Treasury Regulation Section 1.409A-1(h), and such specification meets the requirements of Treasury Regulation Section 1.409A-1(h)(4).

Specified Employee

A "Specified Employee" means an individual who at any time during the applicable identification period is:

(1) one of the top 50 most highly compensated officers in the Controlled Group with a title of Senior Vice President or above (where the "Controlled Group" includes the Company and its controlled group members); or

(2) a member of the Wells Fargo Operating Committee or the Wells Fargo Management Committee Review Group; or

(3) a "key employee" under Internal Revenue Code Section 416(i)(1)(A)(i), (ii) or (iii) (applied in accordance with the regulations thereunder and disregarding Internal Revenue Code Section 416(i)(5)).

For purposes of applying Internal Revenue Code Section 409A, the "identification period" is the 12-month period ending each December 31. Any person described in (1), (2) or (3) above during an identification period shall be treated as a Specified Employee for the entire 12-month period beginning on the following April 1.

Notwithstanding the above, in the event of a corporate transaction to which the Company or an Affiliate is a party, the Company may, in its discretion, establish a method for determining Specified Employees pursuant to Treasury Regulation Section 1.409A-1(i)(6).

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WELLS FARGO & COMPANY LONG-TERM INCENTIVE COMPENSATION PLAN PERFORMANCE SHARE AWARD AGREEMENT

Exhibit C to Performance Share Award Agreement

WELLS FARGO & COMPANY Clawback and Forfeiture Policy

Effective as of January 1, 2021, this Clawback and Forfeiture Policy (the "Policy") of Wells Fargo & Company ("Wells Fargo"), as adopted by Wells Fargo's Board of Directors, is as follows.

1. Definitions. For purposes of this Policy the following terms shall have the meanings set forth below:

1.1 "Affiliate" has the meaning set forth in the Wells Fargo & Company Long Term Incentive Compensation Plan.

1.2 "Award" means any specific award of Incentive Compensation.

1.3 "Board" means the Board of Directors of Wells Fargo.

1.4“Cause” means (1) the continued failure by the employee to substantially perform his/her duties; (2) conviction of a crime involving dishonesty or breach of trust, conviction of a felony, or commission of any act that makes the employee ineligible for coverage under the Company's fidelity bond or otherwise makes the employee ineligible for continued employment; (3) the employee's violation of the Company's policies including but not limited to Wells Fargo's Code of Ethics and Business Conduct (or the Code applicable to the employee's line of business), Anti-Bribery and Corruption Policy, Information Security Policies, and Risk Management Accountability Policy; or (4) the employee's breach of confidentiality or restrictive covenants entered into between the employee and the Company. For the avoidance of doubt, an event or conduct constituting Cause could arise, or be discovered by the Company, before or after the employee's termination of employment.

1.5“Committee” means the Human Resources Committee of the Board or such other committee as designated by the Board.

1.6“Company” means Wells Fargo, a Delaware corporation, and its Affiliates.

1.7“Covered Employee(s) in Management” or “CEM(s)” means an employee who has been designated as a CEM by the Company based on his or her role, responsibilities, or activities, in each case under criteria established by the Company from time to time.

1.8“Executive Officer” means any executive officer as designated by the Board to be subject to Section 16 of the Securities Exchange Act of 1934, as amended.

1.9“Incentive Compensation” means all incentives, whether paid in cash or in equity that are awarded, granted, earned, vested or paid to an employee.

1.10“Performance Conditions” has the meaning set forth in Section 2.2 of the Policy.

1.11“Performance Share” has the meaning set forth in the Wells Fargo & Company Long-Term Incentive Compensation Plan.

2.Authority to Claw back, Cancel, or Forfeit Incentive Compensation. The Committee shall be authorized to claw back, cancel, or forfeit Incentive Compensation from employees, including former employees of the Company, to the extent permitted by applicable law, in the following circumstances:

2.1Short-Term Cash-Based Incentive Compensation. The Committee may claw back of all or part of short-term cash-based Incentive Compensation (“cash incentive”) previously paid to a CEM to the extent that:

- a)The amount of the cash incentive was based upon the achievement of certain financial results that were subsequently reduced due to a financial restatement (public restatement) or was based upon one or more materially inaccurate performance metrics; or
- b)The CEM engaged in willful misconduct or gross negligence that caused material financial or reputational harm to the Company.

2.2Long-Term Incentive Compensation. The Committee may (1) claw back all or a portion of any previously vested or paid long-term Award; or (2) cause a performance adjustment, including the forfeiture or cancellation, of all or a portion of any unpaid or unvested long-term Award, if the Committee, or such other designee as referenced above, determines, in its discretion, that any one of the following “Performance Conditions” has occurred:

- a)The employee engages in: (1) misconduct or commits an error that, in each case, causes material financial or reputational harm to the Company or to the employee's business group; or (2) for purposes of a cancellation or forfeiture (but not for clawback), any conduct that constitutes Cause;
- b)The amount of the Award was based upon the achievement of certain financial results that were subsequently reduced due to a financial restatement (public restatement) or was based upon one or more materially inaccurate performance metrics;
- c)In connection with the employee's job responsibilities, (1) failure through willful misconduct or gross negligence of the employee, including in a supervisory capacity, to identify, escalate, monitor, or manage, in a timely manner risks material to the Company or to the employee's business group in accordance with Company policies and procedures (as applicable) or (2) the Company or the employee's business group suffers a material failure of risk management; or
- d)For purposes of unpaid or unvested Performance Share Awards only, failure of the employee, based on his or her role and responsibility, to achieve progress on resolving outstanding consent orders and/or other regulatory matters in accordance with commitments made by the Company.

The Committee may consider any factors it determines necessary or appropriate in determining whether any of the aforementioned conditions apply and in determining whether a clawback or a performance adjustment, including forfeiture or cancellation, is appropriate and the amount thereof based on the particular facts and circumstances. All determinations by the Committee will be final and binding.

In addition, the Company may dismiss the employee, authorize legal action, or take such other action to enforce the employee's obligations to the Company as the Company may deem appropriate based on the particular facts and circumstances. The Company in determining the appropriate action, may but shall not be required to take into account penalties or punishments imposed by third parties, such as law enforcement agencies, regulators or other authorities. The Company's power to determine the appropriate remedial action with respect to the employee is in addition to, and not in replacement of, remedies imposed by such third party entities.

3.Method of Clawback. The Committee, in its discretion, shall determine whether the Company shall effect a clawback (subject to applicable law) by (a) seeking repayment from the employee, (b) reducing the amount that would otherwise be payable to the employee under any compensation,

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bonus, incentive, equity or other benefit plan, agreement, policy or arrangement maintained by the Company, (c) canceling any unpaid or unvested Incentive Compensation previously awarded to the employee, (d) withholding compensation including grants of compensatory or equity awards, that otherwise would have been paid or made in accordance with the Company's compensation practices, commitments, or decisions, or (e) any combination of the foregoing.

4.Performance Year(s) Subject to Clawback or Forfeiture. The requirements of this Policy shall apply to (a) the most recent Incentive Compensation that has been vested and/or paid, so long as such payment(s) have taken place within five years from when the Committee approves a clawback; and (b) all unvested and/or unpaid Incentive Compensation.

5.Delegation of Authority. Any power of the Committee under this Policy may be exercised, except with respect to Executive Officers, by a duly authorized delegate of the Committee.

6.Interpretation.

6.1The Committee has full authority to make determinations regarding the interpretation of the provisions of this Policy.

6.2This Policy is applicable to all Incentive Compensation awarded or granted beginning January 1, 2021.

6.3In the event of any conflict between the terms of this Policy and the terms of any Company plan, agreement, policy or arrangement under which Incentive Compensation has been granted or awarded, the terms of this Policy shall prevail.

6.4In the event that any provision of this Policy or any part hereof is found invalid, the remainder of this Policy will be binding on the parties hereto and will be construed as if the invalid provision or part thereof had been deleted from this Policy.

6.5This Policy shall not apply to employees categorized as Identified Staff who are subject to the Malus and Clawback Policy for Identified Staff Team Members. "Identified Staff" means individuals who have been classified as identified staff for the purposes of the remuneration codes of the UK Financial Conduct Authority, the remuneration rules of the UK Prudential Regulation Authority, the Investment Firms Prudential Rules of the UK Financial Conduct Authority, the EU Capital Requirements Directive, the EU Alternative Investment Fund Managers Directive, the EU Undertakings for Collective Investment in Transferable Securities Directive, the EU Investment Firms Directive, or any associated directives, regulations and implementing legislation, rules or guidance, in each case as amended or replaced from time to time.

6.6To the extent Section 409A of the Internal Revenue Code is applicable to any Award, this Policy does not authorize any offset or substitution that would not comply with such Section.

7.Amendment or Termination. The Board or the Committee shall have the right to amend or cancel this Policy at any time if it determines in its sole discretion that such action would be in the best interests of the Company. Notwithstanding the authority of the Board or the Committee to amend this Policy, Wells Fargo's Chief Human Resources Officer or the Head of Total Rewards, or such equivalent title, may amend the Policy to incorporate administrative revisions.

**Wells Fargo Agreement Regarding Trade Secrets,
Confidential Information, Non-Solicitation and Assignment of Inventions**

I. Introduction

In consideration for the Performance Share Award granted to me by Wells Fargo & Company on [insert date], on the terms and conditions contained in the Performance Share Award Agreement ("Performance Share Award Agreement"), I acknowledge that the nature of my employment with and performance of services for Wells Fargo & Company and its affiliates (the "Company") permits me to have access to certain of its trade secrets and confidential and proprietary information and that such information is, and shall always remain, the sole property of the Company. Any unauthorized disclosure or use of this information would be wrongful and would cause the Company irreparable harm. I also acknowledge that if in the course of my employment I develop Inventions (as defined herein), I agree that the property rights of such inventions belong to the Company and agree to assist, as may be necessary, with the assignment of these Inventions to the Company. Therefore, I agree as follows:

II. Confidential Information

During the course of my employment I will acquire knowledge of the Company's Confidential Information. The Company's Confidential Information includes the following:

Trade Secrets: "Trade Secrets" shall be defined under the Uniform Trade Secrets Act (the "UTSA"), as may be amended from time to time. If the UTSA is not recognized by a state or jurisdiction that is interpreting this agreement, "Trade Secrets" is defined as information, including a formula, pattern, compilation, program, device, method, technique, or process, that: (1) derives independent economic value, actual or potential, from not being generally known to and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Proprietary Information:

- The names, address, and contact information of the Company's customers and prospective customers, as well as any other personal or financial information relating to any customer or prospect, including, without limitation, account numbers, balances, portfolios, maturity and/or expiration or renewal dates, loans, policies, investment activities, purchasing practices, insurance, annuity policies and objectives;
- Any information concerning the Company's operations, including without limitation, information related to its methods, services, pricing, costs, margins and mark ups, finances, practices, strategies, business plans, agreements, decision-making, systems, technology, policies, procedures, marketing, sales, techniques, agent information, and processes; and
- Any other proprietary and/or confidential information relating to the Company's customers, products, services, sales, technologies, or business affairs.

Company Records: The records, documents, files and archives of the Company and include, but are not limited to, original, duplicated, computerized, memorized, handwritten or any other form of information, whether contained in materials provided to me by the Company, or by any institution acquired by the Company, or compiled by me in any form or manner including information in documents or electronic devices, such as software, flowcharts, graphs, spreadsheets, resource manuals, videotapes, calendars, day timers, planners, rolodexes, or telephone directories maintained in personal computers, laptop computers, personal digital assistants or any other device.

Personnel Records: Personal information about Company employees contained in the Company's records and to which access is restricted and granted only for purposes of performing and evaluating job duties.

Confidential Information: "Confidential Information" includes (comprises) Trade Secrets, Proprietary Information, Company Records and Personnel Records.

I understand that my obligation to maintain the confidentiality of all Confidential Information continues at all times during and after my employment. Confidential Information does not become any less confidential or proprietary to the Company

because I may commit some of it to memory or because I may otherwise maintain this information outside of the Company's offices.

I agree that any Confidential Information of the Company is to be used by me solely and exclusively for the purpose of conducting business on behalf of the Company. I am expected to keep such Confidential Information confidential and not to divulge, use or disclose this information except for that purpose. If I resign or am terminated from my employment for any reason, I agree to immediately return to the Company all Company Records and Confidential Information, including information maintained by me in my office, outside of the office, in personal electronic devices, and in any format or storage system.

Notwithstanding the foregoing, I understand that nothing contained in this Agreement prohibits or restricts me (or my attorney) from initiating communications directly with, or responding to any inquiry from, or providing testimony before, the Securities and Exchange Commission, the Financial Industry Regulatory Authority, the National Labor Relations Board, the Equal Employment Opportunity Commission, or any self-regulatory organization or governmental authority charged with the enforcement of any laws.

III. Non-Solicitation of Company's Employees and Customers

I agree that for the period beginning on my termination date with the Company through the greater of (i) the period beginning on my termination date through the Determination Date as defined in the Performance Share Award Agreement or (ii) the one-year period following my termination date ("the Non-Solicitation Period"), I will not do any of the following, either directly or indirectly or through associates, agents, or employees:

a. to the fullest extent enforceable under the applicable state law, solicit, recruit or induce the solicitation or recruitment of any employee or consultant of the Company for the purpose of encouraging that employee or consultant to leave the Company's employ or sever an agreement for services; or

b. to the fullest extent enforceable under the applicable state law, solicit, participate in or induce the solicitation of any of the Company's clients, customers, or prospective customers with whom I had Material Contact and/or regarding whom I received Confidential Information, for the purpose of providing products or services ("Competitive Products/Services"). "Material Contact" means interaction between me and the customer, client or prospective customer within one (1) year prior to my Separation of Service (as defined in the Performance Award Agreement) which takes place to manage, service or further the business relationship.

This limitation is not intended to limit the Company's right to prevent misappropriation of its Confidential Information beyond the Non-Solicitation Period.

IV. Assignment of Inventions

I agree to disclose to the Company promptly in writing complete information regarding all Inventions that I make, conceive or first reduce to practice (alone or in conjunction with others) during my employment with the Company. For the purposes of this Assignment, the term "Invention" means any invention, discovery, design, formula, modification, improvement, new idea, business method, process, algorithm, software program, know how or trade secret, or other work or concept, whether recorded in a written document, electronically or not recorded at all and whether or not copyrightable or patentable.

The categories of Inventions that are subject to this assignment are: (1) all Inventions that relate at the time of conception or reduction to practice of the Invention to the Company's business, or actual or demonstrably anticipated research or development of the Company whether or not I made, conceived or first reduced the Inventions to practice during normal working hours; and (2) all Inventions involving the use of any time, material, information, or facility of the Company.

I acknowledge and agree that all Inventions and all worldwide intellectual property rights therein are owned by the Company. All intellectual property rights in the Inventions shall vest in the Company on the date such Inventions are created, conceived, reduced to practice, actually or constructively, or reduced to a tangible medium of expression, whichever occurs first. Without limiting the foregoing, I agree that if any Inventions are copyrightable and fall within the definition of a "work made for hire" as defined in 17 U.S.C. §101 and §201(b), such Inventions will be considered "works made for hire" and all copyrights and copyright registrations related to such copyrightable Inventions will be the sole and exclusive property of the Company. If, and to the extent that, all intellectual property rights in any Inventions do not vest in the Company, I hereby irrevocably grant and assign, and agree to assign, to the Company without reservation, all of my worldwide ownership rights, title and interest in and to all Inventions and all present and future intellectual property rights in such Inventions, and irrevocably waive all moral rights in, and other intellectual property rights to, all Inventions.

By entering into this Assignment, I understand that I am not conveying any rights in Inventions I may have made, conceived or first reduced to practice before my employment with the Company ("Prior Inventions"). If I claim ownership in any Prior Inventions, I have identified and provided a non-confidential description of each such Prior Invention in the space provided below (and on additional pages as necessary):

I further agree, without charge and at the Company's expense, to give the Company all assistance it reasonably requires to evidence, establish, maintain, perfect, protect, and use the rights to the Inventions I have assigned to it. In particular, but without limitation, I agree to sign all documents, supply all information, and provide all written or oral testimony that the Company may deem necessary or desirable to: (i) transfer or record the transfer of my entire right, title, and interest in the assigned Inventions; (ii) enable the Company to obtain patent protection for such Inventions anywhere in the world; and (iii) protect and enforce Company's rights in the Inventions and the intellectual property rights therein. Notwithstanding the foregoing, I hereby irrevocably appoint Wells Fargo as attorney in fact (coupled with an interest) to execute any such documents.

V. Defend Trade Secrets Act Notice

I acknowledge and agree that nothing in this Agreement is intended to discourage or restrict me from reporting any theft of Trade Secrets pursuant to the Defend Trade Secrets Act of 2016 (the "DTSA") or other applicable state or federal law. The DTSA prohibits retaliation against an employee because of whistleblower activity in connection with the disclosure of Trade Secrets, so long as any such disclosure is made either (A) in confidence to an attorney or a federal, state, or local government official and solely to report or investigate a suspected violation of the law, or (B) under seal in a complaint or other document filed in a lawsuit or other proceeding. Nothing in this Agreement shall limit, curtail or diminish the Company's statutory rights under the DTSA, any applicable state law regarding trade secrets or common law.

VI. Employment At Will

I understand that my employment with the Company is "at will" which means; (1) the Company and I both have the right to terminate my employment at any time, with or without advance notice and with or without cause and, (2) the Company has the right to change policies and terms and conditions of my employment at any time. I also understand that nothing in this Agreement changes, alters or modifies my "at will" status or my obligation to comply with all policies, procedures and rules of the Company, as they may be adopted or amended from time to time. My employment at will status may not be changed except

in writing, signed by me and an officer of the Company at the level of executive vice president or higher, authorized by the senior Human Resource Manager for my business group.

VII. Injunctive Relief & Damages

Recognizing the irreparable nature of the injury that could be done by my violation of this Agreement and that money damages alone would be inadequate compensation to the Company, it is agreed that any violation of this Agreement by me should be the proper subject for immediate injunctive relief, specific performance and other equitable relief which shall be in addition to and not in lieu of any other remedies and damages to the Company may recover.

VIII. Partial Invalidity

If any provision of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall remain in full force and effect and the invalid or unenforceable provision shall be modified only to the extent necessary to render that provision valid and enforceable to the fullest extent permitted by law. If the invalid or unenforceable provision cannot be modified, that provision shall be severed from the Agreement and all other provisions shall remain valid and enforceable.

IX. Choice of Law/Integration/Survival

This Agreement and any dispute, controversy or claim which arises under or relates in any way to it shall be governed by the law of the state where the incident(s) giving rise to the dispute or claim arose. This Agreement supersedes any prior written or verbal agreements pertaining to the subject matter herein, and is intended to be a final expression of our Agreement with respect only to the terms contained herein. There may be no modification of this Agreement except in writing signed by me and an executive officer of the Company. This Agreement shall survive my employment by the Company, inure to the benefit of successors and assigns of the Company, and is binding upon my heirs and legal representatives.

Acknowledgement

I acknowledge that I have read, understand, and received a copy of this Agreement, and will abide by its terms.

[Name of Executive] Date

End of Form of Performance Share Award Agreement

For Grants on or after January 26, 2021

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Form of Restricted Share Rights Award Agreement for Grants on or after January 26, 2021

Brackets identify provisions that may vary depending on the particular grant, grant recipient, and/or other relevant factor

**WELLS FARGO & COMPANY
LONG-TERM INCENTIVE COMPENSATION PLAN
RESTRICTED SHARE RIGHTS AWARD AGREEMENT**

Grant Date: *[applicable date]*

1. Award. To encourage your continued employment with the Company or any Affiliate and to motivate you to help the Company increase stockholder value over the long term, Wells Fargo & Company (the "Company") has awarded you the number of Restricted Share Rights as set forth on the acknowledgement screen for your grant on this website (the "Award"). Each Restricted Share Right entitles you to receive one share of Wells Fargo & Company common stock ("Common Stock") contingent upon vesting and subject to the other terms and conditions set forth in the Company's Long-Term Incentive Compensation Plan, as may be amended from time to time (the "Plan") and this Award Agreement.

2. Vesting. Except as otherwise provided in this Award Agreement, and subject to the Company's right to recoup or forfeit all or any portion of this Award and other conditions as provided in this Award Agreement, including but not limited to the Clawback Policy (defined below) and other terms of paragraph 3, the Restricted Share Rights will vest and be settled according to the following schedule: *[vesting schedule]*

Shares of Common Stock in settlement of the Restricted Share Rights will be issued to you or, in case of your death, your Beneficiary determined in accordance with the Plan. Although you may receive dividend equivalents as provided below, you will have no rights as a stockholder of the Company with respect to your Restricted Share Rights until settlement. Upon vesting, each Restricted Share Right will be settled and distributed as one share of Common Stock except as otherwise provided in the Plan or this Award Agreement, subject to the Clawback Policy and the other terms of paragraph 3 and the restrictions in paragraphs 8 and 9 below. You acknowledge that your transactions in any shares of Common Stock you may acquire pursuant to this Award are subject to your compliance with the Company's Personal Trading Policy, including with respect to certain blackout trading restrictions and preclearance requirements, to the extent applicable to you.

3. Clawback Policy. The Award is fully conditioned on and subject to the Performance Conditions (as defined in the Clawback Policy) to vesting and the other clawback, forfeiture and cancellation provisions described in the Wells Fargo & Company Clawback and Forfeiture Policy attached hereto as Exhibit [A] [B], as it may be amended from time to time (the "Clawback Policy"). The Award is also subject to any other applicable reduction, recoupment, "malus" or "clawback" policies, practices or provisions of the Company and its Affiliates, as in effect from time to time, and any applicable reduction, recoupment, malus or clawback requirements imposed under laws, rules and regulations.

4. Termination.

(a) If you cease to be an Employee due to your death, any then unvested Restricted Share Rights awarded hereby (including any Restricted Share Rights granted with respect to dividend equivalents as provided below) will immediately vest upon your date of death and will be settled and distributed to your Beneficiary in shares of Common Stock between the date of your death and December 31 of the year following the year in which you die. Notwithstanding the foregoing, if by the last date set forth herein your Beneficiary has not presented evidence deemed satisfactory by the Company to allow transfer of the shares of Common Stock to the Beneficiary under applicable laws, the Company may treat all unvested Restricted Share Rights as forfeited, in which case the Company shall have no obligation to issue shares of Common Stock or benefits in lieu of such shares to your Beneficiary and shall have no liability therefor.

(b) If you incur an involuntary *[Separation from Service]* *[termination of employment]* as a result of one of the following:

(1) application of the Company's Extended Absence Policy to you in connection with a Disability,

(2) your displacement and receipt of an immediate lump sum severance benefit, placement on a Salary Continuation Leave of Absence or placement on another leave of absence which will result in your receipt of a severance benefit in connection with that leave, or

- (3) the Company or an Affiliate entering into a corporate transaction with another company (the “buyer”) (including a transaction where the buyer acquires all or any portion of the assets, stock or operations of the Company or Affiliate) and pursuant to the terms of the transaction you are continuing in employment with the buyer after completion of the corporate transaction,
- any then unvested Restricted Share Rights awarded hereby (including any Restricted Share Rights granted with respect to dividend equivalents as provided below) will immediately vest and will be settled and distributed to you in shares of Common Stock within 70 days from your [Separation from Service] [termination of employment], subject to the Clawback Policy and the other terms of paragraph 3 above, the restrictions in paragraphs 8 and 9 below [and the stock ownership requirements in paragraph 13 below]. [For purposes of the foregoing, your termination of employment shall be deemed to occur on the first day of your Salary Continuation Leave of Absence or other applicable leave of absence under paragraph 4(b)(2) above.]
- [For purposes of this Award, you will be considered to have a “Disability” if you are (1) receiving income replacement benefits for a period of not less than three months under the Company’s or an Affiliate’s long term disability plan as a result of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or (2) determined by the Social Security Administration to be eligible for social security disability benefits.] [The definitions of the terms “Separation from Service” (which is determined by the Company in accordance with Section 409A (as defined in paragraph 11 below)) and “Disability” are set forth on Exhibit A to this Award Agreement, which definitions are incorporated by reference herein.]
- (c) [If you have a Separation from Service that is not addressed in paragraph 3(b) above for a reason other than Cause and you satisfy the definition of Retirement [under the Plan] [(defined below)] on your Separation from Service date or you satisfy the definition of Retirement following your Separation from Service date at the end of an approved leave of absence not to exceed six months, any then unvested Restricted Share Rights awarded hereby (including any Restricted Share Rights granted with respect to dividend equivalents as provided below) will continue to vest and be settled upon the scheduled vesting date as set forth in paragraph 2 above, subject to the Clawback Policy and the other terms of paragraph 3 above, the restrictions in paragraphs 8 and 9 and the stock ownership requirements in paragraph 13 below, provided that beginning immediately after you cease to be an Employee and continuing until the last vesting date upon which all Restricted Share Rights granted hereunder shall become vested, to the fullest extent enforceable under applicable state law, you do not perform services as an officer, director, employee, consultant or otherwise for any business which is in competition with any line of business of the Company or any Affiliate for which you performed your responsibilities while you were employed by the Company or any Affiliate (including predecessors thereof) and which does business in any location in the geographic footprint of the Company or any Affiliate for which you performed your responsibilities (the “vesting condition”). [For purposes of this Award, the term “Retirement” is defined as termination of employment after reaching (i) age 55 with five completed years of service or (ii) such more favorable treatment as may apply based on the practices of the Company in effect from time to time.] Notwithstanding the foregoing, if you die following Retirement and have satisfied the vesting condition set forth above through your date of death, subject to the limitations set forth in paragraph 4(a), any then unvested Restricted Share Rights will vest immediately upon your date of death and will be settled and distributed to your Beneficiary in shares of Common Stock between the date of your death and December 31 of the year following the year in which you die. The definition of the term “Cause” is set forth on Exhibit A to this Award Agreement, which definition is incorporated by reference herein.]
- (d) If the Affiliate that employs you incurs a Change in Control and you continue employment with the buyer immediately after the Change in Control, any then unvested Restricted Share Rights awarded hereby (including any Restricted Share Rights granted with respect to dividend equivalents as provided below) will immediately vest and will be settled and distributed to you in shares of Common Stock within 70 days from the date the Change in Control occurred, subject to the Clawback Policy and the other terms of paragraph 3 above and the restrictions in paragraphs 8 and 9 below [and the stock ownership requirements in paragraph 13 below]. [Exhibit A to this Award Agreement sets forth the definition of the term “Change in Control,” which definition is incorporated in this Award Agreement by reference.] [“Change in Control” means a change in the ownership or effective control of the Company or the Affiliate that employs you, or in the ownership of a substantial portion of the assets of the Company or the Affiliate that employs you within the meaning of Treas. Reg. section 1.409A-3(i)(5) as determined by the Company.]
- (e) If you [incur a Separation from Service] [terminate employment] other than for a reason described in paragraphs 4(a), (b), [or] (c), [or] (d) above, any then unvested Restricted Share Rights awarded hereby (including any Restricted Share Rights granted with respect to dividend equivalents as provided below) will immediately terminate without notice to you and will be forfeited.

5. Dividend Equivalents. During the period beginning on the Grant Date and ending on the date the applicable Restricted Share Rights vest and are distributed, or are forfeited, whichever occurs first, if the Company pays a dividend on the Common Stock, you will automatically receive, as of the payment date for such dividend, dividend equivalents in the form of additional Restricted Share Rights based on the amount or number of shares that would have been paid on the Restricted Share Rights had they been issued and outstanding shares of Common Stock as of the record date and, if a cash dividend, the closing price of the Common Stock on the New York Stock Exchange as of the dividend payment date. You will also automatically receive dividend equivalents with respect to such additional Restricted Share Rights, to be granted in the same manner. Restricted Share Rights granted with respect to dividend equivalents will be subject to the same vesting schedule and other terms and conditions as the underlying Restricted Share Rights, including the Company’s right of recoupment or forfeiture, and will be distributed in shares of Common Stock when, and if, the underlying Restricted Share Rights are settled and distributed.

6. Tax Withholding. Regardless of any action the Company or an Affiliate which is your employer (the “Employer”) takes with respect to any or all income tax, payroll tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you or deemed by the Company or the Employer to be an appropriate charge to you even if technically due by the Company or the Employer (“Tax-Related Items”), you acknowledge that the ultimate liability for all Tax-Related Items is and remains

your responsibility and may exceed the amount (if any) withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer: (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including the grant, vesting or settlement of the Restricted Share Rights, the issuance of shares of Common Stock upon settlement of the Restricted Share Rights, the subsequent sale of shares of Common Stock acquired pursuant to such issuance and the receipt of any dividends and/or any dividend equivalents; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Award to reduce or eliminate your liability for such Tax-Related Items or to achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you shall pay or make adequate arrangements satisfactory to the Company or the Employer to satisfy all Tax-Related Items. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion and pursuant to such procedures as the Company may specify from time to time, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following: (1) withholding from any wages or other cash compensation paid to you by the Company and/or the Employer; (2) withholding from proceeds of the sale of shares of Common Stock acquired upon vesting and settlement of the Restricted Share Rights either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization without further consent); or (3) withholding in shares of Common Stock to be issued upon vesting and settlement of the Restricted Share Rights. Notwithstanding the foregoing, if you are subject to the short-swing profit rules of Section 16(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), the Company will withhold in shares of Common Stock upon the relevant tax withholding event, [except with respect to any Tax-Related Items required to be withheld prior to the vesting dates set forth in paragraph 2 which may be withheld from your wages or other cash compensation]. Only if withholding in shares of Common Stock is prevented by applicable law or has materially adverse accounting or tax consequences, may the Tax-Related Items withholding obligation for individuals subject to Section 16(b) of the Exchange Act be satisfied by one or a combination of methods (1) and (2) above.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case you will receive a refund of any over-withheld amount in cash and will have no entitlement to the Common Stock equivalent. Anything to the contrary in this paragraph notwithstanding, the Company or the Employer's right to withhold any amounts payable pursuant to this Award to cover Tax-Related Items for any portion of the Award that is considered deferred compensation subject to Section 409A (as defined in paragraph 11 below) shall be limited to the minimum amount permitted to avoid a prohibited acceleration under Section 409A. If the obligation for Tax-Related Items is satisfied by withholding in shares of Common Stock, for tax purposes, you will be deemed to have been issued the full number of shares of Common Stock subject to the vested Restricted Share Rights, notwithstanding that a number of the shares of Common Stock are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan.

Finally, you shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the shares or the

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proceeds of the sale of shares of Common Stock, if you fail to comply with your obligations in connection with the Tax-Related Items.

7. Nontransferable. Unless the Committee provides otherwise, (i) no rights under this Award will be assignable or transferable, and neither you nor your Beneficiary will have any power to anticipate, alienate, dispose of, pledge or encumber any rights under this Award, and (ii) the rights and the benefits of this Award may be exercised and received during your lifetime only by you or your legal representative.

8. Other Restrictions; Amendment. The grant of the Award and issuance of Common Stock hereunder is subject to compliance by the Company, its Affiliates and you with all legal and regulatory requirements applicable thereto, including compliance with the requirements of 12 C.F.R. Part 359, orders issued under 12 U.S.C. § 1818(b) (together with any agreements related thereto, "orders") and tax withholding obligations, and with all applicable regulations of any stock exchange on which the Common Stock may be listed at the time of issuance. For the avoidance of doubt, regulatory approval under Part 359 or any orders to which the Company is a party may be required for the issuance of Common Stock hereunder in certain circumstances, and the Company cannot provide any assurance that it will be able to request such approval in accordance with the requirements of Part 359 or any applicable order or that any requested approval will be received. Subject to [paragraph 11] [paragraphs 11 and 12] below, the Committee or its delegate may, in its sole discretion and without your consent, reduce, delay vesting, modify, revoke, cancel, impose additional conditions and restrictions on or recover all or a portion of this Award if the Committee or its delegate deems it necessary or advisable to comply with, or to promote or facilitate compliance with, applicable laws, rules and regulations or as required under any procedures or policies implemented by the Company in furtherance of such legal or regulatory compliance.

9. Restrictive Covenants. In consideration of the terms of this Award and your access to Confidential Information, you agree to the restrictive covenants and associated remedies as set forth below, which exist independently of and in addition to any obligation to which you are subject under the terms of the Wells Fargo Agreement Regarding Trade Secrets, Confidential Information, Non-Solicitation, And Assignment Of Inventions (the "TSA"):

(a) **Trade Secrets and Confidential Information.** During the course of your employment, you will acquire knowledge of the Company's and/or any Affiliate's (collectively "WFC") Trade Secrets and other proprietary information relating to its business, business methods, personnel, and customers (collectively, "Confidential Information"). "Trade Secrets" means WFC's confidential information, which has an economic value in being secret and which WFC has taken steps to keep secret and you understand and agree that Trade Secrets include, but are not limited to, confidentially maintained client and customer lists and information, and confidentially maintained

prospective client and customer lists and information. You agree that Confidential Information of WFC is to be used solely and exclusively for the purpose of conducting business on behalf of WFC. You agree to keep such Confidential Information confidential and will not divulge, use or disclose this information except for that purpose. In addition, you agree that, both during and after your employment, you will not remove, share, disseminate or otherwise use WFC's Trade Secrets to directly or indirectly solicit, participate in or induce the solicitation of any of WFC's clients, customers, or prospective customers for the purpose of providing products or services that are in competition with WFC's products or services. Notwithstanding the foregoing, nothing contained in this Award Agreement prohibits or restricts you (or your attorney) from initiating communications directly with, or responding to any inquiry from, or providing testimony before, the Securities and Exchange Commission, the Financial Industry Regulatory Authority, the National Labor Relations Board, the Equal Employment Opportunity Commission, or any self-regulatory organization or governmental authority charged with the enforcement of any laws.

(b) **Assignment of Inventions.** You acknowledge and agree that all inventions and all worldwide intellectual property rights that you make, conceive or first reduce to practice (alone or in conjunction with others) during your employment with WFC are owned by WFC that (1) relate at the time of conception or reduction to practice of the invention to WFC's business, or actual or demonstrably anticipated research or development of WFC whether or not you made, conceived or first reduced the inventions to practice during normal working hours; and (2) involve the use of any time, material, information, or facility of WFC.

(c) **Non-solicitation.** If you are currently subject to a TSA, you shall continue to be bound by [the] applicable and enforceable terms of the TSA. You also agree to the below terms independently of, and in addition to, any obligation to which you are subject under the terms of the TSA. If you are not currently subject to a TSA, you agree to the following:

For a period of one year immediately following termination of your employment for any reason, you will not do any of the following, either directly or indirectly or through associates, agents, or employees:

i. to the fullest extent enforceable under the applicable state law, solicit, recruit or induce the solicitation or recruitment of any employee or consultant of WFC for the purpose of encouraging that employee or consultant to leave WFC's employ or sever an agreement for services; or

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ii. to the fullest extent enforceable under the applicable state law, solicit, participate in or induce the solicitation of any of WFC's clients, customers, or prospective customers with whom you had Material Contact and/or regarding whom you received Confidential Information, for the purpose of providing products or services that are in competition with WFC's products or services. "Material Contact" means interaction between you and the customer, client or prospective customer within one (1) year prior to your last day as a team member which takes place to manage, service or further the business relationship.

The one-year limitation is not intended to limit WFC's right to prevent misappropriation of its Confidential Information beyond the one-year period.

(d) **Violation of TSA or Restrictive Covenants.** If you breach any of the terms of a TSA and/or the restrictive covenants above, all unvested Restricted Share Rights shall be immediately and irrevocably forfeited. For any Restricted Share Rights that vested within one (1) year prior to the termination of your employment with WFC or at any time after your termination, you shall be required to repay or otherwise reimburse WFC an amount having a value equal to the aggregate fair market value (determined as of the date of vesting) of such vested shares. This paragraph does not constitute the Company's exclusive remedy for violation of your restrictive covenant obligations, and WFC may seek any additional legal or equitable remedy, including injunctive relief, for any such violation.

10. **No Employment Agreement.** Neither the award to you of the Restricted Share Rights nor the delivery to you of this Award Agreement or any other document relating to the Restricted Share Rights will confer on you the right to continued employment with the Company or any Affiliate. You understand that your employment with the Company or any Affiliate is "at will" and nothing in this document changes, alters or modifies your "at will" status or your obligation to comply with all policies, procedures and rules of the Company, as they may be adopted or amended from time to time.

11. **Section 409A.** This Award is intended to [comply with the requirements] [be exempt from] of Section 409A of the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations or other binding guidance thereunder ("Section 409A"). Accordingly, all provisions included in this Award Agreement, or incorporated by reference, will be interpreted and administered in accordance with that intent. [Therefore, all Restricted Share Rights will be settled and distributed no later than March 1 of the year following the year when such Restricted Share Rights vest.] If any provision of the Plan or this Award Agreement would otherwise conflict with or frustrate this intent, that provision will be interpreted and deemed amended or limited so as to avoid the conflict; provided, however, that the Company makes no representation that the Award is exempt from or complies with Section 409A and makes no undertaking to preclude Section 409A from applying to the Award. The Company will have no liability to you or to any other party if the Award or payment of the Award that is intended to be [compliant with] [exempt from] Section 409A is not so [compliant] [exempt] or for any action taken by the Committee with respect thereto.

12. **[Six-month Delay.]** Notwithstanding any provision of the Plan or this Award Agreement to the contrary, if, upon your Separation from Service for any reason, the Company determines that you are a "Specified Employee" for purposes of Section 409A and in accordance with the definition set forth on Exhibit A to this Award Agreement, which definition is incorporated by reference herein, your Restricted Share Rights, if subject to settlement upon your Separation from Service and if required pursuant to Section 409A, will not settle before the date that is the first business day following the six-month anniversary of such Separation from Service, or, if earlier, upon your death.]

13. **Stock Ownership Policy.** If you are an Executive Officer of the Company or a member of its Operating Committee, as a condition to receiving this Award, you agree that you are subject to the Company's stock ownership policy, as may be amended from time to time,

and that as a result, you may be required to hold, including after your Retirement, all or a portion of any shares of Common Stock issued to you pursuant to this Award in order to achieve compliance with such stock ownership policy.

14. Severability and Judicial Modification. If any provision of this Award Agreement is held to be invalid or unenforceable under pertinent state law or otherwise or the Company elects not to enforce any such provision, including but not limited to paragraph 9(c)(i), the remaining provisions shall remain in full force and effect and the invalid or unenforceable provision shall be modified only to the extent necessary to render that provision valid and enforceable to the fullest extent permitted by law. If the invalid or unenforceable provision cannot be, or is not, modified, that provision shall be severed from this Award Agreement and all other provisions shall remain valid and enforceable.

15. Additional Provisions. This Award Agreement is subject to the provisions of the Plan. Capitalized terms not defined in this Award Agreement are used as defined in the Plan. If the Plan and this Award Agreement are inconsistent, the provisions of the Plan will govern. Interpretations of the Plan and this Award Agreement by the Committee are binding on you and the Company.

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16. Applicable Law. This Award Agreement and the award of Restricted Share Rights evidenced hereby will be governed by, and construed in accordance with the laws of the state of Delaware (without regard to its choice-of-law provisions), except to the extent Federal law would apply.

17. Imposition of Other Requirements. The Company reserves the right to impose other requirements on your participation in the Plan, on the Award and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan and provided the imposition of the term or condition will not result in adverse accounting expense to the Company, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

18. Electronic Delivery and Acceptance. The Company is electronically delivering documents related to current or future participation in the Plan and is requesting your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through the current plan administrator's on-line system, or any other on-line system or electronic means that the Company may decide, in its sole discretion, to use in the future.

19. Entire Agreement. The Plan is incorporated herein by reference. The Plan and this Award Agreement [(including Exhibit A attached hereto)] constitute the entire agreement of the parties with respect to the Award and supersede in their entirety all prior proposals, undertakings and agreements, written or oral, and all other communications between you and the Company with respect to the Award.

[insert requirement to acknowledge and accept grant terms]

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[Exhibit A]

[Certain Definitions]

[Separation from Service]

A Participant's "Separation from Service" occurs upon his or her death, Retirement [(defined in paragraph 4(c) above)] or other termination of employment or other event that qualifies as a "separation from service" under Internal Revenue Code Section 409A and the applicable regulations thereunder as in effect from time to time. The Company shall determine in each case when a Participant's Separation from Service has occurred, which determination shall be made in a manner consistent with Treasury Regulation Section 1.409A-1(h). The Company shall determine that a Separation from Service has occurred as of a certain date when the facts and circumstances indicate that the Company (or an Affiliate, if applicable) and the Participant reasonably anticipate that, after that date, the Participant will render no further services, or the Participant's level of bona fide services (either as an employee or independent contractor) will permanently decrease to a level that is 20% or less than the average level of the Participant's bona fide services (either as an employee or independent contractor) previously in effect for such Participant over the immediately preceding 36-month period (or the Participant's entire period of service, if the Participant has been providing services for less than 36 months).

The following presumptions shall also apply to all such determinations:

- (1) **Transfers.** A Separation from Service has not occurred upon the Participant's transfer of employment from the Company to an Affiliate or vice versa, or from an Affiliate to another Affiliate.
- (2) **Medical leave of absence.** Where the Participant has a medical leave of absence due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, and he or she has not returned to employment with the Company or an Affiliate, a Separation from Service has occurred on the earlier of: (A) the first day on which the Participant would not be considered "disabled" under any disability policy of the Company or Affiliate under which the Participant is then receiving a benefit; or (B) the first day on which the Participant's medical leave of absence period exceeds 29 months.
- (3) **Military leave of absence.** Where the Participant has a military leave of absence, and he or she has not returned to employment with the Company or an Affiliate, a Separation from Service has occurred on the day next following the last day on which the Participant is entitled to reemployment rights under USERRA.

- (4) Salary continuation leave. A Separation from Service has occurred on the first day of the Participant's salary continuation leave taken under the Company's Salary Continuation Pay Plan.
- (5) Other leaves of absence. In the event that the Participant is on a bona fide leave of absence, not otherwise described in this definition, from which he or she has not returned to employment with the Company or an Affiliate, the Participant's Separation from Service has occurred on the first day on which the Participant's leave of absence period exceeds six months or, if earlier, upon the Participant's termination of employment (provided that such termination of employment constitutes a Separation from Service in accordance with the last sentence of the first paragraph of this definition).
- (6) Asset purchase transaction. If, in connection with the sale or other disposition of substantial assets (such as a division or substantially all assets of a trade or business) of the Company or an Affiliate to an unrelated buyer, the Participant becomes an employee of the buyer or an affiliate of the buyer upon the closing of or in connection with such transaction, a Separation from Service has not occurred if the Company and the buyer have specified that such transaction will not, with respect to any individual affected by such transaction who becomes an employee of the buyer or an affiliate, be considered a "separation from service" under Treasury Regulation Section 1.409A-1(h), and such specification meets the requirements of Treasury Regulation Section 1.409A-1(h)(4).]

[Specified Employee]

A "Specified Employee" means an individual who at any time during the applicable identification period is:

- (1) one of the top 50 most highly compensated officers in the Controlled Group with a title of Senior Vice President or above (where the "Controlled Group" includes the Company and its controlled group members); or

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- (2) a member of the Wells Fargo Operating Committee or the Wells Fargo Management Committee Review Group; or
- (3) a "key employee" under Internal Revenue Code Section 416(i)(1)(A)(i), (ii) or (iii) (applied in accordance with the regulations thereunder and disregarding Internal Revenue Code Section 416(i)(5)).

For purposes of applying Internal Revenue Code Section 409A, the "identification period" is the 12-month period ending each December 31. Any person described in (1), (2) or (3) above during an identification period shall be treated as a Specified Employee for the entire 12-month period beginning on the following April 1.

Notwithstanding the above, in the event of a corporate transaction to which the Company or an Affiliate is a party, the Company may, in its discretion, establish a method for determining Specified Employees pursuant to Treasury Regulation Section 1.409A-1(i)(6).]

[Disability]

You will be considered to have a "Disability" if you are (1) receiving income replacement benefits for a period of not less than three months under the Company's or an Affiliate's long-term disability plan as a result of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or (2) determined by the Social Security Administration to be eligible for social security disability benefits.]

[Cause]

"Cause" means (1) the continued failure by you to substantially perform your duties; (2) your conviction of a crime involving dishonesty or breach of trust, conviction of a felony, or commission of any act that makes you ineligible for coverage under the Company's fidelity bond or otherwise makes you ineligible for continued employment; or (3) your violation of the Company's policies, including but not limited to Wells Fargo's Code of Ethics and Business Conduct (or the Code applicable to your line of business), Anti-Bribery and Corruption Policy, Information Security Policies, and Risk Management Accountability Policy. For the avoidance of doubt, an event or conduct constituting Cause could take place before or after your termination of employment.]

[Change in Control]

"Change in Control" means a change in the ownership or effective control of the Company or the Affiliate that employs you, or in the ownership of a substantial portion of the assets of the Company or the Affiliate that employs you within the meaning of Treas. Reg. section 1.409A-3(i)(5) as determined by the Company.]

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Exhibit [A] [B]

Effective as of January 1, 2021, this Clawback and Forfeiture Policy (the "Policy") of Wells Fargo & Company ("Wells Fargo"), as adopted by Wells Fargo's Board of Directors, is as follows.

1. Definitions. For purposes of this Policy the following terms shall have the meanings set forth below:

- 1.1 "Affiliate"** has the meaning set forth in the Wells Fargo & Company Long Term Incentive Compensation Plan.
- 1.2 "Award"** means any specific award of Incentive Compensation.
- 1.3 "Board"** means the Board of Directors of Wells Fargo.
- 1.4 "Cause"** means (1) the continued failure by the employee to substantially perform his/her duties; (2) conviction of a crime involving dishonesty or breach of trust, conviction of a felony, or commission of any act that makes the employee ineligible for coverage under the Company's fidelity bond or otherwise makes the employee ineligible for continued employment; (3) the employee's violation of the Company's policies including but not limited to Wells Fargo's Code of Ethics and Business Conduct (or the Code applicable to the employee's line of business), Anti-Bribery and Corruption Policy, Information Security Policies, and Risk Management Accountability Policy; or (4) the employee's breach of confidentiality or restrictive covenants entered into between the employee and the Company. For the avoidance of doubt, an event or conduct constituting Cause could arise, or be discovered by the Company, before or after the employee's termination of employment.
- 1.5 "Committee"** means the Human Resources Committee of the Board or such other committee as designated by the Board.
- 1.6 "Company"** means Wells Fargo, a Delaware corporation, and its Affiliates.
- 1.7 "Covered Employee(s) in Management" or "CEM(s)"** means an employee who has been designated as a CEM by the Company based on his or her role, responsibilities, or activities, in each case under criteria established by the Company from time to time.
- 1.8 "Executive Officer"** means any executive officer as designated by the Board to be subject to Section 16 of the Securities Exchange Act of 1934, as amended.
- 1.9 "Incentive Compensation"** means all incentives, whether paid in cash or in equity that are awarded, granted, earned, vested or paid to an employee.
- 1.10 "Performance Conditions"** has the meaning set forth in Section 2.2 of the Policy.
- 1.11 "Performance Share"** has the meaning set forth in the Wells Fargo & Company Long-Term Incentive Compensation Plan.
- 2. Authority to Claw back, Cancel, or Forfeit Incentive Compensation.** The Committee shall be authorized to claw back, cancel, or forfeit Incentive Compensation from employees, including former employees of the Company, to the extent permitted by applicable law, in the following circumstances:
- 2.1 Short-Term Cash-Based Incentive Compensation.** The Committee may claw back of all or part of short-term cash-based Incentive Compensation ("cash incentive") previously paid to a CEM to the extent that:

(c) The amount of the cash incentive was based upon the achievement of certain financial results that were subsequently reduced due to a financial restatement (public restatement) or was based upon one or more materially inaccurate performance metrics; or

(d) The CEM engaged in willful misconduct or gross negligence that caused material financial or reputational harm to the Company.

2.2 Long-Term Incentive Compensation. The Committee may (1) claw back all or a portion of any previously vested or paid long-term Award; or (2) cause a performance adjustment, including the forfeiture or cancellation, of all or a portion of any unpaid or unvested long-term Award, if the Committee, or such other designee as referenced above, determines, in its discretion, that any one of the following "Performance Conditions" has occurred:

(e) The employee engages in: (1) misconduct or commits an error that, in each case, causes material financial or reputational harm to the Company or to the employee's business group; or (2) for purposes of a cancellation or forfeiture (but not for clawback), any conduct that constitutes Cause;

- (f) The amount of the Award was based upon the achievement of certain financial results that were subsequently reduced due to a financial restatement (public restatement) or was based upon one or more materially inaccurate performance metrics;
- (g) In connection with the employee's job responsibilities, (1) failure through willful misconduct or gross negligence of the employee, including in a supervisory capacity, to identify, escalate, monitor, or manage, in a timely manner risks material to the Company or to the employee's business group in accordance with Company policies and procedures (as applicable) or (2) the Company or the employee's business group suffers a material failure of risk management; or
- (h) For purposes of unpaid or unvested Performance Share Awards only, failure of the employee, based on his or her role and responsibility, to achieve progress on resolving outstanding consent orders and/or other regulatory matters in accordance with commitments made by the Company.

The Committee may consider any factors it determines necessary or appropriate in determining whether any of the aforementioned conditions apply and in determining whether a clawback or a performance adjustment, including forfeiture or cancellation, is appropriate and the amount thereof based on the particular facts and circumstances. All determinations by the Committee will be final and binding.

In addition, the Company may dismiss the employee, authorize legal action, or take such other action to enforce the employee's obligations to the Company as the Company may deem appropriate based on the particular facts and circumstances. The Company in determining the appropriate action, may but shall not be required to take into account penalties or punishments imposed by third parties, such as law enforcement agencies, regulators or other authorities. The Company's power to determine the appropriate remedial action with respect to the employee is in addition to, and not in replacement of, remedies imposed by such third party entities.

3.Method of Clawback. The Committee, in its discretion, shall determine whether the Company shall effect a clawback (subject to applicable law) by (a) seeking repayment from the employee, (b) reducing the amount that would otherwise be payable to the employee under any compensation, bonus, incentive, equity or other benefit plan, agreement, policy or arrangement maintained by the Company, (c) canceling any unpaid or unvested Incentive Compensation previously awarded to the employee, (d) withholding compensation including grants of compensatory or equity awards, that otherwise would have been paid or made in accordance with the Company's compensation practices, commitments, or decisions, or (e) any combination of the foregoing.

4.Performance Year(s) Subject to Clawback or Forfeiture. The requirements of this Policy shall apply to (a) the most recent Incentive Compensation that has been vested and/or paid, so long as such

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payment(s) have taken place within five years from when the Committee approves a clawback; and (b) all unvested and/or unpaid Incentive Compensation.

5.Delegation of Authority. Any power of the Committee under this Policy may be exercised, except with respect to Executive Officers, by a duly authorized delegate of the Committee.

6.Interpretation.

6.1The Committee has full authority to make determinations regarding the interpretation of the provisions of this Policy.

6.2This Policy is applicable to all Incentive Compensation awarded or granted beginning January 1, 2021.

6.3In the event of any conflict between the terms of this Policy and the terms of any Company plan, agreement, policy or arrangement under which Incentive Compensation has been granted or awarded, the terms of this Policy shall prevail.

6.4In the event that any provision of this Policy or any part hereof is found invalid, the remainder of this Policy will be binding on the parties hereto and will be construed as if the invalid provision or part thereof had been deleted from this Policy.

6.5This Policy shall not apply to employees categorized as Identified Staff who are subject to the Malus and Clawback Policy for Identified Staff Team Members. "Identified Staff" means individuals who have been classified as identified staff for the purposes of the remuneration codes of the UK Financial Conduct Authority, the remuneration rules of the UK Prudential Regulation Authority, the Investment Firms Prudential Rules of the UK Financial Conduct Authority, the EU Capital Requirements Directive, the EU Alternative Investment Fund Managers Directive, the EU Undertakings for Collective Investment in Transferable Securities Directive, the EU Investment Firms Directive, or any associated directives, regulations and implementing legislation, rules or guidance, in each case as amended or replaced from time to time.

6.6To the extent Section 409A of the Internal Revenue Code is applicable to any Award, this Policy does not authorize any offset or substitution that would not comply with such Section.

7.Amendment or Termination. The Board or the Committee shall have the right to amend or cancel this Policy at any time if it determines in its sole discretion that such action would be in the best interests of the Company. Notwithstanding the authority of the Board or the Committee to amend this Policy, Wells Fargo's Chief Human Resources Officer or the Head of Total Rewards, or such equivalent title, may amend the Policy to incorporate administrative revisions.

End of Form of Restricted Share Rights Award Agreement

For Grants on or after January 26, 2021



Exhibit 10(b)

Wells Fargo Bonus Plan

The Plan is effective January 1, 2021 and replaces all previous Plans.

2 Wells Fargo Bonus Plan

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3 Wells Fargo Bonus Plan

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I. Purpose of the Plan

The Wells Fargo Bonus Plan (the “Plan”) is a discretionary annual incentive plan focused on appropriate risk management, employee performance and business outcomes and is aligned with Wells Fargo’s compensation principles: *Pay for performance; Promote effective risk management; Attract and retain talent.*

Awards paid out under the Plan, are not included when calculating any benefits based on salary. Awards are also not a component of salary due to the Participant at the end of the Participant’s employment with Wells Fargo. An Award under this Plan is not guaranteed, and payment of an Award for one Plan Year does not guarantee the payment of an Award in any subsequent Plan Year. In addition, Awards may be eliminated or reduced at the discretion of Wells Fargo, regardless of Participant eligibility or target award opportunity.

The Country Appendix included in this document addresses regulatory or country-specific requirements. To the extent a Participant works for a Wells Fargo entity in a jurisdiction covered by the Country Appendix, or otherwise is subject to additional remuneration requirements in accordance with applicable local laws and regulations, the provisions described in the Country Appendix or any supplemental document referred to therein shall govern the application of the applicable Plan provisions to the Participant. For the avoidance of doubt, references to “Country Appendix” in this Plan include supplemental documents referred to in the Country Appendix.

II. Definitions

Term/Acronym	Definition
Applicable Laws and Policies	All rules, laws, guidance, regulations and all enterprise and business-specific corporate policies and procedures (including “Related Information” and documents referenced in the policies), applicable to the Participants as a Wells Fargo employee and/or the performance of the Participant’s job duties in the Participant’s Wells Fargo position.
Award	Any incentive compensation provided under the Plan.
Award Payment Date	Calendar date on which payroll initiates delivery of the Award to a Participant.

Term/Acronym	Definition
Cause (applicable only to International Participants)	For purposes of Section VII, B, c, “Terminations – International Participants,” Cause includes, but is not limited to, the termination of the Participant’s employment where such termination involved one or more of the following grounds (unless the term Cause is otherwise replaced by a country-specific definition in the Country Appendix): (a) the continued failure or refusal of the Participant to perform satisfactorily any duties reasonably required of the Participant, after written notification by the Company or an affiliated company, and the failure of the Participant within thirty (30) calendar days of such notification to correct such breach, failure or refusal (other than failure by reason of incapacity due to physical or mental illness); or (b) the commission of any fraud, misappropriation, embezzlement or other dishonest act that makes the Participant ineligible for coverage under the Company’s fidelity bond or otherwise makes the Participant ineligible for continued employment; or (c) any act of gross insubordination or willful misconduct; or (d) reporting to work under the influence of alcohol, narcotics or unlawful controlled substances, any violation of the Company’s employment policies, key compliance policies or procedures including but not limited to the Code of Ethics and Business Conduct (or the Code applicable to the Participant’s line of business), Anti-Bribery and Corruption Policy, Information Security Policy; and Risk Management Accountability Policy; or (e) conviction of a felony, or of a misdemeanor involving a dishonest or fraudulent act, or conduct in violation of law or conduct that would constitute a basis for criminal conviction of a felony or of a misdemeanor involving moral turpitude that makes the Participant ineligible for coverage under the Company’s fidelity bond or otherwise makes the Participant ineligible for continued employment; or (f) violation of any securities or commodities laws, any rules or regulations pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which the Company is a member, or violation of any similar law, regulation, ordinance or licensing requirement applicable to employees of financial institutions; or conduct that may reasonably be expected to have an adverse effect on the financial interest or business reputation of the Company or an affiliated company The foregoing does not represent a complete list of all acts or omissions that may constitute grounds for a termination for Cause. Cause also includes such other acts or omissions recognized as constituting cause (or its closest equivalent, such as grounds for summary dismissal) in a particular work location under applicable law, or the Participant’s employment agreement, or the policies in the work location. The Plan Administrator has the sole discretion to determine whether a particular individual’s employment has been terminated for Cause for the purposes of Plan administration, and its determination is final and binding upon the Company and that individual.
Company or Wells Fargo	Wells Fargo & Company, its subsidiaries and affiliates.
Corporate Transaction	Includes, but is not limited to, a transaction where another company contractually agrees to either acquire all or any portion of the assets, stock, or operations of Wells Fargo and/or enters in to some other business arrangement with the company.
Country Appendix	Identifies where individual country regulations/laws require deviation from the terms in this Plan and addresses those differences.
Displacement (applicable only to US Participants)	A position elimination, substantial position change or other qualifying event described in the Wells Fargo & Company Salary Continuation Pay Plan (the “SCP Plan”) resulting in the termination of the Participant’s employment.

Term/Acronym	Definition
Earn or Earned	An Award will be deemed “Earned” under the Plan when all of the terms and conditions under the Plan have been satisfied with respect to an Award, including: (a) the Participant’s manager has determined the Participant has met the criteria set forth in Section IV (b) the Participant’s manager has completed a performance evaluation per the requirements of the Performance Management Framework; (c) the Participant’s manager has completed an Award recommendation for the Participant (d) recommendations have been approved by the Plan Administrator; and (e) the HRC has approved Plan funding and authorized the payment of Awards.
Employer	The Wells Fargo entity that employs the Participant.
Executive Officer	Operating Committee Member, the Company’s Management Committee Review Group (“MCRG”) or any other Covered Employee in Management as such term is defined in the Company’s Incentive Compensation Risk Management Policy.
HRC	The Human Resources Committee of Wells Fargo & Company’s Board of Directors.
LTCAP	The applicable Long-Term Cash Award Plan (“LTCAP”) governing the terms of long-term cash awards, as follows: 1. For <i>US</i> Participants, it is the Wells Fargo & Company Long-Term Cash Award Plan; and 2. For <i>International</i> Participants, it is the Wells Fargo & Company Long-Term Cash Award Plan for International Employees.
LTICP	The Wells Fargo & Company Long-Term Incentive Compensation Plan which governs equity Awards such as Restricted Stock Rights (RSRs).
Misconduct	Inappropriate, unethical, or unlawful behavior on the part of employees or individuals acting on behalf of the Company, caused by deliberate actions or business practices.
Misconduct Accountability Program (MAP)	Aligns and strengthens the connection between Wells Fargo’s behavioral expectations and compensation principles. The program’s objective is to implement a consistent approach for how conduct impacts employees performance evaluations and incentive compensation, and helps managers reinforce employee accountability related to conduct.
Operating Committee Member	Senior managers who are direct reports to the Chief Executive Officer (“CEO”) of the Company.
Participant	An employee who meets the eligibility and qualifying criteria for participation in this Plan set forth in Section IV . A US Participant refers to a Regular or Part-Time Employee on a US-based payroll; an International Participant refers to an employee on an International-based payroll.
Part-Time Employee <i>(applicable only to US Participants)</i>	An employee scheduled with standard hours of at least 17.5 and less than 30 hours per week (other than those classified as flexible).
Performance Expectations	Provided to employees under the Performance Management Framework, which may include objectives, risk management and other components.
Performance Period	The applicable period of time, within the Plan Year, under which a Participant’s performance is evaluated for purposes of Award recommendation.

Term/Acronym	Definition
Plan Administrator	The Head of Human Resources and the Head of Total Rewards of the Company, each of whom may act individually or jointly as the Plan Administrator.
Plan Year	The 12-month period beginning each January 1 and ending on the following December 31.
Regular Employee <i>(applicable only to US Participants)</i>	An employee scheduled with standard hours of 30 or more per week (other than those classified as flexible).
Retirement	Unless otherwise specified in the Country Appendix, for purposes of the Plan, a Participant is considered “retired” if the termination is entered in the HR system of record as a retirement.
STAR Assignment <i>(applies only to US Participants)</i>	The Short-Term Assignment Resource (STAR) program provides opportunities for active short-term work assignments to Wells Fargo employees who have received written notification of displacement or are on Salary Continuation Leave under the Wells Fargo & Company Salary Continuation Pay Plan.

III. Plan funding

The HRC determines whether a bonus pool will be funded and Awards will be paid under the Plan. Establishment of the pool is not a guarantee that Awards will be paid to Participants nor does it guarantee the amount of any Award payable to an individual Participant.

IV. Plan eligibility and qualification

Participants who meet all eligibility and qualifying criteria may be considered for an Award under the Plan. Satisfaction of all eligibility and qualifying criteria is not a guarantee of any Award of any amount under the Plan.

A. Eligible Roles

A variety of roles across Wells Fargo are eligible to participate in the Plan. Eligibility is defined by the job, which captures both participation eligibility and opportunity.

B. Service Requirements

The employee must have actively worked in a Wells Fargo Bonus Plan-eligible job, classified as Part-time or Regular, for a minimum of three calendar months during the Plan Year to become a Participant in the Plan. To be counted as a “month worked,” the employee must be in the job on or before the 15th of the month. External new hires and newly eligible employees must be in their role prior to September 1st of the Plan Year to be eligible to participate in the Plan.

C. Employment Status

a. US Participants

A US Participant must be employed by Wells Fargo as of the Award Payment Date, in order to be eligible to be considered for an Award under the Plan, unless otherwise noted below.

i. Exceptions

Exceptions may be made if the Participant's employment terminated prior to the Award Payment Date as a result of the Participant's Retirement, death, a Corporate Transaction, or Displacement as set forth in [Section VII](#).

ii. STAR Assignments

A US Participant on a STAR Assignment is eligible for pro-rated Award consideration provided their former job was Plan-eligible and Award Qualifiers and Service Requirements are met. The Award opportunity is based on the former job target as defined and duration of the Plan Year that the employee was in an eligible role and not during the STAR Assignment timeframe. The time in the STAR Assignment job does not apply to the determination of the opportunity target.

b. International Participants

An International Participant must be employed by Wells Fargo, and not serving out a period of notice either given by Wells Fargo or the Participant as of the Award Payment Date, in order to be eligible to be considered for an Award under the Plan, unless otherwise noted below.

i. Exceptions

Exceptions may be made if the Participant's employment terminated prior to the Award Payment Date because of a "good leaver event" as set forth in Section VII (Employment Changes) (or, where applicable, Country Appendix) or death, despite the Participant not being employed on the Award Payment Date or serving out a period of notice.

D. Award Qualifiers

To be eligible for an Award under this Plan, the Participant is expected to meet the following Award qualifiers. Failure to meet one or more qualifiers may result in a reduction or elimination of Award opportunity.

a. Risk Management

A Participant is expected to effectively manage all risk associated with their position as set forth in Wells Fargo's Risk Management Accountability Policy, including, but not limited to, compliance, model, operational, credit, interest rate, liquidity, reputation and strategic, as applicable.

b. Policy, Law and Regulatory Compliance

A Participant is expected to comply with all Applicable Laws and Policies including, but not limited to Wells Fargo's employment policies, Work Rules, Standing Orders, Internal Labor Regulations, and/or Company Regulations (or documents with a similar purpose and intent, however named)¹.

¹ If a Participant has a question about the policies and procedures applicable to his/her role, the Participant should promptly contact his/her manager to understand where the Participant can find his/her group's policies and procedures.

c. **Conduct**

A Participant is expected to adhere to ethical and honest business practices. Violation of the terms or the spirit of the Plan and/or Wells Fargo's Code of Ethics and Business Conduct, or other Applicable Laws and Policies, by the Participant, or Misconduct, are grounds for disciplinary action, including disqualification from participation in the Plan (including Awards payable under the terms of the Plan) and/or immediate termination of employment.

Conduct-related disciplinary or corrective action (such as a final notice or formal warning) will be considered in the evaluation of a Participant's Award opportunity and, if warranted, will result in the Award being adjusted or denied. Other disciplinary or corrective action may also result in an adjustment or denial of a Participant's Award opportunity, as warranted. Additional performance adjustment and/or forfeitures may be made to any deferred Awards. A Participant, who violates the spirit of the Plan by engaging in inappropriate behavior to receive incentive compensation under this Plan or increase their opportunity for incentive compensation under this Plan, as determined by the Plan Administrator, becomes immediately ineligible to participate in the Plan.

V. Awards

Awards under the Plan are made in the sole and absolute discretion of Wells Fargo and the Plan Administrator, with recommendations from business unit managers and approvals from senior management. There is no guarantee that an incentive of any amount will be awarded to any Participant.

A. Incentive Opportunity

a. **Incentive Targets**

- i. Incentive targets are generally represented as a percentage of a Participant's base salary. The minimum award opportunity is always zero.
- ii. Incentive targets are defined by role and are subject to change at any time at the Company's sole discretion.
- iii. Exceptions to the defined target are only permitted with final approval of the Operating Committee Member for the Participant's line of business and the Compensation Leader for the Participant's line of business.

a. **Pro-ration of Incentive Target**

Under circumstances in which pro-ration is applied to the incentive target, it is determined based on the number of calendar months the Participant worked in an eligible role during the Plan Year. A calendar month is credited when one of two things occur:

- Participant works from the 1st through the 15th of month; or
- Participant starts on or before the 15th of a month and works through the end of the month.

B. Award Recommendation

The Participant's manager is responsible for determining whether the Participant has met the Award Qualifiers and other terms of the Plan, prior to providing an incentive recommendation. The incentive recommendation should be primarily based on an evaluation of the performance of the Participant and in consideration of the performance of the line of business and the Company.

C. Approvals

Award recommendations are subject to review and approval through the management hierarchy. Management may modify or deny the initial recommendation. Operating Committee Members must approve the aggregate value of Awards for that business upon the conclusion of the annual review cycle performed by the Participant's line of business. Awards for Executive Officers are reviewed and approved by the Board of Directors, HRC, or Wells Fargo Chief Executive Officer as required by charter and policy.

Individual Participant Award corrections and any changes resulting from the dispute review process that occur at a later date may be approved solely by the Head of Total Rewards Governance, Compensation Design & Delivery with the exception of those for Participants that are under the governance of the Board of Directors, HRC, or Wells Fargo Chief Executive Officer.

- a. Without limiting the discretion of Wells Fargo or the Plan Administrator, a Participant's incentive recommendation that is over 150% of target is subject to the Participant's Award being approved by the Operating Committee Member for the Participant's line of business and the Plan Administrator.
- b. Notwithstanding the foregoing, Awards to Executive Officers are subject to the approval of the HRC.

VI. Award payment

A. Timing

a. **US Participants**

Awards for US Participants will be paid no later than two and one-half months into the calendar year following the end of the Plan Year.

b. **International Participants**

Awards for International Participants will be paid no later than the regularly scheduled payroll for the month of March of the calendar year following the end of the Plan Year, unless otherwise specified in the Country Appendix covering the Participant.

The determination of a Participant's eligibility for, and payment of, an Award may be delayed if there is a formal investigation or review of the Participant's conduct in progress on the Award Payment Date, the outcome of which may be dispositive of whether the Participant has met the Award Qualifiers, until such time that a decision that the Participant has met the Award Qualifiers and a final evaluation of the Participant's performance is made.

i. Delivery

Awards may be paid in the form of short-term cash or long-term Awards (cash or equity), or a combination thereof, at the HRC's discretion, at the discretion of the Plan Administrator, or as required by applicable law, regulation or guidance. To the extent all or a portion of an Award is paid in the form of an equity-based Award under the LTICP, the equity-based Award is subject to the approval of and to terms and conditions as approved by the HRC in accordance with the provisions of the LTICP and as reflected in the applicable Award agreement. To the extent all or a portion of an Award is paid in the form of long-term cash, it will be provided under the LTCAP, subject to such terms and conditions of the appropriate LTCAP and as reflected in the applicable Award agreement.

For International Participants, any cash Awards are determined and paid in local currency unless determined otherwise by the Company in its discretion. The exchange rate conversion to local currency will be determined at the complete discretion of Wells Fargo.

VII. Employment changes

A. Leaves of absence

If a Participant goes on a leave of absence (“Leave”) during the Plan Year and does not terminate their employment prior to the Award Payment Date, they may be considered for an Award.

When determining the Award for a Participant who is or was on leave during the Plan Year, the manager should take into consideration the Participant’s achievements and contributions to the team and business over the Performance Period.

B. Changes in employment status

a. Transfers

The following applies for a Participant who transitions between eligible and not eligible roles under the Plan. This applies to both non-eligible jobs and jobs that are eligible for other incentive plans.

- The Participant must meet the criteria set forth in [Section IV](#); and
- The incentive target opportunity is pro-rated based on the number of calendar months the Participant was in the Plan-eligible role.

The following applies for a Participant who transitions between two or more eligible roles under the Plan:

- The Participant must meet the criteria set forth in [Section IV](#); and
- The Participant’s incentive target opportunity would be reflective of the Incentive Targets for each eligible role and pro-rated based on time spent in each role.

In any situation in which the role transition involves a change in reporting manager, the current manager is responsible for making the Award recommendation and should consult with the former manager on the recommendation whenever possible.

b. Terminations – US Participants

A Participant whose employment is terminated prior to the Award Payment Date is not eligible to participate in the Plan, unless otherwise noted below. Other eligibility and service requirements as set forth in [Section IV](#) unrelated to employment status on Award Payment Date must be met. Award recommendations for a Participant whose employment is terminated under the following events will follow the normal course of payment timing and be based on Plan funding, target opportunity and pro-rated by the number of months worked during the Plan Year prior to termination.

i. Retirement

A Participant who retires prior to the Award Payment Date may be considered for an Award.

ii. Displacements

A Participant who receives notice of a qualifying event under the Wells Fargo & Company Salary Continuation Pay Plan (“SCP Plan”) and whose position is eliminated prior to the Award Payment Date, may be considered for an Award. The Notice Period (as defined by the SCP Plan) is applied to the determination of both the Service Requirement and pro-ration calculation. The non-working portion of the Notice Period may not be considered to satisfy the “actively at work” requirement.

iii. Corporate Transactions

In the event of an involuntary termination due to a Corporate Transaction prior to the Award Payment Date, a Participant may be considered for an Award.

iv. **Death**

In the event of a Participant's death, prior to the Award Payment Date, the Participant may be considered for an Award.

c. **Terminations - International Participants**

If a Participant is serving out a notice period (whether given by Wells Fargo or the Participant for any reason whatsoever) on the Award Payment Date or is otherwise no longer employed on the Award Payment Date, the Participant shall not be eligible to be considered for an Award.

However, if the reason for the Participant's cessation of employment is a "Good Leaver Event", then despite the Participant not being employed on the Award Payment Date, or serving out a period of notice, the Participant may be considered for a pro-rated Award.

i. **"Good Leaver Events"**

A "Good Leaver Event" means that the Participant has ceased to be an employee of Wells Fargo or an affiliate by reason of:

1. retirement – unless otherwise specified in the applicable Country Appendix, for purposes of participation in the Plan, a Participant is considered "retired" if the termination is entered in the HR system of record as a retirement;
2. injury, ill-health or disability causing the Participant to be absent from work for a period of 182 days (whether or not consecutive) in any period of twelve (12) months;
3. the Participant's office or employment, by virtue of which the Participant is eligible for an Award, being transferred to a person or entity that is not an affiliated company of Wells Fargo; or
4. redundancy (i.e., where Wells Fargo or an affiliated company has determined that the Participant's position or role shall be discontinued and is expressly dismissed by reason of redundancy. For the avoidance of doubt, the Participant is not redundant if, in the view of Wells Fargo or the affiliated company, s/he has been offered reasonable alternative employment or if their employment is terminated without Cause in circumstances other than the discontinuance of the Participant's position or role).

A Participant whose employment ends due to Cause, or where one of the reasons for the end of employment falls within the definition of Cause, shall not qualify for a Good Leaver Event.

A Participant may be asked to furnish evidence to support a finding that there is a Good Leaver Event in respect of the Participant.

In addition to the Award Qualifiers identified in Section IV, Part D, a Participant will also be required (as a condition of Good Leaver Event treatment) to sign a release of all claims on terms acceptable to their Employer following termination of employment in order to be eligible for any Award under the Plan following the effective date of termination.

For the avoidance of doubt, this provision on Good Leaver Events does not give rise to any contractual right to receive an Award.

ii. **Corporate Transactions**

In the event of an involuntary termination due to a Corporate Transaction during the Plan Year or prior to the Award Payment Date, a Participant may be considered for an Award.

iii. **Death**

In the event of a Participant's death, the Participant may be considered for an Award. For the avoidance of doubt, this provision does not give rise to any contractual right to receive an Award.

VIII. Plan administration

A. Plan Administrator

The Plan Administrator has full discretionary authority to administer and interpret the Plan and may, at any time, delegate to personnel of Wells Fargo such responsibilities as it considers appropriate to facilitate the day-to-day administration of the Plan. Except with respect to Executive Officers, the Plan Administrator's authority includes approving, denying or adjusting a Participant's Award amount, Award opportunity or Award recommendation and approving special discretionary payments for Participants who do not meet Service Requirement or Employment Status eligibility terms. The Plan Administrator will consult with such control function partners as appropriate prior to taking any action impacting a Plan Participant.

The HRC has the authority to make any and all decisions with respect to Awards under the Plan (including special discretionary payments) to Executive Officers.

Plan commitments or interpretations (oral or written) by anyone other than the Plan Administrator, the HRC, or a delegate appointed by either the Plan Administrator or HRC, are invalid and will have no force or effect upon the policies and procedures set forth in this Plan.

In the event of any conflict between the Plan and oral or written communications, summaries, or overviews of, the Plan, the specific terms of this Plan or any official amendments to this Plan will control.

B. Payments subject to Applicable Laws and Policies

The determination and payment of any Award under the Plan is subject to the conditions and restrictions imposed under any applicable law, rules and regulations. A Participant's rights to or receipt of compensation under the Plan may be limited, modified, delayed, cancelled or recovered to ensure compliance with all such applicable laws, rules, regulations and guidance that may be issued from time to time.

C. Disputes

If a Participant has a dispute regarding their Award under the Plan:

- a. A **US Participant** should attempt to resolve the dispute with the manager of their business unit. If this is not successful, the Participant should prepare a written request for review addressed to Compensation Delivery. The request for review should include any facts supporting the Participant's request as well as any issues or

comments the Participant deems pertinent. Written requests may be submitted via email to: compensationdelivery@wellsfargo.com

Compensation Delivery sends a written response documenting the outcome of this review to the Participant no later than 60 days following the date of the Participant's written request. (If additional time is necessary, the Participant will be notified in writing.) The determination of this request will be final and conclusive upon all persons.

- b. An **International Participant** should attempt to resolve the dispute with the manager of their business unit. If this is not successful, the Participant should refer to the local grievance or dispute resolution procedure applicable to other employment-related grievances at the Participant's work location. If a formal grievance or dispute resolution procedure does not exist at the Participant's work location, the Participant should prepare a written request for review addressed to the Participant's Human Resources representative and the Plan Administrator within 60 days following the date on which the Award was paid (or would have been paid under the terms of the Plan). The request for review should include any facts supporting the Participant's request as well as any issues or comments the Participant deems pertinent. The Plan Administrator, or his/her delegate, sends a written response documenting the outcome of this review to the Participant no later than 60 days following the date of the Participant's written request. (If additional time is necessary, the Participant will be notified in writing.) The determination of this request will be final and conclusive upon all persons.

D. Overpayments

In the event a Participant is overpaid an Award, the amount not Earned may be recouped by Wells Fargo, subject to Applicable Laws and Policies. In the case of termination of employment, the Participant is expected to promptly repay Wells Fargo the portion of the Award amount that was paid but not Earned.

E. Clawbacks

All Awards granted under this Plan shall be subject to any applicable reduction, recoupment, cancellation, malus or clawback policies, practices or provisions of the Company and its Affiliates, as in effect from time to time, and any applicable reduction, recoupment, cancellation, malus or clawback requirements imposed under Applicable Laws and Policies.

F. No Employment Right

Neither the action of Wells Fargo in establishing or maintaining the Plan, nor any provision of the Plan itself, shall be construed so as to grant any person contractual rights with respect to his or her employment or continued employment (or if applicable, additional contractual rights).

- a. **US Participants:** The Plan is not an employment contract and participation in the Plan does not alter a Participant's at-will employment relationship with Wells Fargo. Both the Participant and Wells Fargo

are free to terminate the US Participant's employment relationship at any time for any reason. No rights in the Plan may be claimed by any person whether or not he/she is selected to participate in the Plan.

- b. **International Participants:** Despite participation in the Plan, a Participant's employment relationship with Wells Fargo may be terminated at any time in accordance with the Participant's employment contract, applicable policies and rules at the Participant's work location, and subject to applicable law. The Plan does not form part of a Participant's contract of employment, unless otherwise required by applicable laws.

No person shall acquire any right to an accounting audit or to examine the books or the affairs of Wells Fargo.

G. Amendment or termination of the Plan

The Board of Directors of Wells Fargo & Company or the HRC may amend, suspend or terminate the Plan or any incentive opportunity or Award recommendation at any time, for any reason. The Plan Administrator may amend the Plan to the extent consistent with its authority to administer Plan under [Section VIII, A](#), including to revise any country-specific Appendix to comply with the laws governing the jurisdiction under which a Participant subject to such Appendix is located. The Plan Administrator will consult with such control function partners as appropriate in connection with any such amendment.

H. Assignment

No Participant has any right or power to pledge or assign any rights, privileges, or Awards provided for under the Plan unless the Plan provides that Awards may be allocated to certain eligible recipients.

I. Unsecured Obligations

Awards under the Plan are unsecured obligations of the Company.

J. Validity

In case any provision of this Plan is held illegal or invalid for any reason, the illegality or invalidity of that provision will not affect the remaining parts of the Plan. Instead, this Plan will be construed and enforced as if such illegal or invalid provision had never been inserted herein.

K. Withholding Taxes and Deductions

Wells Fargo shall deduct from all payments under the Plan an amount necessary to satisfy the relevant statutory deductions for income tax, pension and social insurance and/or other applicable statutory pension and/or special/labor insurance contribution deductions required to be taken under the law of the jurisdiction governing the Participant; provided however, the Participant is responsible for appropriate reporting and remittance of taxes and other statutory contributions in relation to incentive payments under this Plan where required in their locations.

L. Governing Language

To the extent that this Plan or any other document related to this Plan is made available in local language and English versions for any jurisdiction, should there be any difference in interpretation, the English version will prevail and the relevant local language version shall be deemed to be automatically amended to conform with, and to make the relevant local language version consistent with, the English version.

M. Governing Law and Jurisdiction

The Plan shall be construed, administered and governed in accordance with the laws of the jurisdiction governing the Participant. If any provision of this Plan shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of the Plan shall continue in full force and effect.

N. IRS Section 409A for Participants on US-Based Payroll

To the extent that an Award is paid in cash under the Plan no later than two and one-half months following the end of the Plan Year, Wells Fargo intends such Award to qualify as a short-term deferral exempt from the requirements of Internal Revenue Code Section 409A. If, however, it is administratively impracticable to pay an Award within two and one-half months following the end of the Plan Year (generally March 15th) or a payment is delayed due to an unforeseeable event, payment will be made as soon as administratively possible but in no event later than the end of such calendar year. In the event an Award payable under the Plan does not qualify for treatment as an exempt short-term deferral, such amount will be paid in a manner that will satisfy the requirements of Internal Revenue Code Section 409A and applicable guidance thereunder.

IX. Appendix. A - Specified jobs subject to additional award payout criteria

Notwithstanding other language in the Plan to the contrary, Participants within the Plan that are in specified jobs in Commercial Banking and Corporate & Investment Banking, Investment Portfolio, and Renewable Energy & Environmental Finance (REEF) are subject to risk performance criteria, performance-based vesting, and mandatory deferrals of Awards as described herein:

A. Specified Jobs

a. Middle Market Banking

Job Title/Job Code	Job Title/Job Code	Job Title/Job Code
Commercial Bkg Region Exec (146385)	Commercial Rel Mgmt Manager 3 (146003 / N46076)	GIB Local Gvt Rel Mgmt Mgr 1 (146364)
Commercial Bkg Division Exec (146395)	Commercial Rel Mgmt Manager 4 (146201)	SBA Lending Executive (122062)
Commercial Bkg Market Rm Ldr (146394)	Commercial Rel Mgmt Mgr 5 (146004)	Bus Relationship Mgr (246562)
Commercial Bkg Bbg Leader (146405 / N46289)	GIB Portfolio Mgmt Mgr 1 (146361)	Bus Relationship Mgr-Ag (246551)
Commercial Bkg Cross Sgmt Ldr (146406 / N46288)	GIB Portfolio Mgmt Mgr 2 (146362)	Bus Relationship Mgr-Industry (246552)
Commercial Bkg Mmb Leader (146404 / N46290)	GIB Portfolio Mgmt Mgr 3 (146363)	Bus Relationship Mgr-Re (246553)
Coml Bkg Credit Team Manager (117186)	GIB Portfolio Mgr 1 (246574)	Sr Bus Relationship Mgr (246558)
Coml Bkg Market Credit Lead (246642 / N46307)	GIB Portfolio Mgr 2 (246575)	Sr Bus Relationship Mgr-Ag (246559)
Coml Bkg Mid-Corp Segment Lead (246625)	GIB Portfolio Mgr 3 (246576)	Sr Bus Relationship Mgr-Industry (246560)
Coml Division Prtfolio Mgt Ldr (146403)	GIB Rel Manager 2 (246570)	Sr Bus Relationship Mgr-Re (246561)
Commercial Portfolio Mgr 1 (246294 / N46198)	GIB Rel Manager 3 (246571)	Prin Bus Relationship Mgr (246554)
Commercial Portfolio Mgr 2 (246295 / N46199)	GIB Rel Manager 4 (246572)	Prin Bus Relationship Mgr-Ag (246555)
Commercial Portfolio Mgr 3 (246587)	GIB Rel Manager 5 (246573)	Prin Bus Relationship Mgr-Industry (246556)
Commercal Prtfolio Mgmt Mgr 1 (146366 / N46094)	GIB Rel Mgmt Manager 2 (146357)	Prin Bus Relationship Mgr-Re (246557)
Commercal Prtfolio Mgmt Mgr 2 (146367 / N46306)	GIB Rel Mgmt Manager 3 (146358)	Business Banking Team Lead (146351)
Commercial Rel Manager 2 (246002 / N46023)	GIB Rel Mgmt Manager 4 (146359)	Business Banking Manager 1 (146352)
Commercial Rel Manager 3 (246003 / N46024)	GIB Rel Mgmt Mgr 5 (146360)	Business Banking Manager 2 (146167)
Commercial Rel Manager 4 (246004 / N46025)	GIB Local Gvt Rel Manager 1 (246577)	Business Banking Manager 3 (146169)
Commercial Rel Manager 5 (246195 / N46088)	GIB Local Gvt Rel Manager 2 (246578)	Business Banking Manager 4 (146238)
Commercial Rel Mgmt Manager 2 (146002 / N46142)	GIB Local Gvt Rel Manager 3 (246579)	

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b. Commercial Real Estate

Job Title/Job Code	Job Title/Job Code	Job Title Job Title/Job Code
RE Manager Relationship Mgmt 5 (146147)	RE Relationship Manager 3 (246034 / N46032)	Corp Banking Rel Mgr 2 (246092)
RE Manager Relationship Mgmt 4 (146016 / N46143)	RE Relationship Manager 2 (246033 / N46031)	Corp Banking Rel Mgr 3 (246093)
RE Manager Relationship Mgmt 3 (146015 / N46028)	RE Relationship Manager 1 (246032 / N46030)	Corp Banking Rel Mgr 4 (246094)
RE Manager Relationship Mgmt 2 (146014 / N46027)	Corp Bnkg Portfolio Mgr 2 (246296)	Corp Banking Rel Mgr 5 (246245)
RE Manager Relationship Mgmt 1 (146013 / N46093)	Corp Bnkg Portfolio Mgr 3 (246297)	Corp Bnkg Mgr Rel Mgmt 1 (146048)
RE Relationship Manager 5 (246367 / N46193)	Corp Bnkg Portfolio Mgr 4 (246298)	Corp Bnkg Mgr Rel Mgmt 2 (146049)
RE Relationship Manager 4 (246035 / N46033)	Corp Bnkg Portfolio Mgr 5 (246468)	Non-evaluated Wholesale Lender – Manager (N46156)

c. Corporate & Investment Banking (non-pool)

Job Title/Job Code	Job Title/Job Code	Job Title Job Title/Job Code
ABL Sr. Rel Manager 1 (146081)	Corp Bnkg Portfolio Mgr 3 (246297 / N46136)	CIB Relationship Mgmt Mgr 1 (146398 / N46277)
ABL Regional Credit Manager (146083)	Corp Bnkg Portfolio Mgr 4 (246298 / N46137)	CIB Relationship Mgmt Mgr 2 (146397 / N46278)
ABL National Credit Manager (146084)	Corp Bnkg Portfolio Mgr 5 (246468 / N46263)	CIB Relationship Mgmt Mgr 3 (146396 / N46287)
ABL Rel Manager 1 (246414)	Non-Eval Whlsl Lender-Mgr (146992 / N46156)	CIB Relationship Mgr 2 (246604 / N46280)
ABL Rel Manager 2 (246165)	CIB Credit Ins Mgmt Mgr (146399)	CIB Relationship Mgr 3 (246603 / N46281)
ABL Rel Manager 3 (246166)	CIB Credit Insurance 1 (246607)	CIB Relationship Mgr 4 (246602 / N46282)
ABL Rel Manager 4 (246167)	CIB Credit Insurance 2 (246606)	CIB Relationship Mgr 5 (246601)
Corp Bnkg Mgr Rel Mgmt 1 (146048 / N46259)	CIB Loan Synd Mgmt Mgr (146402)	CIB Port Mgmt Industry Leader (146412)
Corp Bnkg Mgr Rel Mgmt 2 (146049 / N46047)	CIB Loan Synd Mgr 1 (246615 / N46284)	GFI Relationship Manager 1 (N46042)
Corp Bnkg Mgr Rel Mgmt 3 (146050 / N46080)	CIB Loan Synd Mgr 2 (246614 / N46271)	GFI Relationship Mgmt Mgr 1 (N46044)
Corp Bnkg Mgr Rel Mgmt 4 (146051)	CIB Loan Synd Mgr 3 (246613 / N46272)	Head of WFB (N22011)
Corp Bnkg Rel Mgr 2 (246092 / N46086)	CIB Loan Synd Mgr 4 (246612 / N46273)	Reg President & Head of CIB (N22017)
Corp Bnkg Rel Mgr 3 (246093 / N46087)	CIB Portfolio Manager 2 (246610 / N46275)	Non-Eval Whlsl Lender-Prof (246993 / N46994)
Corp Bnkg Rel Mgr 4 (246094 / N46048)	CIB Portfolio Manager 3 (246609 / N46276)	Non-Eval Whlsl Lender-Mgr (146992 / N46156)
Corp Bnkg Rel Mgr 5 (246245 / N46089)	CIB Portfolio Manager 4 (246608 / N46285)	
Corp Bnkg Portfolio Mgr 2 (246296 / N46135)	CIB Portfolio Mgmt Mgr 1 (146401 / N46286)	

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d. Wells Fargo Commercial Capital

Job Title/Job Code	Job Title/Job Code	Job Title Job Title/Job Code
ABL National Credit Manager (146084)	Corp Bnkg Mgr Rel Mgmt 3 (146050)	Head of Comm'l Dist Finance (122286)
ABL National Underwriting Mgr (146284 / N462520)	Corp Bnkg Mgr Rel Mgmt 4 (146051)	Non-Eval Whlsl Lender-Mgr (146992 / N46156)
ABL Portfolio Manager 1 (246547 / N46253)	Corp Bnkg Portfolio Mgr 3 (246297)	Non-Eval Whlsl Lender-Prof (246993 / N46994)
ABL Portfolio Manager 2 (246548 / N46254)	Corp Bnkg Portfolio Mgr 4 (246298)	Strategic Investment Associate (246645)
ABL Portfolio Manager 3 (246549 / N46255)	Corp Bnkg Portfolio Mgr 5 (246468)	WF Comm'l Capital Leader (146380 / N46270)
ABL Regional Credit Manager (146083 / N46103)	Corp Bnkg Rel Mgr 2 (246092)	WFC Nat'l Portfolio Mgr (146140)
ABL Regional Underwriting Mgr (146285 / N17108)	Corp Bnkg Rel Mgr 3 (246093)	WFCC Inv Fin Rel Mgr 1 (146354 / N46237)
ABL Rel Manager 1 (246414 / N46162)	Corp Bnkg Rel Mgr 4 (246094)	WFCC Inv Fin Rel Mgr 2 (146355)
ABL Rel Manager 2 (246165 / N46063)	Corp Bnkg Rel Mgr 5 (246245)	WFCC Inv Fin Underwriter 1 (546259 / N46240)
ABL Rel Manager 3 (246166 / N46018)	Distributed Finance Commercial Leader (146416)	WFCC Inv Fin Underwriter 2 (246580 / N46041)
ABL Rel Manager 4 (246167 / N46034)	EquipFin Credit Port Mgmt Mgr (146309)	WFCC Inv Fin Underwriter 3 (N46244)
ABL Sales Associate 2 (N49081)	EquipFin Credit Port Mgr 1 (246466)	WFCC Inv Fin Underwriter 4 (N46245)
ABL Sr Rel Manager 1 (146081 / N46035)	EquipFin Credit Port Mgr 2 (246467)	WFCC Originations Leader (149318)
ABL Sr Rel Manager 2 (146082 / N46011)	EquipFin Division Sales Mgr (146356 / N46265)	WFCC Portfolio/Underwriting Leader (117185)
ABL Sr. Portfolio Manager 1 (146368 / N46258)	EquipFin National Sales Mgr (146125 / N46220)	WFCC Structure & Executive Leader (146415)
ABL Sr. Portfolio Manager 2 (146369 / N46257)	EquipFin Sales Manager (146008 / N46230)	WFCF Business Group Leader (122243)
ABL Underwriter 1 (246416 / N46163)	EquipFin Sr Market Sales Mgr (146009 / N46077)	WFCF Division Manager (122187 / N22010)
ABL Underwriter 2 (246417 / N46164)	Factoring Credit Sr Rel Mgr (146006)	WFCF Hd of Commercial Services (122120)
ABL Underwriter 3 (246418 / N46165)	Hd Equipment Finance (122043)	WFCF Inv Fin Undrwrtr Mgr 1 (N46246)
CDF Regional Manager (N49117)	Hd of Global Receivables & Trd (120141)	WFCF Regional Manager (146237)
Corp Bnkg Mgr Rel Mgmt 1 (146048)	Hd of WF Capital Finance (120029)	WFCF Rel Consultant 1 (246566 / N46242)
Corp Bnkg Mgr Rel Mgmt 2 (146049)	Head of Commercial Originations (149317)	WFCF Rel Consultant 2 (246567 / N46243)

e. Community Lending and Investment/Multifamily Capital (CLI/MFC)

Job Title/Job Code	Job Title/Job Code	Job Title Job Title/Job Code
Real Estate Manager Relationship Management 1 (146013)	Real Estate Relationship Manager 3 (246034)	Capital Markets Relationship Manager 2 (246075)
Real Estate Manager Relationship Management 2 (146014)	Real Estate Relationship Manager 4 (246035)	Capital Markets Relationship Manager 3 (246076)
Real Estate Manager Relationship Management 3 (146015)	Real Estate Relationship Manager 5 (246367)	Capital Markets Relationship Manager 4 (246536)
Real Estate Manager Relationship Management 4 (146016)	Capital Markets Manager 1 (146338)	CRA Investment Manager 1 (215055)
Real Estate Manager Relationship Management 5 (146147)	Capital Markets Manager 2 (146040)	CRA Investment Manager 2 (215056)
Real Estate Relationship Manager 1 (246032)	Capital Markets Manager 3 (146041)	CRA Investment Manager 3 (215067)
Real Estate Relationship Manager 2 (246033)	Capital Markets Relationship Manager 1 (246074)	CRA Investment Management Manager 1 (115034)

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f. Investment Portfolio

Job Title/Job Code	Job Title/Job Code	Job Title Job Title/Job Code
Derivative Trader 1 (253077)	Inv Portfolio Prg Analyst 1 (246492)	Treasury Portfolio Mgr 1 (207008)
Derivative Trader 2 (253078)	Inv Portfolio Prg Analyst 2 (246493)	Treasury Portfolio Mgr 2 (207009)
Derivative Trader 3 (253086)	Inv Portfolio Prg Analyst 3 (246494)	Treasury Portfolio Mgr 3 (207010)
Fixed Income Trader 1 (253058)	Portfolio Analytics Cons 1 (207023)	Reinsurance Sr. Manager (127019)
Fixed Income Trader 2 (253059)	Portfolio Analytics Cons 2 (207018)	Rein Asset & Liab Mgmt Analyst (127027)
Fixed Income Trader 3 (253060)	Portfolio Analytics Cons 3 (207019)	Reinsurance Product Dev Mgr (227245)
Inv Portfolio Analyst 1 (238083)	Portfolio Analytics Cons 4 (207024)	Rein Client Rel Manager (227048)
Inv Portfolio Analyst 2 (238084)	Portfolio Analytics Mgr 1 (107021)	Reinsurance Chief Actuary (127016)
Inv Portfolio Analyst 3 (238085)	Portfolio Analytics Mgr 1 (107024)	Reinsurance Sr Actuary 3 (227246)
Inv Portfolio Analyst 4 (238086)	Hd of Credit Portfolio Mgmt (138035)	Reinsurance Sr Actuary 2 (227243)
Inv Portfolio Associate 1 (246495)	Hd of Invst Portfolio Trading (138034)	Reinsurance Sr Actuary 1 (227031)
Inv Portfolio Associate 2 (246496)	Hd of Macro Portfolio Mgmt (138036)	Reinsurance Actuary (227032)
Inv Portfolio Associate 3 (246497)	Hd of Port Strategy & Analytcs (138037)	Reinsur Var Annuity Analyst (227247)
Inv Portfolio Manager 1 (138008)	Treasury Portfolio Mgmt Dir (107008)	Contracts Principal 2 (215046)
Inv Portfolio Manager 2 (138004)		

g. Renewable Energy & Environmental Finance (REEF)

Job Title/Job Code	Job Title/Job Code	Job Title Job Title/Job Code
Head of REEF (122303)	Environmental Fin Originator 1 (223021)	Environmental Fin Port Spec 1 (240172)
Environmental Fin Manager 1 (149314)	Environmental Fin Originator 2 (223022)	Environmental Fin Port Spec 2 (240173)
Environmental Fin Manager 2 (149315)	Environmental Fin Originator 3 (223023)	Environmental Fin Port Spec 3 (240174)
Environmental Fin Manager 3 (149316)	Inv Portfolio Manager 2 (138004)	Principal Invest Rech Analyst2 (238023)
Structure Credit Portfolio An3 (238028)		

Specified jobs in the Plan may be added, removed, or revised throughout the Plan Year at the discretion of the Plan Administrator, in consultation with control function partners, as appropriate.

B. Risk Performance

- Each Participant will be assessed for risk for the Performance Period in accordance with the Performance Management policy. Risk performance will be reviewed for the entire Performance Period, even if the Participant changes jobs or no longer participates in this incentive Plan. Risk performance has a potential impact to a Participant's Incentive Opportunity and potential impact to incentive-related performance-based vesting conditions

for certain outstanding long-term cash Award(s) (see Section IX, C). The process described below will be one factor for purposes of determining whether any adjustments to a Participant's Incentive Opportunity for the Plan Year are appropriate.

- b. Prior to the determination of any Award for a Participant for the applicable Plan Year, the evaluation of performance against the applicable risk performance criteria will include a review of all applicable risks associated with the job(s) including but not limited to credit-related losses and/or financial crimes, operational risk, or regulatory compliance infractions occurring within the scope of the Participant's role and job duties during the applicable Performance Period. Risk rating recommendations are reviewed by applicable line of business risk leaders and Enterprise risk program leaders, subject to the final approval by senior most risk leader aligned to the line of business.
- c. Participants in specified jobs in Commercial Banking or Corporate & Investment Banking only: The extent/degree of the actual credit-related losses and/or financial crimes, operational risk, or regulatory compliance infractions that could impact the final incentive Award and also trigger a performance-based vesting review applicable to unpaid incentive-related long-term cash Awards include, but are not limited to the following circumstances:
 - i. **Credit Risk:** Any credit-related loss in a Performance Period that is greater than an amount designated by the Head of Commercial Credit for the Participant's business unit.
 - a) Losses may be evaluated on the basis of a particular obligor, single transaction or other similar criteria as determined by the Head of Commercial Credit for the Performance Period.
 - b) Review of Participants who are not managers will be based on their loan portfolio/client relationships.
 - c) Review of Participants who are managers will be based on both their personal portfolio and their team's portfolio.
 - i. Material infractions in the areas of financial crimes, operational risk, or regulatory compliance risk or related losses.
 - ii. Substantial, intentional or repeated violation of financial crimes, operational risk, or regulatory compliance policies and/or requirements for the Participant's position.
- d. Participants in specified jobs in Investment Portfolio only: The extent/degree of the actual credit-related losses, Market Incidents and/or financial crimes, operational risk, or regulatory compliance infractions that could impact the final incentive Award and also trigger a Performance-Based Vesting review applicable to unpaid incentive-related long-term cash Awards include, but are not limited to the following circumstances:
 - i. **Credit Risk:** Any credit-related loss in a Performance Period that is greater than an amount designated by the Head of Commercial Credit for the Participant's business unit.
 - a) Losses may be evaluated on the basis of a particular obligor, single transaction or other similar criteria as determined by the Chief Investment Officer – WF and/or Head of Commercial Credit for the Performance Period.
 - b) Review of Participants who are not managers will be based on their investments/loan portfolio/client relationships.
 - c) Review of Participants who are managers will be based on both their personal portfolio and their team's portfolio.
 - ii. Substantial or repeated deviation from the approved risk mandates.

- iii. Any trading loss and/or Market Incident deemed material and/or resulted in less than expected performance outcomes (see table below in [Section IX, C](#)). The loss limits and Market Incident triggers are established for applicable roles by Corporate Market Risk.
 - iv. Deliberate or repeated improper marking of positions.
 - v. Restatement of prior results
 - vi. Material infractions in the areas of financial crimes, operational risk, or regulatory compliance or related losses.
 - vii. Substantial, intentional or repeated violation of financial crimes, operational risk, or regulatory compliance policies and/or requirements for the Participant's position.
- e. Participants in specified jobs in Renewable Energy & Environmental Finance (REEF) only: The extent/degree of the actual credit-related losses, and/or financial crimes, operational risk, or regulatory compliance infractions that could impact the final incentive Award and also trigger a Performance-Based Vesting review applicable to unpaid incentive-related long-term cash Awards include, but are not limited to the following circumstances:
 - i. **Credit Risk**: Any credit-related loss in a Performance Period that is greater than an amount designated by the Head of Commercial Credit for the Participant's business unit.
 - a) Losses may be evaluated on the basis of a particular obligor, single transaction or other similar criteria as determined by the Head of Commercial Credit for the Performance Period.
 - b) Review of Participants who are not managers will be based on their investments/loan portfolio/client relationships.
 - c) Review of Participants who are managers will be based on both their personal portfolio and their team's portfolio.
 - ii. Material infractions in the areas of financial crimes, operational risk, or regulatory compliance or related losses.
 - iii. Substantial, intentional or repeated violation of financial crimes, operational risk, or regulatory compliance policies and/or requirements for the Participant's position.
- f. Performance evaluation and compensation impacts will be determined in accordance with applicable policies, procedures, and year-end guidance for each Participant involved in a credit-related loss or financial crimes, operational risk, or regulatory compliance risk infraction. Market Incidents will also be considered in the determination for Participants in specified jobs in Investment Portfolio.

C. Performance-Based Vesting Impact (Unpaid Long-Term Cash Awards)

In addition to the potential impact to the Incentive Opportunity as described above in Section IX, B, the less than satisfactory outcome of the review of credit-related losses and/or financial crimes, operational risk, or regulatory compliance risk, Market Incidents (Investment Portfolio participants only) or any other key risk infractions may also impact the performance-based vesting condition in deferred long-term cash Awards. For details on the application of Performance-Based Vesting, refer to your Award Agreement and the LTCAP.

D. Mandatory Deferral of Awards

Plan Participants identified as being in specified jobs subject to a mandatory deferral of incentive Awards, will be provided applicable terms and conditions, including Award deferral schedules and the payment vehicles used to deliver the Awards, in a separate document.

X. Appendix B - Identified Staff

CRD Identified Staff, IFD/IFR/IFPR Identified Staff and AIFMD/UCITS Identified Staff Participants

This Appendix B (which is also a Country Appendix for the purposes of the Plan) applies to all Participants regardless of the country in which they are employed by an Employer.

If a Participant is CRD Identified Staff, IFD/IFR/IFPR Identified Staff or AIFMD/UCITS Identified Staff, the Participant's eligibility for an incentive will be governed by, and subject to, the terms and conditions of the Plan, and any other conditions and restrictions imposed under any applicable law, rules and regulations. The form of any Award under the Plan and payout terms and conditions will be governed by the Identified Staff Incentive Payout Structure, a document that supplements the Plan and only applies to Awards granted to CRD Identified Staff, IFD/IFR/IFPR Identified Staff and AIFMD/UCITS Identified Staff Participants.

A. Definitions

For purposes of this Appendix B, the following definitions shall apply:

1. CRD means Directive 2013/36/EU of the European Parliament and the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms as amended by Directive (EU) 2019/878 of the European Parliament and the Council of 20 May 2019, and all associated directives, regulations and implementing legislation, rules or guidance, in each case as amended or replaced from time to time.
2. IFR means Regulation 2019/2033 of the European Parliament and Council of 27 November 2019 on the prudential requirements of investment firms and IFD means Directive 2019/2034 of the European Parliament and Council of 27 November 2019 on the prudential supervision of investment firms and all associated directives, regulations and implementing legislation, rules or guidance, in each case as amended or replaced from time to time, including the Investment Firms Prudential Rules of the Financial Conduct Authority in the UK (IFPR).
3. AIFMD means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010, and all associated directives, regulations and implementing legislation, rules or guidance, in each case as amended or replaced from time to time.
4. UCITS means Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities and amending Directive 2014/91/EU, and all associated directives, regulations and implementing legislation, rules or guidance, in each case as amended or replaced from time to time.

5. CRD Identified Staff means all Code Staff and any other Participants who have been classified as Identified Staff for the purposes of CRD.
6. IFD/IFR/IFPR Identified Staff means all Participants who have been classified as Identified Staff for the purposes of IFD/IFR/IFPR.
7. AIFMD/UCITS Identified Staff means all Participants who have been classified as Identified Staff for the purposes of AIFMD and/or UCITS.

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8. Code Staff means a Participant who has been classified as Code Staff for the purposes of the Financial Conduct Authority dual-regulated firms' remuneration code, the Financial Conduct Authority IFPRU remuneration code and/or the Prudential Regulation Authority remuneration rules as applicable, each as amended from time to time or any other code or rules issued by a UK regulator.

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XI. Appendix C - Country Appendix

A. Australia

Notwithstanding other language in the Plan to the contrary, the following additional terms and provisions shall apply to those Participants who are employed by an Employer in Australia.

For all Participants covered by this Country Appendix:

[Section VII, B, c, i](#)

Paragraph 1. is replaced as follows:

1. retirement from employment and/or refraining from undertaking work or employment, (whether as an employee or otherwise) within the financial services industry for a minimum of one year;

B. Canada

Notwithstanding other language in the Plan to the contrary, the following additional terms and provisions shall apply to those Participants who are employed by an Employer in Canada.

Section VII, B, c, i

The following shall be added to Sub-item i:

Subject to applicable employment or labour standards legislation, a Participant whose employment is terminated without cause in circumstances in which the termination does not qualify as a Good Leaver Event will not be entitled to an Award or payment in lieu thereof for the number of completed months the Participant worked during the Plan Year.

Other than as expressly required by applicable employment or labour standards legislation, there shall be no Award or payment in lieu thereof paid to a Participant in respect of or attributable to any period of common law or civil law reasonable notice, or any period of contractual termination notice or payment in lieu thereof, to which a Participant might be entitled.

Section VIII, L,

The paragraph shall be deleted and replaced with the following:

To the extent that this Plan or any other document related to this Plan is made available in French and English versions for the Province of Quebec, should there be any difference in interpretation, the French version will prevail.

For Participants in the Province of Quebec, Canada/ Pour les participants de la Province de Québec, Canada:

The Participant acknowledges that s/he has an option of requesting this document in French but has freely chosen to receive it in its English version. Le(la) participant(e) reconnaît qu'il(elle) a eu le choix de

demandeur ce document, et tout document y afférent, en français, mais qu'il(elle) a librement choisi de les recevoir en leur version anglaise.

C. People's Republic of China (excluding Hong Kong)

Notwithstanding other language in the Plan to the contrary, the following additional terms and provisions shall apply to those Participants who are located in the People's Republic of China.

Section VII, B, c, i

The definition of "Cause" under clause 3.1(a) is replaced in its entirety as follows:

Cause means the termination of the Participant's employment in circumstances involving one or more of the following:

- a) the continued failure or refusal of the Participant to perform satisfactorily any duties reasonably required of the Participant, after written notification by the Company or an affiliated company, and the failure of the Employee within thirty (30) calendar days of such notification to correct such breach, failure or refusal (other than failure by reason of incapacity due to physical or mental illness); or
- b) the commission of any fraud, misappropriation, embezzlement or other dishonest act that makes the Participant ineligible for coverage under the Company's fidelity bond or otherwise makes the Participant ineligible for continued employment; or
- c) any act of gross insubordination or wilful misconduct; or

- d) reporting to work under the influence of alcohol, narcotics or unlawful controlled substances, any violation of the Company's employment policies or procedures including but not limited to the Code of Ethics and Business Conduct, Information Security Policy or Compliance Program Policy and Risk Management Accountability Policy; or
- e) conviction of a criminal offense, including but not limited to an offense involving a dishonest or fraudulent act, or conduct in violation of law or conduct that would constitute a basis for criminal conviction involving moral turpitude that makes the Participant ineligible for coverage under the Company's fidelity bond or otherwise makes the Employee ineligible for continued employment; or
- f) violation of any securities or commodities laws, any rules or regulations pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which the Company is a member, or violation of any similar law, regulation, ordinance or licensing requirement applicable to employees of financial institutions; or conduct that may reasonably be expected to have an adverse effect on the on the financial interest or business reputation of the Company or an affiliated company; or
- g) serious violation of Company rules or corporate policies; or
- h) any other statutory reasons for a summary dismissal under applicable laws and regulations.

The foregoing does not represent a complete list of all acts or omissions that may constitute grounds for a termination for Cause. The Plan Administrator will have the sole discretion to determine whether a particular individual's employment has been terminated for Cause, and its determination will be final and binding upon the Company and that individual.

Section VII, B, c, i

Paragraph 1 is replaced in its entirety as follows:

1. Retirement, solely for purposes of eligibility for consideration of a pro-rata Award under this Plan, means the Participant's termination of employment for a reason other than Cause.

Paragraph 2 is replaced in its entirety as follows:

2. Injury, ill-health or disability causing the Participant to be unable to return to work after the Participant's medical treatment period has already expired.

D. France

Notwithstanding other language in the Plan to the contrary, the following additional terms and provisions shall apply to those Participants who are employed by an Employer in France.

Section VII, B, c, i

Paragraph 1. is replaced as follows:

1. retirement from employment and/or refraining from undertaking work or employment, (whether as an employee or otherwise) within the financial services industry for a minimum of one year;

The following paragraph shall be added to this section of the Plan:

5. where the Participant was employed under a fixed-term contract, the expiry of the fixed-term, save if, in the view of Wells Fargo or the affiliated company, s/he has been offered reasonable alternative employment or if their employment is terminated without Cause in circumstances other than the expiry of the fixed-term.

The applicable definition of "Cause" referred to in this section is supplemented as follows:

- g) is guilty of gross misconduct, gross negligence, a material failure of risk management by the Participant or the business unit in which the Participant manages or performs services, or is in material breach of one of the terms of the Participant's employment, including, but not limited to, engaging in prohibited conduct which is listed as grounds for summary dismissal;
- h) is guilty of any material breach of the Company's Personal Account Dealing Policy, its Code of Ethics and Business Conduct, its Risk Management Accountability Policy, its Anti-Corruption Policy or its Information Security Policy from time to time in force;
- i) infringes any rules or regulations imposed by any regulatory or other external authority or professional body applicable to the Participant's employment or which regulate the performance of the Participant's duties;
- j) fails, due to fault and/or neglect on the Participant's part, to possess any qualification or meet any condition or requirement laid down by any applicable regulatory or other external authority or professional body applicable to the Participant's employment or which regulate the performance of the Participant's duties by legislation including, but not limited to, a financial regulator or fidelity bond requirements or fails due to fault and/or neglect on the Participant's part to pass such regulatory exams as prescribed by the Company from time to time;

- k) acts in a way which in the reasonable view of the Company's management, may bring the Company into disrepute, whether or not such act is directly related to the affairs of the Company;
- l) becomes bankrupt or makes any composition or enters into any deed of arrangement with the Participant's creditors;
- m) engages in any way whatsoever in "Regulated Activities" (being services of a financial or investment nature including but not limited to performing controlled functions) when the Participant is not registered as an approved person by the relevant regulator to do so, or the Participant fails to complete, if necessary, the fit and proper questionnaire for the relevant regulator; or the Participant otherwise adversely affects the Company's continued authorization to engage in Regulated Activities and/or the Participant's, if applicable, continued registration as an approved person; or
- n) is guilty of any act or omission which would, whether under the Participant's contract of employment or applicable local law, entitle the Participant's employing entity to terminate the employment of the Participant summarily.

Section VIII, L

The following shall be added:

"Participants who are located in France acknowledge the following in writing:

"You further acknowledge that it is your express wish that the Plan, as well as all documents, notices or summaries relating to the Plan be drawn up in English."

"Vous reconnaissez également que le Régime, ainsi que tous les documents, avis ou résumés s'y rapportant ont été rédigés en langue anglaise à votre demande expresse."

E. Germany

Notwithstanding other language in the Plan to the contrary, the following additional terms and provisions shall apply to those Participants who are employed by an Employer in Germany.

Section VII, B, c, i

Paragraph 1. is replaced as follows:

1. retirement from employment and/or refraining from undertaking work or employment, (whether as an employee or otherwise) within the financial services industry for a minimum of one year;

The following paragraph shall be added to this section of the Plan:

5. where the Participant was employed under a fixed-term contract, the expiry of the fixed-term, save if, in the view of Wells Fargo or the affiliated company, s/he has been offered reasonable alternative employment or if their employment is terminated without Cause in circumstances other than the expiry of the fixed-term.

The applicable definition of "Cause" referred to in this section is supplemented as follows:

- g) is guilty of gross misconduct, gross negligence, a material failure of risk management by the Participant or the business unit in which the Participant manages or performs services, or is in material breach of one of the terms of the Participant's employment, including, but not limited to, engaging in prohibited conduct which is listed as grounds for summary dismissal;
- h) is guilty of any material breach of the Company's Personal Account Dealing Policy, its Code of Ethics and Business Conduct, its Risk Management Accountability Policy, its Anti-Corruption Policy or its Information Security Policy from time to time in force;
- i) infringes any rules or regulations imposed by any regulatory or other external authority or professional body applicable to the Participant's employment or which regulate the performance of the Participant's duties;
- j) fails, due to fault and/or neglect on the Participant's part, to possess any qualification or meet any condition or requirement laid down by any applicable regulatory or other external authority or professional body applicable to the Participant's employment or which regulate the performance of the Participant's duties by legislation including, but not limited to, a financial regulator or fidelity bond requirements or fails due to fault and/or neglect on the Participant's part to pass such regulatory exams as prescribed by the Company from time to time;
- k) acts in a way which in the reasonable view of the Company's management, may bring the Company into disrepute, whether or not such act is directly related to the affairs of the Company;
- l) becomes bankrupt or makes any composition or enters into any deed of arrangement with the Participant's creditors;
- m) engages in any way whatsoever in "Regulated Activities" (being services of a financial or investment nature including but not limited to performing controlled functions) when the Participant is not registered as an approved person by the relevant regulator to do so, or the Participant fails to complete, if necessary, the fit and proper questionnaire for the relevant regulator; or the Participant otherwise adversely affects the Company's continued authorization to engage in Regulated Activities and/or the Participant's, if applicable, continued registration as an approved person; or
- n) is guilty of any act or omission which would, whether under the Participant's contract of employment or applicable local law, entitle the Participant's employing entity to terminate the employment of the Participant summarily.

F. India

Notwithstanding other language in the Plan to the contrary, the following statement shall apply in interpreting the provisions of the Plan for any Participant employed by an Employer in India:

Any reference to 'bonus' or 'incentive' or 'Award' in the Plan shall be read and construed as meaning an incentive payment that a Participant may be eligible to receive subject to the terms of the Plan. For the avoidance of doubt, a reference to 'bonus' or 'incentive' or 'Award' in the Plan is not indicative of any entitlement or potential entitlement to a profit-based bonus under the Payment of Bonus Act 1965, as amended, or any other applicable laws or regulations.

G. India – Wells Fargo International Solutions Private Limited

Notwithstanding other language in the Plan to the contrary, the following additional terms and provisions shall apply to those Participants who are employed by Wells Fargo International Solutions Private Limited.

Section V, C

This part is amended as follows:

The Wells Fargo India Board, Wells Fargo India Managing Director, and the Head of Finance Shared Services Group must approve the aggregate value of Awards for Wells Fargo India.

- a. Without limiting the discretion of Wells Fargo or the Plan Administrator, a Participant's incentive recommendation that is over 150% of target is subject to the Participant's Award being approved by the Wells Fargo India HR Business Partner Leader, the Head of Finance Shared Services Group and the Plan Administrator.
- b. Notwithstanding the foregoing, Awards to Executive Officers are subject to the approval of the HRC.

H. Ireland

Notwithstanding other language in the Plan to the contrary, the following additional terms and provisions shall apply to those Participants who are employed by an Employer in Ireland.

Section VII, B, c, i

Paragraph 1. is replaced as follows:

1. retirement from employment and/or refraining from undertaking work or employment, (whether as an employee or otherwise) within the financial services industry for a minimum of one year;

The following paragraph shall be added to this section of the Plan:

5. where the Participant was employed under a fixed-term contract, the expiry of the fixed-term, save if, in the view of Wells Fargo or the affiliated company, s/he has been offered reasonable alternative employment or if their employment is terminated without Cause in circumstances other than the expiry of the fixed-term.

The applicable definition of "Cause" referred to in this section is supplemented as follows:

- g) is guilty of gross misconduct, gross negligence, a material failure of risk management by the Participant or the business unit in which the Participant manages or performs services, or is in material breach of one of the terms of the Participant's employment, including, but not limited to, engaging in prohibited conduct which is listed as grounds for summary dismissal;
- h) is guilty of any material breach of the Company's Personal Account Dealing Policy, its Code of Ethics and Business Conduct, its Risk Management Accountability Policy, its Anti-Corruption Policy or its Information Security Policy from time to time in force;
- i) infringes any rules or regulations imposed by any regulatory or other external authority or professional body applicable to the Participant's employment or which regulate the performance of the Participant's duties;

- j) fails, due to fault and/or neglect on the Participant's part, to possess any qualification or meet any condition or requirement laid down by any applicable regulatory or other external authority or professional body applicable to the Participant's employment or which regulate the performance of the Participant's duties by legislation including, but not limited to, a financial regulator or fidelity bond requirements or fails due to fault and/or neglect on the Participant's part to pass such regulatory exams as prescribed by the Company from time to time;
- k) acts in a way which in the reasonable view of the Company's management, may bring the Company into disrepute, whether or not such act is directly related to the affairs of the Company;

- l) becomes bankrupt or makes any composition or enters into any deed of arrangement with the Participant's creditors;
- m) engages in any way whatsoever in "Regulated Activities" (being services of a financial or investment nature including but not limited to performing controlled functions) when the Participant is not registered as an approved person by the relevant regulator to do so, or the Participant fails to complete, if necessary, the fit and proper questionnaire for the relevant regulator; or the Participant otherwise adversely affects the Company's continued authorization to engage in Regulated Activities and/or the Participant's, if applicable, continued registration as an approved person; or
- n) is guilty of any act or omission which would, whether under the Participant's contract of employment or applicable local law, entitle the Participant's employing entity to terminate the employment of the Participant summarily.

I. Japan

Notwithstanding other language in the Plan to the contrary, the following additional terms and provisions shall apply to those Participants who are employed by an Employer in Japan.

Section VII, B, c

The applicable definition of "Cause" referred to in this section shall be supplemented as follows:

- g) the Participant neglects or fails (otherwise than by reason of accident or ill health), or refuses to carry out the lawful instructions of the Company, within the scope of the duties required of the Participant; or
- h) the Participant commits any act of discrimination or harassment; or
- i) the Participant is absent from work without justifiable excuse for a continuous period of fifteen calendar days or more; or
- j) the Participant is found to have falsified, omitted or provided inaccurate information to the Company or its vendors during the background check process; or
- k) the Participant is declared bankrupt, becomes insolvent or enters into an arrangement with creditors; or
- l) there are any other grounds considered reasonable under the Labor Standards Act.

Capitalized terms (other than "Participant") are defined in the Participant's employment agreement.

J. Korea

Notwithstanding other language in the Plan to the contrary, the following additional terms and provisions shall apply to those Participants who are employed by an Employer in Korea.

Section VII, B, c

The applicable definition of "Cause" referred to in this section shall be supplemented as follows:

- g) there is a decision on dismissal by the Disciplinary Action Committee for intentional or serious mistakes made on a critical job;
- h) the Participant obtains employment by misrepresenting any important fact in the documents submitted or information given to the Company such as name, age, education and employment history, etc. or while Participant misrepresents their position within the Company;
- i) the Participant misuses their title or job to pursue their own interest;
- j) the Participant is absent without permission and/or proper communication with the Company for a continuous period of three (3) days or for a total of six (6) days in any one calendar year period;
- k) the Participant misuses the funds, machinery, instruments, facilities or any other property of the Company in order to pursue his or her own interest;
- l) the Participant engages in other business without approval from the Company ;
- m) the Participant possesses, transfers, purchases, sells or uses any controlled substances without obtaining a valid written medical or pharmaceutical prescription;
- n) the Participant possesses or uses firearms or other potentially lethal weapons;
- o) the Participant engages in any illegal labor dispute activity or other illegal collective action;
- p) the Participant alters or falsifies Company documents;
- q) the Participant, intentionally or by gross negligence, causes substantial damage to the Company;
- r) the Participant deliberately obstructs Wells Fargo's normal business;
- s) the Participant holds a meeting, posts or distributes written materials, or conducts any other similar activities within Wells Fargo premises in breach of the Company's applicable policies and/or without the Company's advance permission;
- t) the Participant carries out political activities in the work place or other facilities of Wells Fargo;
- u) for any other ground permitted under the Labor Standards Act.

Capitalized terms (other than "Participant") are defined in the Participant's employment agreement.

K. Luxembourg

Notwithstanding other language in the Plan to the contrary, the following additional terms and provisions shall apply to those Participants who are employed by an Employer in Luxembourg.

Section VII, B, c, i

Paragraph 1. is replaced as follows:

1. retirement from employment and/or refraining from undertaking work or employment, (whether as an employee or otherwise) within the financial services industry for a minimum of one year;

L. Netherlands

Notwithstanding other language in the Plan to the contrary, the following additional terms and provisions shall apply to those Participants who are employed by an Employer in the Netherlands.

Section VII, B, c, i

The definition of retirement is amended as follows:

Solely for purposes of eligibility for consideration of a pro-rata Award under this Plan, Retirement means the Participant's termination of employment for a reason other than Cause on or after reaching the state pension age (AOW-gerechtigde leeftijd).

The following paragraph shall be added to this section of the Plan:

5. where the Participant was employed under a fixed-term contract, the expiry of the fixed-term, save if, in the view of Wells Fargo or the affiliated company, s/he has been offered reasonable alternative employment or if their employment is terminated without Cause in circumstances other than the expiry of the fixed-term.

M. New Zealand

Notwithstanding other language in the Plan to the contrary, the following additional terms and provisions shall apply to those Participants who are employed by an Employer in New Zealand.

Section VII, B, c, i

Paragraph 1. is replaced as follows:

1. retirement from employment and/or refraining from undertaking work or employment, (whether as an employee or otherwise) within the financial services industry for a minimum of one year;

N. The Philippines

Notwithstanding other language in the Plan to the contrary, the following additional terms and provisions shall apply to those Participants who are employed by an Employer in The Philippines.

Section VII, B, c, i

A "Good Leaver Event" means that the Participant has ceased to be an employee of Wells Fargo or an affiliate by reason of:

1. Retirement (which means the Participant's termination of employment for a reason other than Just Cause subject to any of the following conditions: (i) age 50 with 10 completed years of service, or (ii) age 60 with 5 completed years of service, or (iii) age 65 with one full year of service. For purposes of this definition, a Participant is credited with one year of service after completion of 6 months of continuous employment with the Company or an affiliated company as determined by the Company); or
2. "Authorized Causes" as defined under the Labor Code of the Philippines, such as,
 - i. Installation of labor saving devices;
 - ii. Closure of establishment;
 - iii. Reduction of personnel due to:
 - a. Redundancy; or
 - b. Retrenchment to prevent losses; and
 - iv. Termination due to disease.

The applicable definition of “Cause” referred to in this section is supplemented as follows:

Cause refers to “Just Cause” and shall include, but shall not be limited to, the termination of the Participant’s employment due to:

- g) the Participant commits any act of discrimination or harassment; or
- h) the Participant engages in any civil wrong or conduct of a criminal nature (including but not limited to assault, theft and fraud) or any other conduct which in the reasonable opinion of the Company may seriously impact on the Participant’s ability to perform the duties of the Position or is likely to significantly damage the reputation or business of the Company; or
- i) any other ground considered just cause under the Labor Code or other applicable law.

Capitalized terms (other than “Participant”) are defined in the Participant’s employment agreement.

O. The Philippines – Wells Fargo International Solutions LLC - Philippines

Notwithstanding other language in the Plan to the contrary, the following additional terms and provisions shall apply to those Participants who are employed by Wells Fargo International Solutions, LLC-Philippines.

Section V, C is amended as follows:

The Wells Fargo Philippines Board, Managing Director, and the Head of Finance Shared Services Group must approve the aggregate value of Awards for Wells Fargo Philippines.

- a. Without limiting the discretion of Wells Fargo or the Plan Administrator, a Participant’s incentive recommendation that is over 150% of target is subject to the Participant’s Award being approved by the Wells Fargo Philippines HR Business Partner Leader, the Head of Finance Shared Services Group and the Plan Administrator.
- b. Notwithstanding the foregoing, Awards to Executive Officers are subject to the approval of the HRC.

P. Sweden

Notwithstanding other language in the Plan to the contrary, the following additional terms and provisions shall apply to those Participants who are employed by an Employer in Sweden.

Section VII, B, c, i

Paragraph 1. is replaced as follows:

- 1. retirement from employment and/or refraining from undertaking work or employment, (whether as an employee or otherwise) within the financial services industry for a minimum of one year;

Q. Taiwan

Notwithstanding other language in the Plan to the contrary, the following additional terms and provisions shall apply to those Participants who are employed by an Employer in Taiwan.

Section VII, B, c

The applicable definition of “Cause” referred to in this section is supplemented as follows:

- g) misrepresents any fact at the time of signing a labor contract in a manner which might mislead the Company and thus caused the Company to sustain damage therefrom;
- h) commits a violent act against or grossly insults the Company or agent of the Company, or a fellow worker;
- i) has been sentenced to temporary imprisonment in a final and conclusive judgment, and is not granted a suspended sentence or permitted to commute the sentence to payment of a fine.
- j) is, without good cause, absent from work for three consecutive days, or for a total six days in any month;
- k) commits an act or omission for which, in the Company’s opinion, the Participant’s employment can be terminated without notice or payment in lieu in accordance with the Labor Standards Act of Taiwan.

Section VII, B, c, i

Paragraph 4 is replaced in its entirety with the following:

- 4. Layoff (i.e., where the Participant’s employment was terminated due to one of the following situations:
 - a. The Company’s businesses are suspended, or have been transferred;
 - b. The Company’s businesses suffer an operating losses, or business contractions;
 - c. Where force majeure necessitates the suspension of business for more than one month; and / or
 - d. Where the change of the nature of business necessitates the reduction of workforce and the Participant cannot be reassigned to other suitable positions.)

R. Vietnam

Notwithstanding other language in the Plan to the contrary, the following additional terms and provisions shall apply to those Participants who are employed by an Employer in Vietnam:

Section VII, B, c, i

Paragraph 1. is replaced as follows

- 1. Retirement, which means, solely for the purposes of eligibility for consideration of a pro-rata Award under this Plan, the Participant’s termination of employment for a reason other than Cause,.

The applicable definition of “Cause” referred to in this section is supplemented as follows:

- g) the continued failure or refusal of the Participant to perform satisfactorily any duties reasonably required of the Participant, after at least two written notifications by the Company or an affiliated company; or
- h) any violation of the Company’s employment policies or procedures including but not limited to the Code of Ethics and Business Conduct, Information Security Policy or Compliance and Risk Management Accountability Policy, Internal Labor Regulations that are subject to dismissal under the Vietnamese labor law and/or the Company’s Internal Labor Regulations; or

S. United Arab Emirates (Dubai)

Notwithstanding other language in the Plan to the contrary, the following additional terms and provisions shall apply to those Participants who are employed by an Employer in the United Arab Emirates.

Section VII, B, c

The applicable definition of "Cause" referred to in this section is supplemented as follows:

- g) is guilty of gross misconduct, gross negligence, a material failure of risk management by the Participant or the business unit in which the Participant manages or performs services, or is in material breach of one of the terms of the Participant's employment, including, but not limited to, engaging in prohibited conduct which is listed as grounds for summary dismissal;
- h) is guilty of any material breach of the Company's Personal Account Dealing Policy, its Code of Ethics and Business Conduct, its Risk Management Accountability Policy, its Anti-Corruption Policy or its Information Security Policy from time to time in force;
- i) infringes any rules or regulations imposed by any regulatory or other external authority or professional body applicable to the Participant's employment or which regulate the performance of the Participant's duties;
- j) fails, due to fault and/or neglect on the Participant's part, to possess any qualification or meet any condition or requirement laid down by any applicable regulatory or other external authority or professional body applicable to the Participant's employment or which regulate the performance of the Participant's duties by legislation including, but not limited to, a financial regulator or fidelity bond requirements or fails due to fault and/or neglect on the Participant's part to pass such regulatory exams as prescribed by the Company from time to time;
- k) acts in a way which in the reasonable view of the Company's management, may bring the Company into disrepute, whether or not such act is directly related to the affairs of the Company;
- l) becomes bankrupt or makes any composition or enters into any deed of arrangement with the Participant's creditors;
- m) engages in any way whatsoever in "Regulated Activities" (being services of a financial or investment nature including but not limited to performing controlled functions) when the Participant is not registered as an approved person by the relevant regulator to do so, or the Participant fails to complete, if necessary, the fit and proper questionnaire for the relevant regulator; or the Participant otherwise adversely affects the Company's continued authorization to engage in Regulated Activities and/or the Participant's, if applicable, continued registration as an approved person; or
- n) is guilty of any act or omission which would, whether under the Participant's contract of employment or applicable local law, entitle the Participant's employing entity to terminate the employment of the Participant summarily.

T. United Kingdom

Notwithstanding other language in the Plan to the contrary, the following additional terms and provisions shall apply to those Participants who are employed by an Employer in the United Kingdom.

Section VII, B, c, i

Paragraph 1. is replaced as follows:

1. retirement from employment and/or refraining from undertaking work or employment, (whether as an employee or otherwise) within the financial services industry for a minimum of one year;

The following paragraph shall be added to this section of the Plan:

5. where the Participant was employed under a fixed-term contract, the expiry of the fixed-term, save if, in the view of Wells Fargo or the affiliated company, s/he has been offered reasonable alternative employment or if their employment is terminated without Cause in circumstances other than the expiry of the fixed-term.

Section VII, B, c

The applicable definition of "Cause" referred to in this section is supplemented as follows:

- g) is guilty of gross misconduct, gross negligence, a material failure of risk management by the Participant or the business unit in which the Participant manages or performs services, or is in material breach of one of the terms of the Participant's employment, including, but not limited to, engaging in prohibited conduct which is listed as grounds for summary dismissal;
- h) is guilty of any material breach of the Company's Personal Account Dealing Policy, its Code of Ethics and Business Conduct, its Risk Management Accountability Policy, its Anti-Corruption Policy or its Information Security Policy from time to time in force;
- i) infringes any rules or regulations imposed by any regulatory or other external authority or professional body applicable to the Participant's employment or which regulate the performance of the Participant's duties;
- j) fails, due to fault and/or neglect on the Participant's part, to possess any qualification or meet any condition or requirement laid down by any applicable regulatory or other external authority or professional body applicable to the Participant's employment or which regulate the performance of the Participant's duties by legislation including, but not limited to, a financial regulator or fidelity bond requirements or fails due to fault and/or neglect on the Participant's part to pass such regulatory exams as prescribed by the Company from time to time;
- k) acts in a way which in the reasonable view of the Company's management, may bring the Company into disrepute, whether or not such act is directly related to the affairs of the Company;
- l) becomes bankrupt or makes any composition or enters into any deed of arrangement with the Participant's creditors;
- m) engages in any way whatsoever in "Regulated Activities" (being services of a financial or investment nature including but not limited to performing controlled functions) when the Participant is not registered as an approved person by the relevant regulator to do so, or the Participant fails to complete, if necessary, the fit and proper questionnaire for the relevant regulator; or the Participant otherwise adversely affects the Company's continued authorization to engage in Regulated Activities and/or the Participant's, if applicable, continued registration as an approved person; or
- n) is guilty of any act or omission which would, whether under the Participant's contract of employment or applicable local law, entitle the Participant's employing entity to terminate the employment of the Participant summarily.

Exhibit 10(c)

WELLS FARGO & COMPANY

DEFERRED COMPENSATION PLAN

(As Amended and Restated Effective as of October 8, 2020)

1. Purpose, History and Effective Dates. On July 27, 1993, the Board of Directors of Norwest Corporation, a Delaware corporation now known as "Wells Fargo & Company" (the "Company"), authorized the creation of a nonqualified, unfunded, elective deferral plan known as the "Norwest Corporation Employees' Deferred Compensation Plan" (the "Plan") for the purpose of allowing a select group of management and highly compensated employees of the Company and its Affiliates to defer the receipt of compensation which would otherwise be paid to those employees. Effective July 1, 1999, the name of the Plan was changed to the "Wells Fargo & Company Deferred Compensation Plan." The Company reserved the power to amend and terminate the Plan by action of the Human Resources Committee of the Company's Board of Directors. The Human Resources Committee exercised that reserved power of amendment by the adoption of amended and restated Plan documents effective January 1, 2004, effective January 1, 2008, and effective October 8, 2020.

The Human Resources Committee exercised its reserved power of amendment by the adoption of an amended and restated Plan document (the "Restatement") effective October 8, 2020 (the "Restatement Effective Date"). Among other changes, this Restatement (i) integrate certain Transferred Accounts into the Plan, and (ii) provide an extended deferral opportunity for certain awards from the Wells Fargo Advisors Performance Award Contribution Plan (the "WFA Plan") that vest after the Restatement Effective Date.

The terms of the 2008 Restatement and this Restatement are intended to comply with Internal Revenue Code §409A, as added by the American Jobs Creation Act of 2004 and applicable guidance thereunder. The terms of the 2008 Restatement and this Restatement apply to: (i) deferred compensation that relates all or in part to services performed on or after January 1, 2005, and (ii) deferred compensation that relates entirely to services performed on or before December 31, 2004 if such amounts were not earned or vested prior to January 1, 2005. Neither the 2008 Restatement nor this Restatement is intended to materially modify the Plan with respect to any other amounts payable pursuant to the Plan and shall be construed and administered accordingly. Furthermore, no provisions in the 2008 Restatement or this Restatement are intended to or shall be applied so as to materially modify any deferred amount that was earned and vested prior to January 1, 2005 (see Section 8) within the meaning of Treas. Reg. 1.409A-6(a)(4).

2. Definitions. When the following terms are used herein with initial capital letters, they shall have the following meanings:

- (A) **Affiliate.** Any entity other than the Company that is part of a "single employer" within the meaning of subsection (b) or (c) of Code §414 that includes the Company; subject, however, to such aggregation rules as may be provided in applicable guidance under Code §409A.
- (B) **CD Option.** An earnings option based on a certificate of deposit in such denomination and for such duration as is determined from time to time by the Plan Administrator.
- (C) **Code.** The Internal Revenue Code of 1986, as from time to time amended.
- (D) **Common Stock.** Shares of Wells Fargo & Company common stock.
- (E) **Common Stock Earnings Option.** An earnings option based on shares of Common Stock.
- (F) **Compensation.** Base salary, bonuses, incentives and commissions earned by an Eligible Employee during the Deferral Year for services rendered to the Company or its Affiliates as determined by the Plan Administrator for that Deferral Year and payable (if not deferred) no later than March 15 of the Plan Year following the Deferral Year; provided, however, that Compensation shall not include:

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- (1) any award under the Company's Long-Term Incentive Compensation Plan, or any successor to the plan;
- (2) any amount if the right to receive that amount is conditioned on the Eligible Employee's Separation from Service;
- (3) compensation paid on account of salary continuation leave; or
- (4) any amount paid after the pay period in which the Eligible Employee's Separation from Service (including a resignation or termination of employment at retirement age) occurs except bonuses payable after the March 1 immediately following the date the Employee incurs a Separation from Service if the Eligible Employee elected payment in annual installments and Section 9(l) does not apply.

- (G)**Deferral Accounts.** Bookkeeping accounts maintained for a Participant to which are credited the amounts deferred under Deferral Elections, Stock Option Gain Deferral Elections and amounts credited pursuant to Appendix B and/or Appendix C of the Plan, together with any increase or decrease thereon, based on the earnings option(s) selected by the Participant or mandated by the Plan.
- (H)**Deferral Election.** An irrevocable election made by an Eligible Employee during an enrollment period specified by the Plan Administrator or the Plan to defer the receipt of Compensation for a given Deferral Year. The term "Deferral Election" does not include a Stock Option Gain Deferral Election or the automatic deferral of supplemental Company matching contributions credited pursuant to Appendix B of the Plan and/or supplemental discretionary profit sharing contributions credited pursuant to Appendix C of the Plan.
- (I)**Deferral Year.** The Plan Year for which a Deferral Election is made.
- (J)**Eligible Employee.** Each employee of the Company or any of its Affiliates who has been selected for participation in the Plan for a given Plan Year pursuant to Section 3 of the Plan and/or who receives an allocation pursuant to Appendix B and/or Appendix C of the Plan for a given Plan Year. Each Eligible Employee shall be a member of a "select group of management or highly compensated employees," within the meaning of Sections 201, 301 and 401 of ERISA.
- (K)**ERISA.** The Employee Retirement Income Security Act of 1974, as from time to time amended.
- (L)**Extended WFA Deferral Election.** An irrevocable election made by an Eligible Employee during an enrollment period specified by the Plan Administrator or the Plan to defer the receipt of a WFA Award in accordance with Section 6.
- (M)**Fund Option.** An earnings option based on a selection of registered investment companies, collective investment funds, private portfolios, or other comparable investment media chosen from time to time by the Company's Employee Benefit Review Committee, unless or until the Plan Administrator appoints a different individual or committee to select all or some of the earnings options.
- (N)**Initial Deferral Election.** The special Deferral Election described in Section 6(C) that is available only to certain Eligible Employees who have not previously participated in an account balance nonqualified deferred compensation plan maintained by the Company or an Affiliate.
- (O)**Key Employee.** If the Participant is determined to be a "Key Employee" for purposes of Code section 409A, no lump sum or installment payment shall be paid to the Participant prior to the date that is six months after the date the Participant's Separation from Service occurred. For purposes of this Plan, a Participant's status as a Key Employee shall be determined in accordance with the Wells Fargo & Company Key/Specified Employee Policy as adopted and amended from time to time by the Human Resources Committee of the Company's Board of Directors.
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- (P)**Participant.** Each Eligible Employee who enters into a Deferral Election, who enters into an Extended WFA Deferral Election, who receives an allocation pursuant to Appendix B of the Plan, who receives an allocation pursuant to Appendix C of the Plan, who prior to 2004 entered into a Stock Option Gain Deferral Election, or who has a Transferred Account set up under the Plan. An employee who has become a Participant shall remain a Participant in the Plan until the date of the Participant's death, or if earlier, the date the Participant no longer has any accounts under the Plan.
- (Q)**Plan Administrator.** The Director of Human Resources or the Director of Compensation and Benefits, each of whom may act individually or jointly as the Plan Administrator.
- (R)**Plan Year.** The twelve-month period beginning on any January 1 and ending the following December 31.
- (S)**Separation from Service.** For purposes of this Plan, a participant's "Separation from Service" occurs upon his or her death, retirement or other termination of employment or other event that qualifies as a "separation from service" under Code section 409A and the applicable regulations thereunder as in effect from time to time. The Plan Administrator shall determine in each case when a participant's Separation from Service has occurred, which determination shall be made in a manner consistent with Treasury Regulation Section 1.409A-1(h). The Plan Administrator shall determine that a Separation from Service has occurred as of a certain date when the facts and circumstances indicate that the Company (or an Affiliate, if applicable) and the participant reasonably anticipate that, after that date, the participant will render no further services, or the participant's level of bona fide services (either as an employee or independent contractor) will permanently decrease to a level that is 20% or less than the average level of the participant's bona fide services (either as an employee or independent contractor) previously in effect for such participant over the immediately preceding 36-month period (or the participant's entire period of service, if the participant has been providing services for less than 36 months). If the Participant incurs a Separation from Service as determined by the Plan Administrator, a subsequent rehire will not impact the prior Separation from Service determination and distribution will commence pursuant to Section 9.

The following presumptions shall also apply to all such determinations:

- (1) **Transfers.** A Separation from Service has not occurred upon the participant's transfer of employment from the Company to an Affiliate or vice versa, or from an Affiliate to another Affiliate.
- (2) **Medical leave of absence.** Where the participant has a medical leave of absence due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, and he or she has not returned to employment with the Company or an Affiliate, a Separation from Service has occurred on the earlier of: (A) the first day on which the participant would not be considered "disabled" under any disability policy of the Company or Affiliate under which the participant is then receiving a benefit; or (B) the first day on which the participant's medical leave of absence period exceeds 29 months.
- (3) **Military leave of absence.** Where the participant has a military leave of absence, and he or she has not returned to employment with the Company or an Affiliate, a Separation from Service has occurred on the day next following the last day on which the participant is entitled to reemployment rights under USERRA.
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- (4) **Salary continuation leave.** A Separation from Service has occurred on the first day of the Participant's salary continuation leave taken under the Company's salary continuation leave program.
- (5) **Other leaves of absence.** In the event that the participant is on a bona fide leave of absence, not otherwise described in this Sec. 2(R), from which he or she has not returned to employment with the Company or an Affiliate, the participant's Separation from Service has occurred on the first day on which the participant's leave of absence period exceeds six months or, if earlier, upon the participant's termination of employment (provided that such termination of employment constitutes a Separation from Service in accordance with the last sentence of the first paragraph of this section):
- (6) **Asset purchase transaction.** If, in connection with the sale or other disposition of substantial assets (such as a division or substantially all assets of a trade or business) of the Company or an Affiliate to an unrelated buyer, the participant becomes an employee of the buyer or an affiliate of the buyer upon the closing of or in connection with such transaction, a Separation from Service has not occurred if the Company and the buyer have specified that such transaction will not, with respect to any individual affected by such transaction who becomes an employee of the buyer or an affiliate, be considered a "separation from service" under Treasury Regulation Section 1.409A-1(h), and such specification meets the requirements of Treasury Regulation Section 1.409A-1(h)(4).
- (T) **Stock Option Gain Compensation.** Gain realized from the exercise of specified Common Stock option grants under the Company's Long-Term Incentive Compensation Plan, or any other stock option plan approved by the Plan Administrator, using the stock-for-stock swap ("stock swap") method of exercise. Stock option gains derived from either a cash exercise or a same day sale are not Stock Option Gain Compensation.
- (U) **Stock Option Gain Deferral Election.** An irrevocable election to defer the receipt of Stock Option Gain Compensation made by an Eligible Employee prior to January 1, 2004.
- (V) **Transferred Account.** A bookkeeping account maintained for a Participant to which is credited the Participant's interest in any nonqualified deferred compensation plan transferred to this Plan, together with any increase or decrease thereon based on the earnings option(s) selected by the Participant or mandated by the Plan.
- (W) **WFA Accounts.** Bookkeeping accounts maintained for a Participant to which are credited amounts deferred under Extended WFA Deferral Elections, together with any increase or decrease thereon based on the earnings option(s) selected by the Participant or mandated by the Plan.
- (X) **WFA Award.** An award granted under the WFA Plan that vests after the Restatement Effective Date that allows a deferral into this Plan by an Eligible Employee.
- (Y) **WFA Plan.** The Wells Fargo Advisors Performance Award Contribution Plan.

3. Eligibility. Each Eligible Employee of the Company or an Affiliate who has been selected for participation in the Plan by the Plan Administrator, or by such officers of the Company to whom the Plan Administrator has delegated its authority, shall be eligible to make Deferral Elections and Extended WFA Deferral Elections under the Plan until such time as the Eligible Employee's selection has been revoked. In addition, each Eligible Employee of the Company or an Affiliate who receives an allocation pursuant to Appendix B and/or Appendix C for a given Plan Year shall be eligible to participate in the Plan but only with respect to the allocations under Appendix B and/or Appendix C, unless the employee has also been selected for participation pursuant to the previous sentence. Selection of an Eligible Employee for participation in this Plan shall be deemed to occur on the date notice of the Eligible Employee's selection is sent to the Eligible Employee in accordance with the notice procedures established by the Plan Administrator. In the event an employee's selection is revoked and the employee ceases to be an Eligible Employee, such revocation shall have no effect on any outstanding deferral elections.

4. Transferred Accounts. Transferred Accounts created following a merger or transfer described in Appendix A shall be subject to the terms and conditions described in Appendix A. To the extent, if any, Appendix A makes distribution of a Transferred Account subject to the rules of this Plan without specifying whether the distribution rules of Section 8 or Section 9 will apply, the rules of this Plan applicable to distribution of the Transferred Account shall be (a) the rules in Section 8, if the Transferred Accounts are attributable to amounts earned and vested prior to January 1, 2005, and (b) the rules in Section 9, if the Transferred Accounts are attributable to amounts not earned and vested prior to January 1, 2005. Individuals for whom a Transferred Account is maintained shall be considered Participants in this Plan with respect to their Transferred Accounts from the date indicated in Appendix A through the date their Transferred Accounts are fully distributed. Such Participants shall not, however, be entitled to enter into Deferral Elections and Extended WFA Deferral Elections unless they are also Eligible Employees within the meaning of the Plan. The right of such Participants to make Deferral Elections shall be subject to any additional limitations described in Appendix A.

5. Deferral of Compensation and WFA Awards.

- (A) **Deferral Elections for Deferral Years Beginning On or After January 1, 2008.** An Eligible Employee may elect to defer all or any part of his or her Compensation for a Deferral Year beginning on or after January 1, 2008, by making a Deferral Election in accordance with Section 6 below.
- (B) **Deferral Elections for Deferral Years Beginning Prior to January 1, 2008.** Deferral Elections for Deferral Years beginning prior to January 1, 2008, were made pursuant to the terms of the Plan in effect at the time of the Deferral Election.
- (C) **Stock Option Gain Deferral Elections.** Effective January 1, 2004, the Plan no longer permits Eligible Employees to enter into Stock Option Gain Deferral Elections. Stock Option Gain Deferral Elections made prior to that date were made pursuant to the terms of the Plan in effect at the time of the Stock Option Gain Deferral Election. Notwithstanding anything in those terms or in this Plan to the contrary, Stock Option Gain Deferral Elections with respect to options that were not earned and vested as of December 31, 2004, and Stock Option Gain Deferral Elections with respect to options that have not been exercised before the Participant's employment termination, shall be void and have no effect.
- (D) **Extended WFA Deferral Elections.** An Eligible Employee may elect to defer a WFA Award by making an Extended WFA Deferral Election in accordance with Section 6 below.

6. Deferral Elections and Extended WFA Deferral Elections.

- (A) **Deferral Elections.** Deferral Elections made with respect to Deferral Years beginning on or after January 1, 2008 shall be subject to the following:
- (1) **Time.** Except as otherwise provided in Section (A)(3) below, an Eligible Employee who wishes to defer Compensation for a Deferral Year must file an irrevocable Deferral Election with respect to that Compensation during the enrollment period specified by the Plan Administrator for that Deferral Year, but no later than December 31 of the Plan Year preceding that Deferral Year. A Deferral Election shall be effective only for the Deferral Year specified in the Deferral Election. A new Deferral Election must be filed for each Deferral Year. For purposes of election timing under this Section 6(A), if Compensation consists of sales commissions, the Participant is treated as providing the services giving rise to such commissions in the Participant's taxable year in which the customer remits payment to the Company or its Affiliates, or, if applied consistently to all similarly situated service providers, the Participant's taxable year in which the sale giving rise to the commissions occurs. For purposes of election timing under this Section 6(A)(1), if Compensation consists of investment commissions, the Participant is treated as providing the services giving rise to such commissions over the 12 months preceding the date as of which the overall value of the assets or the asset accounts is determined for purposes of calculation of the investment commissions.
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- (2) **Content.** An Eligible Employee's Deferral Election shall indicate the percentage of Compensation to be deferred, the earnings option(s) that will determine earnings on the deferred Compensation (see Section 7(A)), and the time and form of distribution (see Section 9). The Eligible Employee shall specify for each Compensation category the percentage to be deferred per pay period.
- (3) **Initial Deferral Elections.** An employee who:
- (a) has not previously been eligible to participate in any "account balance plan" (as defined in Treas. Reg. § 31.3121(v)(2)-1(c)(1)(ii)(A)) maintained by the Company or any Affiliate, other than a plan described in paragraph (c)(2)(i)(D), (E), (F), (G) or (H) of Treas. Reg. § 1.409A-1, including any arrangement that would have been such an account balance plan if the person had been an employee at the time of his or her participation, and
- (b) becomes an Eligible Employee on or before the one-month anniversary of the employee's date of hire,

may make a special Deferral Election ("Initial Deferral Election") within thirty (30) days after the date on which he or she became an Eligible Employee. An Initial Deferral Election shall apply only to Compensation earned from the beginning of the first full payroll period that starts after the Eligible Employee's Initial Deferral Election is received by the Plan Administrator or the person designated by the Plan Administrator to receive such elections. (For example, if a person is hired on April 2nd, becomes an Eligible Employee on April 10th, and files a Deferral Election on May 3rd, the Compensation deferred by that election will be the Eligible Employee's Compensation for the period beginning with the first full payroll period starting after May 3rd and ending on December 31st of that same year.) The portion of bonus or incentive Compensation deferred by an Initial Deferral Election will be determined by multiplying the total amount earned during the Deferral Year by a fraction, the numerator of which is the number of days in the Deferral Year during and after such first full payroll period over which the bonus or incentive was earned and the denominator of which is the total number of days in the Deferral Year over which the bonus or incentive was earned, but disregarding any days prior to the Eligible Employee's date of hire. If an Eligible Employee is eligible to make an Initial Deferral Election during an enrollment period described in Section 6(A)(1), any election made during the enrollment period will be treated as an election pursuant to Section 6(A)(1), and not as an election pursuant to this Section 6(A)(3), unless the election form clearly indicates that it is intended to be an Initial Deferral Election pursuant to this Section 6(A)(3) or the Eligible Employee has previously filed an election pursuant to Section 6(A)(1) during that enrollment period.

(B) **Extended WFA Deferral Elections.** An Eligible Employee may make an Extended WFA Deferral Election with respect to a WFA Award if permitted under the terms of such WFA Award. Only one Extended WFA Deferral Election may be made per WFA Award.

(1) **Time.** The Extended WFA Deferral Election must be made by filing an appropriate election form with the Plan Administrator at least twelve (12) months prior to (a) January 1 of the calendar year of the originally scheduled payment date for the award in accordance with Section 7.01(A) of the WFA Plan (without regard to the Extended WFA Deferral Election) or (b) any earlier date on which that award is scheduled to be paid in accordance with Section 7.01(A) of the WFA Plan (without regard to the Extended WFA Deferral Election). However, the Extended WFA Deferral Election for that award shall in no event become effective or otherwise have any force or applicability until the expiration of the twelve (12) month period measured from the date such election is filed with the Plan Administrator, and the WFA Award will be paid under the WFA Plan in accordance with its terms if a payment event occurs under the WFA Plan during this 12-month period.

(2) **Content.** The Extended WFA Deferral Election must specify the earnings option(s) that will determine earnings on the deferred WFA Award (as set forth in Section 7 of the Plan), the form and timing of distribution as set forth in Section 9(B) of the Plan, in accordance with any additional terms specified by the Plan Administrator as set forth in Section 9 of the Plan.

(C) **Charges Against Accounts.** The Plan Administrator may allocate a portion of any administrative expenses of the Plan to each Participant's Deferral Accounts, WFA Accounts and/or Transferred Accounts, as applicable.

(D) **Cancellation of Deferral Election.** Notwithstanding any other provision in the Plan to the contrary, an Eligible Employee's Deferral Election for a Deferral Year will be cancelled for the remainder of the Deferral Year following the date the Eligible Employee receives a hardship distribution from any Code section 401(k) plan maintained by the Company or an Affiliate of the Company in accordance with Treas. Reg. section 1.409A-3(j)(4)(viii). In the event that the end of a six month period following the date that an Eligible Employee receives a hardship distribution from any Code section 401(k) plan maintained by the Company or an Affiliate of the Company spans two Deferral Years, the Eligible Employee's Deferral Election for the second Deferral Year shall not become effective until after the end of the six month period. Notwithstanding the foregoing, this Section 6(D) shall not apply to Extended WFA Deferral Elections.

7. Deferral Account and WFA Account Valuation.

(A) **Earnings Options.** At the time of the Participant's Deferral Election or Extended WFA Deferral Election, a Participant must choose to allocate the amounts that will be credited to the Participant's Deferral Account or WFA Account, as applicable, among the following earnings options in increments of one (1) percent:

(1) Common Stock Earnings Option;

(2) CD Option; or

(3) Fund Options.

All deferred Stock Option Gain Compensation will automatically be allocated to the Common Stock Earnings Option. All allocations credited pursuant to Appendix B and/or Appendix C of the Plan shall be automatically allocated to one or more Fund Options (other than the Common Stock Earnings Option) as selected by the Plan Administrator from time to time until the Participant makes a subsequent investment election applicable to those allocations. Except with respect to amounts allocated to the Common Stock Earnings Option, which may not subsequently be reallocated to another earnings option, a Participant may change the earnings options as of each business day or less frequently if and as determined by the Plan Administrator. Notwithstanding the foregoing, the Common Stock Earnings Option is not available for a Participant's WFA Accounts or for Transferred Accounts under Section 16 of Appendix A.

(B)**Periodic Credits of Deferral Amounts.** Deferred Compensation shall be credited to a Participant's Deferral Account as of the day it would otherwise have been paid to the Participant. WFA Award amounts shall be credited to a Participant's WFA Accounts as of the day it would otherwise have been paid to the Participant. Stock Option Gain Compensation will be credited to a Participant's Deferral Account as of the stock option exercise date. All periodic credits to a Participant's Deferral Account and WFA Account under the Fund Options shall be in share equivalents of the Fund

Options. All periodic credits to a Participant's Deferral Account under the Common Stock Earnings Option shall be in share equivalents of Common Stock. The number of share equivalents of Common Stock credited to a Deferral Account for Compensation or Stock Option Gain Compensation allocated to the Common Stock Earnings Option shall be determined by dividing the amount so allocated by the New York Stock Exchange-only closing price per share of Common Stock on the day as of which the amount is credited (or, if the New York Stock Exchange is closed on that date, on the next preceding date on which it is open).

(C)**Increase or Decrease of Deferral Accounts and WFA Accounts.** The value of a Participant's Deferral Account and WFA Account will increase or decrease as follows:

(1)**CD Option.** The amount of the increase or decrease for the CD Option for a particular calendar month is calculated based on the interest rate as of the first business day of that month for a certificate of deposit in such denomination and for such duration as is determined by the Plan Administrator.

(2)**Fund Options.** The amount of the increase or decrease for a Fund Option is based on the performance for the selected Fund Option.

(3)**Common Stock Earnings Option (Deferral Accounts only).** The amount of the increase or decrease for the Common Stock Earnings Option is based on the performance of the Common Stock including dividends. Common Stock dividend equivalents will be credited under the Common Stock Earnings Option at the same time and same rate as dividends are paid on shares of Common Stock. Cash dividend equivalents shall be converted to share equivalents based on the New York Stock Exchange-only closing price per share of Common Stock on the last business day prior to the dividend payment date (or, if the New York Stock Exchange is closed on that date, on the next preceding date on which it is open).

(D)**No Required Investment.** Although the investment return on a Participant's Deferral Accounts and WFA Accounts is to be measured by the gains, earnings and losses realized by one or more of the investment alternatives selected by the Participant pursuant to this Section 7, such investment alternatives shall be notional only and the Company or its Affiliates shall not be under any obligation to make the selected investments or otherwise fund these investments; and the investment experience shall only be tracked as debits or credits to the Participant's book accounts over the deferral period. To the extent the Company or any Affiliate should elect to make any actual investments, the purchaser Company or Affiliate shall be the sole and exclusive owner of those investments, and no Participant shall have any right, title or interest in or to those investments.

8. Distribution of Accounts Earned and Vested Prior to January 1, 2005. Deferral Accounts earned and vested prior to January 1, 2005 (including all Deferral Accounts attributable to Stock Option Gain Deferral Elections), shall be distributed in accordance with the applicable Deferral Election or Stock Option Gain Deferral Election, subject to the following:

(A)**Lump Sum or Installment Distributions.** The Participant must elect to receive the balance of each Deferral Account in either a lump sum or in annual installments over a period of years up to ten.

(B)**Timing of Distribution.** The Participant must designate on his or her Deferral Election the year that distribution from the resulting Deferral Account shall commence. For purposes of Stock Option Gain Deferral Elections, the Participant may not elect to receive the distribution earlier than twelve (12) months after the date on which the option is exercised. In all events, however, distribution shall commence as soon as practicable after the March 1 immediately following the date the Participant ceases to be employed by the Company and its Affiliates. A Participant who is actively employed by the Company or an Affiliate shall be permitted to make a one-time redeferral election to push back

the timing of distribution of a particular Deferral Year by selecting a new distribution year that is at least three (3) years beyond the originally elected distribution year and by completing an election form in a form provided by the Plan Administrator at least twelve (12) months prior to the originally elected distribution year. If a Participant redefers by electing a new distribution year for a particular Deferral Year, that Deferral Account shall become subject to the terms of the Plan in effect for Deferral Accounts earned and vested prior to January 1, 2005 at the time of the new distribution election including the early withdrawal provisions. An election of a new distribution year shall not change the form of distribution (lump sum or installments) originally selected on the Participant's Deferral Election.

(C) Upon Death. If a Participant dies before receiving all payments under the Plan, payment of the balance in the Participant's Deferral Accounts shall be made to the Participant's designated beneficiary in the forms of distribution elected by the Participant on the Participant's Deferral Elections as soon as practicable after the March 1 following the date of the Participant's death. Beneficiaries shall be separately identified for Deferral Accounts and WFA Accounts. To be valid, any such designation shall be in such form as the Plan Administrator may prescribe, and shall be filed with the Plan Administrator or its agent prior to the Participant's death.

If at the time of a Participant's death the Plan Administrator or its designated agent is not in possession of a fully effective designation of beneficiary, or if the designated beneficiary does not survive the Participant, the Participant's beneficiary shall be the person or persons surviving in the first of the following classes in which the Participant's death.

If at the time of a Participant's death the Plan Administrator or its designated agent is not in possession of a fully effective designation of beneficiary, or if the designated beneficiary does not survive the Participant, the Participant's beneficiary shall be the person or persons surviving in the first of the following classes in which there is a survivor, share and share alike:

(1) The Participant's spouse or domestic partner.

(2) The Participant's biological and adopted children, except that if any of his or her children predecease the Participant but leave descendants surviving the Participant, such descendants shall take by right of representation the share their parent would have taken if living.

(3) The Participant's parents.

(4) The Participant's brothers and sisters.

(5) The Participant's estate.

If a beneficiary survives the Participant but dies before receiving the balance of the Participant's Deferral Accounts (or the beneficiary's share of such Participant's Deferral Accounts balance in the case of more than one beneficiary), that beneficiary's share of the Participant's Deferral Accounts shall be made to the beneficiary's estate.

(D) Transitional Rule. Notwithstanding the foregoing distribution rules contained in this Section 8, a Participant who was employed by the Company on January 1, 2000 and who entered into a Deferral Election for a Deferral Year prior to January 1, 2000 or had a Transferred Account (collectively "Prior Deferral Elections") and who had not commenced distribution of such Prior Deferral Election prior to January 1, 2000, was given a one-time opportunity effective January 1, 2000 to elect to change the method of distribution (lump sum versus installments) or to postpone the distribution

commencement date for a Prior Deferral Election for a period of at least one year from the original distribution commencement date selected on the Prior Deferral Election. To be effective, such change had to be submitted to the Plan Administrator on a form provided by the Plan Administrator by December 31, 1999, or if earlier, a date required by the Plan Administrator. If the change was not submitted by December 31, 1999, the method and timing of distribution elected on the Prior Deferral Election remained in effect. If the Participant elected to make a change to a Prior Deferral Election, the amount deferred under the Prior Deferral Election and all earnings attributable to that Prior Deferral Election became subject to the distribution rules contained in this Section 8 and the timing and form of distribution selected on the Prior Deferral Election was no longer applicable with respect to distributions on account of termination of employment, retirement or disability. For purposes of a Prior Deferral Election made under this Plan, "retirement" means the Participant's termination of employment with the Company after the Participant's attainment of regular or early retirement as defined in Section 6.1 or 6.2 of the Norwest Corporation Pension Plan in effect on June 30, 1999. Also, for purposes of Prior Deferral Elections made under this Plan, "disability" means the Participant's total disability as described in the Wells Fargo & Company Long-Term Disability Plan, as amended from time to time.

(E) Form of Distributions. All distributions from Deferral Accounts shall be payable as follows:

(1) in cash, for all Deferral Accounts in an earnings option other than the Common Stock Earnings Option; or

(2) in shares of Common Stock (and cash for any fractional share), for the portion of the Deferral Accounts in the Common Stock Earnings Option.

(F) Valuation of Deferral Accounts for Distribution.

(1) The amount of the distribution in cash and/or Common Stock shall be determined based on the Participant's Deferral Account balance (and, if applicable, the price of Common Stock) as of the close of business on March 1 of the year of distribution (or the next following business

day if March 1 is not a business day). The amount of the distribution in cash and/or Common Stock as of any other date on which a distribution is made shall be determined based on the Participant's Deferral Account balance (and, if applicable, the price of Common Stock) as of the close of business on the last business day of the month in which the event which triggers distribution occurs. Earnings adjustments to amounts that have been valued for distribution shall cease as of the date used to value such amounts.

(2) The amount of each installment payment will be based on the value of the Participant's Deferral Account as of the close of business on March 1 of the year of the installment payment (or the next following business day if March 1 is not a business day) and the number of the installments remaining. The balance remaining in the Deferral Account shall continue to be adjusted based on the earnings option(s) among which the Deferral Account is allocated until the valuation date used to determine the amount of the last payment. All installment payments will be made by pro rata distributions from each earnings option.

(G) **Early Withdrawal.** Effective January 1, 2004, the Plan will not allow early withdrawals for any reason from Deferral Accounts attributable to Deferral Years commencing on or after January 1, 2004 and to Deferral Accounts attributable to Deferral Years commencing prior to January 1, 2004 that were subject to a change in the time of distribution election made pursuant to Section 8(B). A Participant or beneficiary who wishes to receive payment of all or part of the Participant's other Deferral Accounts for Deferral Years prior to 2004 on a date earlier than that specified in the Deferral

Election or in the case of a beneficiary in accordance with Section 8(C), may do so by filing with the Plan Administrator a request for early withdrawal. Such payment will be made from the earliest Deferral Year(s) in which the Participant has participated in the Plan. Partial withdrawals of a given Deferral Year's deferral are not permitted. Deferral Accounts will be distributed in the order in which the accounts were established. Stock Option Gain Compensation deferrals will be distributed in the order in which the accounts were established following the distribution of all funds from the Compensation Deferrals. For the appropriate Deferral Year(s), account accruals to date shall be disbursed completely, less a 10% early withdrawal penalty on the amount distributed. The 10% penalty assessed for early withdrawal will be permanently forfeited by the Participant and will be credited to the account of the Company. Further, the Participant shall forfeit eligibility to defer Compensation under this Plan during the two Deferral Years following the year in which the early withdrawal is made, but in no case shall an early withdrawal cause a current Deferral Election (either of Compensation or Stock Option Gain Compensation) to be suspended or canceled. In no case may a Participant or beneficiary make more than one early withdrawal per calendar year.

(H) **Accounts Less Than \$25,000.** Notwithstanding the foregoing provisions of this Section 8, if the aggregate value of the Participant's Deferral Accounts attributable to (a) Deferral Elections made for Deferral Years commencing on or after January 1, 2000, (b) Deferral Elections made on July 1, 1999 by transferred BRP Participants, and (c) any Prior Deferral Elections that became subject to the terms of this Plan in accordance with Section 8(D), is less than \$25,000 at the end of the month in which the Participant's employment terminates, then the portion of such Deferral Accounts subject to the distribution rules in this Section 8 shall be paid in a lump sum as soon as practicable after the March 1 immediately following the Participant's termination date.

(I) **Definitions Relating to Marital Status.** For all purposes under this Plan, the following terms have the meanings assigned to them below:

(1) The term "spouse" means a person to whom the Participant is legally married at the relevant time under the laws of any U.S. or foreign jurisdiction having the legal authority to sanction marriages, including the common-law spouse of a Participant in a legally recognized common-law marriage. The term "spouse" does not include an individual who has entered into a registered domestic partnership, civil union or other similar formal relationship with a Participant recognized under the law of any U.S. or foreign jurisdiction that is not denominated as a marriage under the laws of that U.S. or foreign jurisdiction. Notwithstanding any provision of this Plan to the contrary, this provision shall be construed in accordance with Federal law.

(2) The term "domestic partner" means a person who is not the spouse of the Participant as defined in subsection (1) of this section, but who at the relevant time is the Participant's significant other (together referred to as "partners") with whom the Participant lives and shares financial responsibility. A domestic partner may be of the same gender as the Participant or of opposite gender. A person will be considered a domestic partner of the Participant if the person and the Participant are joined in a civil union (or other similar formal relationship) that is recognized as creating some or all of the rights of marriage under the laws of the state or country in which the union was created, but which is not denominated or recognized as marriage under the laws of that state or country. A person will be considered a domestic partner of the Participant if the Participant or other person can provide a domestic partnership certificate to the Plan Administrator from a city, county, state or country which offers the ability to register a domestic partnership. A person who is not joined in civil union (or similar formal relationship) and is not registered in a domestic partnership with the Participant will not be considered a domestic partner unless the Participant and/or domestic partner provide sufficient evidence to the Plan Administrator that all of the following requirements are satisfied:

(a) The partners have shared a single, intimate, and committed relationship of mutual caring for at least six months and intend to remain in the relationship indefinitely.

- (b) The partners reside together in the same residence and have lived in a spouse-like relationship for at least six months.
- (c) The partners are not related by blood or a degree of closeness which would prohibit marriage under the law of the state in which they reside.
- (d) Neither partner is married to another person under federal, state, or common law, and neither has another domestic partner or is a member of another domestic partnership.
- (e) Each partner is mentally competent to consent or contract.
- (f) Both partners are at least 18 years of age.
- (g) The partners are financially interdependent, are jointly responsible for each other's basic living expenses, and are able to provide documents proving at least three of the following situations to demonstrate such financial interdependence:
 - (i) Joint ownership of real property or a common leasehold interest in real property.
 - (ii) Common ownership of an automobile.
 - (iii) Joint bank or credit accounts.
 - (iv) A will which designates the other as primary beneficiary.
 - (v) A beneficiary designation form for a retirement plan or life insurance policy signed
 - (vi) Designation of one partner as holding power of attorney for health care decisions for the other.

9. Distribution of Accounts Not Earned and Vested Prior to January 1, 2005.

- (A) Deferral Accounts.** Deferral Accounts not earned and vested prior to January 1, 2005 shall be distributed in accordance with the applicable Deferral Election, subject to the following:
- (1) Lump Sum or Installment Distributions.** The Participant must elect to receive the balance of each Deferral Account in either a lump sum or in annual installments over a period of years up to ten (10) years, except that the total amount accumulated pursuant to Appendix B and/or Appendix C of the Plan shall automatically be paid in a lump sum.
 - (2) Timing of Distribution.** Except with respect to the total amount accumulated pursuant to Appendix B and/or Appendix C of the Plan, the Participant must designate on his or her Deferral Election the year that distribution from the resulting Deferral Account shall commence. Distribution will commence on or as soon as practicable after March 1 of the distribution commencement year, but not later than December 31 of that year. If the Participant elected to receive installments, distribution of each subsequent annual installment shall occur on or as soon as practicable after March 1 of the installment year, but not later than December 31 of that year. If distribution does not commence earlier pursuant to the preceding provisions of this Section 9(A)(2) or due to Section 9(A)(3) or Section 9(A)(4) below, distribution shall commence on or as soon as practicable after the March 1 immediately following the Participant's Separation from Service if the Participant is not a Key Employee but not later than December 31 of that year. Notwithstanding the

foregoing, distribution of any Participant subject to the requirements of Section 23 shall not commence earlier than provided in Section 23.

If the Participant is a Key Employee, distribution shall commence on or as soon as practicable after the later of the March 1 immediately following the Participant's Separation from Service or six months after the Participant's Separation from Service. (For example, if a Key Employee had a Separation from Service on October 1, 2008, a distribution attributable to that Key Employee's Separation from Service would commence on or as soon as practicable after April 1, 2009, which is a date six months immediately following the Participant's Separation from Service.)

- (3) Rodeferral.** A Participant who has not had a Separation from Service may elect to delay the distribution of any one or more of such Participant's Deferral Accounts except any amounts accumulated under Appendix B and/or Appendix C of the Plan, subject to the provisions of Section 9(A)(2) above regarding payment following Separation from Service, by electing a new distribution commencement year that is at least five (5) years beyond the originally elected distribution commencement year. Any such rede ferral

election shall be made by filing an election on a form and in the manner provided by the Plan Administrator at least twelve (12) months prior to the originally elected distribution year and shall not take effect until at least 12 months after the date on which it is filed. A redeferral election shall not change the form of distribution (lump sum or installments) originally selected on the Participant's Deferral Election for the relevant Deferral Account. Only one redeferral election shall be permitted for any Deferral Account.

(4) Upon Death. If a Participant dies before receiving all payments under this Section 9(A), payment of the balance in the Participant's Deferral Accounts, excluding the amounts accumulated under Appendix B and/or Appendix C of the Plan shall be made to the Participant's designated beneficiary for the Deferral Accounts in the forms of distribution elected by the Participant on the Participant's Deferral Elections. Payment of the amounts accumulated under Appendix B and/or Appendix C of the Plan shall be paid in a lump sum to the Participant's designated beneficiary for the amounts accumulated under Appendix B and/or Appendix C of the Plan as soon as practicable after the March 1 following the date of the Participant's death. If a payment of a Deferral Account, excluding the amounts accumulated under Appendix B and/or Appendix C commenced prior to the Participant's death, payments from that Deferral Account after the Participant's death shall be made to the Participant's designated beneficiary when they would have been made to the Participant if the Participant had survived. If payment of a Deferral Account, excluding the amounts accumulated under Appendix B and/or Appendix C did not commence prior to the Participant's death, payments from that Deferral Account after the Participant's death shall commence as soon as practicable after March 1 following the date of the Participant's death. To be valid, any such designation shall be in such form as the Plan Administrator may prescribe, and shall be filed with the Plan Administrator or its agent prior to the Participant's death.

If at the time of a Participant's death the Plan Administrator or its designated agent is not in possession of a fully effective designation of beneficiary, or if the designated beneficiary does not survive the Participant, the Participant's beneficiary for payments under this Section 9(A) shall be the person or persons surviving in the first of the following classes in which there is a survivor, share and share alike:

(a) The Participant's spouse or domestic partner.

(b) The Participant's biological and adopted children, except that if any of his or her children predecease the Participant but leave descendants surviving the

Participant, such descendants shall take by right of representation the share their parent would have taken if living.

(c) The Participant's parents.

(d) The Participant's brothers and sisters.

(e) The Participant's estate.

If a beneficiary survives the Participant but dies before receiving the balance of the Participant's Deferral Accounts (or the beneficiary's share of such Participant's Deferral Accounts balance in the case of more than one beneficiary), that beneficiary's share of the Participant's Deferral Accounts shall be made to the beneficiary's estate.

(5) Form of Distributions. All distributions from Deferral Accounts shall be payable as follows:

(a) in cash, for all Deferral Accounts in an earnings option other than the Common Stock Earnings Option; or

(b) in shares of Common Stock (and cash for any fractional share), for the portion of the Deferral Accounts in the Common Stock Earnings Option.

(6) Valuation of Deferral Accounts for Distribution.

(a) The amount of the distribution in cash and/or Common Stock shall be determined based on the Participant's Deferral Account balance as of the close of business on March 1 of the year of distribution (or the next following business day if March 1 is not a business day). Earnings adjustments to amounts that have been valued for distribution shall cease as of the date used to value such amounts.

(b) The amount of each installment payment will be based on the value of the Participant's Deferral Account as of the close of business on March 1 of the year of the installment payment (or the next following business day if March 1 is not a business day) and the number of the installments remaining. The balance remaining in the Deferral Account shall continue to be adjusted based on the earnings option(s) among which the Deferral Account is allocated until the valuation date used to determine the amount of the last payment. All installment payments will be made by pro rata distributions from each earnings option.

(B) **WFA Accounts.** WFA Accounts shall be distributed in accordance with the applicable Extended WFA Deferral Election, subject to the following:

(1) **Form of Distribution (Lump Sum or Installment Distributions).** The Participant must elect to receive the balance of each WFA Account in either a lump sum or in annual installments over a period of five (5) or ten (10) years.

(2) **Timing of Distribution.** The Extended WFA Deferral Election must specify a payment or payment commencement date, in accordance with any additional terms specified by the Plan Administrator, which occurs in the earlier of the year the Participant elects or within ninety (90) days following the effective date of the Participant's termination of employee status but in no event earlier than at least five (5) years following the originally scheduled payment date otherwise applicable to that particular WFA Award in accordance with Section 7.01(A) of the WFA Plan (without regard to the Extended WFA Deferral Election), with the actual payment to be made or commence on the thirtieth (30th) day following the payment date specified in the Extended WFA Deferral Election or as soon after that scheduled payment date as administratively practicable, but in no event later than the *later*

of the close of the calendar year in which that scheduled payment date occurs or the fifteenth (15th) day of the third (3rd) calendar month following that scheduled payment date.

No distribution which becomes due and payable under this Section 9(B) by reason of the Participant's Separation from Service shall be made to a Participant prior to the earlier of (a) the expiration of the six (6)-month period measured from the date of his or her Separation from Service or (b) the date of his or her death, if the Participant is deemed at the time of such Separation from Service to be a Key Employee and such delayed commencement is otherwise required in order to avoid a prohibited distribution under Code section 409A(a)(2). Upon the expiration of the applicable Code section 409A(a)(2) deferral period, all payments deferred pursuant to this Section 9(B) (whether they would have otherwise been payable in a single sum or in installments in the absence of such deferral) shall be paid in a lump sum to the Participant, and any remaining payments due under this Section 9(B) shall be paid in accordance with the normal payment dates specified for them herein. During such deferral period, the Participant's WFA Accounts under the Plan shall continue to be subject to the investment return provisions of Section 7.

(3) **Redeferrals Not Permitted.** Only one Extended WFA Deferral Election may be made per WFA Award.

(4) **Upon Death.** Should the Participant die before the portion of his or her WFA Accounts to which he or she is entitled under the Plan are completely distributed, then such undistributed portions shall be paid in a lump sum to his or her designated beneficiary (or beneficiaries) for his or her WFA Accounts. Beneficiaries shall be separately identified for Deferral Accounts and WFA Accounts. Such payment shall be made as soon as administratively practical following the Participant's death, but in no event later than the end of the calendar year following the calendar year of the Participant's death. The Participant may designate one or more such beneficiaries specifically for his or her WFA Accounts, or may revoke his or her existing beneficiary designation for his or her WFA Accounts and make a new designation for his or her WFA Accounts, by filing a properly completed beneficiary designation in accordance with the procedures established by the Plan Administrator or its designee. Should the Participant die without a valid beneficiary designation for his or her WFA Accounts in effect or after the death of his or her designated beneficiary (or beneficiaries), then any amounts due him or her under the Plan with respect to his or her WFA Accounts shall be paid to the personal representative of his or her estate.

(5) **Form of Distribution.** All distributions from WFA Accounts shall be paid in cash.

(6) **Valuation of WFA Accounts for Distribution.**

(a) The amount to be distributed from any WFA Account shall be determined on the basis of the vested balance credited to that WFA Account as of the most recent practicable valuation date (as determined by the Plan Administrator or its designee) preceding the date of the actual distribution; provided, however, that with respect to any lump sum distribution to be made in connection with the Participant's termination of employee status (including death) or with respect to the first installment of an installment distribution to be made to a Participant following his or her termination of employee status, the amount of such distribution shall be based on the vested balance of each of the Participant's WFA Accounts as of the valuation date coincident with the applicable payment commencement effective date.

(b) For a Participant who is to receive an installment distribution from any WFA Account, the amount of each annual installment shall be determined by dividing (i) the vested balance credited to that WFA Account as of the most recent practicable valuation date (as determined by the Plan Administrator) preceding the date of the actual distribution of that installment by (ii) the number of installments (including the current installment) remaining in the selected five (5) or ten (10)-year distribution period. However, in the case of the first installment of an installment distribution following the Participant's termination of employee status, the amount of that initial installment will be based on the vested balance credited to the WFA Account on the valuation date coincident with the applicable payment commencement effective date.

(7) **Offset.** To the maximum extent permissible bylaw, and to the extent permitted under Code section 409A and the applicable regulations, should a Participant become entitled to a distribution under the Plan at a time when such Participant has an outstanding debt or other monetary obligation owed to the Company or its Affiliate, then the Company or its Affiliate shall be authorized to offset the amount of that debt or obligation (whether or not then due and payable) against the amount of benefits which otherwise remain distributable to the Participant after the Company's or Affiliate's collection of all applicable withholding taxes on that distribution. This offset provision shall only apply to WFA Accounts and shall not apply to Deferral Accounts.

(C) **Withdrawals Due to Unforeseeable Emergency.** Notwithstanding any provision of this Section 9 to the contrary, a Participant may withdraw all or a portion of the vested balance of the Participant's (1) Deferral Accounts, except the total amount accumulated pursuant to Appendix B and Appendix C of the Plan, established for Deferral Years commencing on or after January 1, 2013 (the "eligible Deferral Accounts") and (2) WFA Accounts due to unforeseeable emergency, subject to the following:

(a) For purposes of this section, "unforeseeable emergency" means a severe financial hardship resulting from (i) illness or accident of the Participant or his or her spouse, beneficiary or dependent, (ii) loss of the Participant's home or property due to casualty, or (iii) other similar extraordinary and unforeseeable circumstances beyond the control of the Participant. For example, needs such as the following may constitute unforeseeable emergencies: (1) imminent foreclosure of or eviction from the Participant's primary residence; (2) funeral expenses for the Participant's spouse, beneficiary or dependent; or (3) uninsured medical expenses of the Participant or his or her spouse, beneficiary or dependent.

(b) Withdrawals are available both before and after a Participant's Separation from Service.

(c) Withdrawals under this Section are not permitted to the extent the Participant's hardship is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets (to the extent liquidation would not cause a severe financial hardship), or by cessation of deferrals under the Plan. For this purpose, any additional compensation that is available from a qualified employer plan (including any loan) or that, due to the unforeseeable emergency, is available under another nonqualified deferred compensation plan may be disregarded.

(d) If a Participant takes a withdrawal under this section, his or her Deferral Election for the Deferral Year in which the withdrawal occurs (if any) will be terminated and no eligible Compensation will be deferred under Section 5 for the remainder of that Deferral Year.

(e) The amount withdrawn shall not exceed the amount reasonably necessary to satisfy the unforeseeable emergency (which may include amounts necessary to pay any Federal, state, or local income taxes or penalties reasonably anticipated to result from the withdrawal).

(f) Withdrawal requests must be made in writing and are subject to approval by the Plan Administrator. Separate withdrawal requests must be made for Deferral Accounts and WFA Accounts. The Plan Administrator has discretionary authority to determine the extent to which a payment available under this Section 8(G) will be made. The Participant must supply any financial or other information the Plan Administrator determines is necessary to determine whether to permit the withdrawal.

(g) The Participant's eligible Deferral Account or WFA Account balance will be reduced by the amounts withdrawn, as applicable. If the Participant has more than one eligible Deferral Account or more than one eligible WFA Account, as applicable, the Plan Administrator will designate how the withdrawal amount is allocated among those eligible Deferral Accounts or eligible WFA Accounts at the time the withdrawal is paid.

(D) **Definitions Relating to Marital Status.** For all purposes under this Plan, the following terms have the meanings assigned to them below:

(1) The term "spouse" means a person to whom the Participant is legally married at the relevant time under the laws of any U.S. or foreign jurisdiction having the legal authority to sanction marriages, including the common-law spouse of a Participant in a legally recognized common-law marriage. The term "spouse" does not include an individual who has entered into a registered domestic partnership, civil union or other similar formal relationship with a Participant recognized under the law of any U.S. or foreign jurisdiction that is not denominated as a marriage under the laws of that U.S. or foreign jurisdiction. Notwithstanding any provision of this Plan to the contrary, this provision shall be construed in accordance with Federal law.

(2) The term "domestic partner" means a person who is not the spouse of the Participant as defined in subsection (1) of this section, but who at the relevant time is the Participant's significant other (together referred to as "partners") with whom the Participant lives and shares financial responsibility. A domestic partner may be of the same gender as the Participant or of opposite gender. A person will be considered a domestic partner of the Participant if the person and the Participant are joined in a civil union (or other similar formal relationship) that is recognized as creating some or all of the rights of marriage under the laws of the state or country in which the union was created, but which is not denominated or recognized as marriage under the laws of that state or country. A person will be considered a domestic partner of the Participant if the Participant or other person can provide a domestic partnership certificate to the Plan Administrator from a city, county, state or country which offers the ability to register a domestic partnership. A person who is not joined in civil union (or similar formal relationship) and is not registered in a domestic partnership with the Participant will not be

considered a domestic partner unless the Participant and/or domestic partner provide sufficient evidence to the Plan Administrator that all of the following requirements are satisfied:

- (a) The partners have shared a single, intimate, and committed relationship of mutual caring for at least six months and intend to remain in the relationship indefinitely.
 - (b) The partners reside together in the same residence and have lived in a spouse-like relationship for at least six months.
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- (c) The partners are not related by blood or a degree of closeness which would prohibit marriage under the law of the state in which they reside.
 - (d) Neither partner is married to another person under federal, state, or common law, and neither has another domestic partner or is a member of another domestic partnership.
 - (e) Each partner is mentally competent to consent or contract.
 - (f) Both partners are at least 18 years of age.
 - (g) The partners are financially interdependent, are jointly responsible for each other's basic living expenses, and are able to provide documents proving at least three of the following situations to demonstrate such financial interdependence:
 - (i) Joint ownership of real property or a common leasehold interest in real property.
 - (ii) Common ownership of an automobile.
 - (iii) Joint bank or credit accounts.
 - (iv) A will which designates the other as primary beneficiary.
 - (v) A beneficiary designation form for a retirement plan or life insurance policy signed and completed to the effect that one partner is a beneficiary of the other.
 - (vi) Designation of one partner as holding power of attorney for health care decisions for the other.

(E) **Accounts Less Than Code §402(g) Threshold.** Notwithstanding the foregoing provisions of this Section 9, if

- (1) the aggregate value of the Participant's Deferral Accounts and WFA Accounts that are subject to the distribution rules in this Section 9, Appendix B and/or Appendix C of the Plan due to Separation from Service or death is less than the applicable dollar amount under Code §402(g)(1)(B) as of the end of the month following the Participant's Separation from Service or death, and
- (2) a lump sum payment of the value referred to in (1) above would result in the termination and liquidation of the entirety of the Participant's interest under the Plan and any other agreements, methods, programs or other arrangements with respect to which deferrals of compensation are treated as having been deferred under a single nonqualified deferred compensation plan under Treas. Reg. §1.409A-1(c)(2), taking into account only such interests as are subject to Code §409A,

then the value of the Deferral Accounts (except the total amount accumulated pursuant to Appendix B and/or Appendix C of the Plan) and the WFA Accounts shall be distributed in a single lump sum on the date that the first payment would occur pursuant to the foregoing provisions of this Section 9. The total amount accumulated pursuant to Appendix B and/or Appendix C of the Plan shall be distributed in a single lump sum pursuant to Appendix B and/or Appendix C as applicable.

10. Nonassignability. No Participant or beneficiary shall have any interest in any accounts under this Plan that can be transferred, nor shall any Participant or beneficiary have any power to anticipate, alienate, dispose of, pledge or encumber the same while in the possession or control of the Company, nor shall the Company recognize any assignment thereof, either in whole or in part, nor shall any account be subject to attachment, garnishment, execution following judgment or other legal process while in the possession or control of the Company. The designation of a beneficiary by a Participant does not constitute a transfer. Notwithstanding the foregoing with respect to WFA Accounts only, any payments otherwise due the Participant from one or more of his or her

subaccounts hereunder may instead be assigned or distributed to his or her spouse or former spouse pursuant to the terms of a nym domestic relations order within the meaning of Code section 414(p)(1)(B) which is issued with respect to those subaccounts, and the Participant shall cease to have any right, interest or entitlement to the portion of any payment or subaccount assigned or distributed to his or her spouse or former spouse in accordance with the terms of such order. To the extent permitted by such domestic relations order, the portion of the payment or subaccount assigned or distributable to the spouse or former spouse may be paid in an immediate lump sum distribution, provided the Participant is at the time fully vested in that portion. Any domestic relations order shall be subject to the procedures and policies for such orders as determined by the Plan Administrator.

11. Withholding of Taxes.

(A) The Participant shall be responsible for all federal, state and local employment and other payroll taxes (including Federal Insurance Contributions Act ("FICA") taxes) which are required to be withheld on any amounts deferred to or paid under this Plan, and such taxes shall be withheld or paid, as and when they become due under applicable law, by any means acceptable to the Plan Administrator. Without limiting the foregoing, the Company is authorized to withhold taxes attributable to amounts deferred under this Plan from any compensation payable to or on behalf of the Participant.

(B) Distributions under this Plan shall be subject to the deduction of the amount of any federal, state, or local income taxes, Social Security tax, Medicare tax, or other taxes required to be withheld from such payments by applicable laws and regulations.

12. Unsecured Obligation. The obligation of the Company to make payments under this Plan constitutes only the unsecured (but legally enforceable) promise of the Company to make such payments. The Participant shall have no lien, prior claim or other security interest in any property of the Company. The Company is not required to establish or maintain any fund, trust or account (other than a bookkeeping account or reserve) for the purpose of funding or paying the benefits promised under this Plan. If such a fund is established, the property therein shall remain the sole and exclusive property of the Company. The Company will pay the cost of this Plan out of its general assets. All references to accounts, accruals, gains, losses, income, expenses, payments, custodial funds and the like are included merely for the purpose of measuring the Company's obligation to Participants in this Plan and shall not be construed to impose on the Company the obligation to create any separate fund for purposes of this Plan.

13. Trust Fund. If the Company chooses to fund credits to Participants' accounts, all cash contributed for such funding shall be held and administered in trust in accordance with the terms and provisions of a trust agreement between the Company and the appointed trustee or any duly appointed successor trustee. All Common Stock or other funds in the trust shall be held on a commingled basis and shall be subject to the claims of the general creditors of the Company. Plan accounts shall be for bookkeeping purposes only, and the establishment of Plan accounts shall not require segregation of trust assets.

14. No Guarantee of Employment. Participation in this Plan does not constitute a guarantee or contract of employment with the Company or any of the Company's Affiliates. Such participation shall in no way interfere with any right of the Company or any Affiliate to determine the duration of a Participant's employment or the terms and conditions of such employment.

15. Administration. The Plan Administrator or its delegate shall have the exclusive authority and responsibility for all matters in connection with the operation and administration of the Plan. The Plan Administrator's powers and duties shall include, but shall not be limited to, the following: (a) responsibility for the compilation and maintenance of all records necessary in connection with the Plan; (b) discretionary authority to interpret the terms of the Plan; (c) authorizing the payment of all benefits and expenses of the Plan as they become payable under the Plan; (d) authority to engage such legal, accounting and other professional services as it may deem necessary; (e) authority to adopt rules and procedures for implementing the Plan; (f) discretionary authority to determine Participants'

eligibility for benefits under the Plan; (g) set limits on the percentage or amount of Compensation that may be deferred in a Deferral Year; and (h) to resolve all issues of fact and law in connection with such determinations. The decision of the Plan Administrator on any matter affecting the Plan or the rights and obligations arising under the Plan shall be final and binding upon all persons.

16. Common Stock. Subject to adjustment as provided in this Section 16, the maximum number of shares of Common Stock that may be credited under the Plan is 16,000,000. If the Company shall at any time increase or decrease the number of its outstanding shares of Common Stock or change in any way the rights and privileges of such shares by means of the payment of a stock dividend or any other distribution upon such shares payable in Common Stock, or through a stock split, subdivision, consolidation, combination, reclassification, or recapitalization involving the Common Stock, then the numbers, rights, and privileges of the shares issuable under the Plan shall be increased, decreased, or changed in like manner as if such shares had been issued and outstanding, fully paid, and non-assessable at the time of such occurrence.

17. Claims Procedure. No application is required for the payment of benefits under the Plan other than a financial hardship distribution as set forth in Section 9(G) of this Plan. However, if any Participant (or beneficiary) believes he or she is entitled to a benefit from the Plan which differs from the benefit determined by the Plan Administrator, then such individual may file a written claim for benefits with the Plan Administrator. The following procedures will be used to review claims for benefits and any other claims filed by Participants or other individuals under ERISA with respect to the Plan:

(A) Claims and Appeals. If the Participant believes there is an error in his or her account or in a distribution, believes he or she is entitled to different benefits from the Plan, or disagrees with any determination that has been made reflecting the Participant's benefits under the Plan, the Participant (or the Participant's authorized representative) may present a claim in writing for a review. The Participant's written claim should explain, as best he or she can, what the Participant wants and why the Participant believes he or she is entitled to it, and should include copies of any relevant documents. The Participant should specifically designate the claim as a "claim for benefits." The Participant should sign and submit the claim by mail or in person to the following address:

Wells Fargo & Company Deferred Compensation Plan Administrator
Wells Fargo & Company
MAC N9310-110
550 South 4th Street
Minneapolis, MN 55415

(B) Initial Review. Ordinarily, the Plan Administrator will respond to a claim within 90 days after receiving it. The Participant will receive either:

- A decision; or
- A notice describing special circumstances requiring a specified amount of additional time (but no more than 180 days from the day the Participant delivered the claim) to reach a decision.

If the Participant's claim is fully or partially denied, the Participant will receive a written notice specifying:

- The reasons for the denial;
- The Plan provisions on which the denial is based; and

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- Any additional information needed from the Participant in connection with the claim and the reason such information is needed.

The Participant will also receive information about his or her right to request a review as set forth in Section 17(C) below.

(C) Appealing a Decision. If the Participant does not agree with the Plan Administrator's decision and the Participant wants to pursue the matter further, the Participant (or the Participant's authorized representative) must request that the decision be reviewed by the Plan Administrator by filing a written request for review within 60 days after receiving the notice that the claim has been denied. The Plan Administrator reserves the right to delegate its authority to review appeals.

The Participant's written appeal should describe all reasons why he or she believes the claim denial was in error, and should include copies of any documents the Participant wants considered in support of the appeal. The appeal will be decided based on the information in the file, so the Participant should make sure that the submission is complete. The Participant may request copies of (or reasonable access to) all pertinent Plan documents and other information relevant to the claim for benefits, free of charge. The Participant (or the Participant's authorized representative) may also present written statements explaining why the Participant believes he or she is entitled to the benefits claimed and any other information that supports the claim.

Generally, appeals will be reviewed within 60 days of receipt. However, if special circumstances require a delay, the review may take up to 120 days. The Participant will receive written notice of any delay. A decision regarding the appeal will be in writing and will specify the Plan provisions on which the decision is based.

All decisions of the Plan Administrator are binding and conclusive on all parties. The Participant does, however, have the right to bring a civil action under Section 502(a) of ERISA following an adverse decision on an appeal. If the Participant does not receive a decision within the specified time, the Participant should assume that the claim or appeal was denied on the date the specified time expired. The Participant may, at his or her own expense, have an attorney or other representative act on the Participant's behalf, but the Plan Administrator reserves the right to require a written authorization.

(D) Deadline for Legal Action. Any lawsuit challenging a claim denial must be commenced within six months after the date on the appeal denial letter. In addition to that six month deadline, there is an additional "catch-all" limitation that applies to all lawsuits involving Plan benefits. Any such lawsuit must be commenced no later than two years after the Participant or other claimant first receives information that constitutes a clear repudiation of the rights the individual is seeking to assert. This two-year limitation period will not run during the period of time, if any, when the claim is in the claims procedure process. Once that process is completed, however, the two year period will continue running where it left off.

18. Construction and Applicable Law. This Plan is intended to be construed and administered as an unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees as provided under ERISA. The Plan shall be construed and administered according to the laws of the State of Minnesota (other than its laws regarding choice of law) to the extent that such laws are not preempted by ERISA.

19. Agent for Legal Process. The Company shall be agent for service of legal process with respect to any matter concerning the Plan, unless and until the Company designates some other person as such agent.

20. Amendment. The Board of Directors of the Company or the Human Resources Committee of the Company's Board of Directors may at any time amend this Plan in any manner; provided, however, that if necessary to maintain the availability of the exemption contained in Rule 16b-3, or any successor regulation, under the Securities Exchange Act of 1934, as amended, for transactions pursuant to this Plan, the provisions of this Plan relating to the amount, price and timing of awards pursuant to this Plan may not be amended more than once in every six months other than to comport with changes in the Internal Revenue Code or ERISA, or the rules thereunder. Notwithstanding

the foregoing, the Chief Executive Officer, Director of Human Resources or the Senior Vice President of Compensation and Benefits, acting singly, shall have the authority to execute a written action to amend the Plan to authorize the merger of any nonqualified deferred compensation plan maintained by any acquired entity into this Plan.

21. Termination or Suspension. The Board of Directors of the Company or the Human Resources Committee of the Company's Board of Directors may at any time suspend or terminate this Plan.

(A) In the event that the Plan is terminated, the Deferral Accounts of all Participants (whether or not currently in distribution status) shall be paid in the form originally elected by the Participant to commence as soon as practicable after the March 1 following the date the Plan is terminated or shall be paid under some other method as determined by the Plan Administrator; provided, however, that accelerated distribution of Deferral Accounts subject to Section 9 shall only be permitted on account of Plan termination in accordance with Treas. Reg. §1.409A-3(j)(4)(ix), which generally permits:

- (1) accelerated payment pursuant to a termination and liquidation of the Plan if that occurs within 12 months of a corporate dissolution or bankruptcy;
- (2) termination and liquidation of the Plan pursuant to irrevocable action taken during the period commencing 30 days before and ending 12 months after a change in control event within the meaning of Treas. Reg. §1.409A-3(i)(5), but only if all deferred compensation arrangements sponsored by the Company and its Affiliates that are treated as a single plan under Treas. Reg. §1.409A-1(c)(2) that includes this Plan are terminated and liquidated with respect to every participant who experienced such change in control event, and all amounts payable under such single plan for such participants are paid within 12 months after the irrevocable action is taken; or
- (3) termination and liquidation of the Plan, provided:
 - (a) the termination and liquidation is not proximate to a downturn in the financial health of the Company and its Affiliates,
 - (b) the Company and its Affiliates also terminate and liquidate all other deferral arrangements that would be aggregated with the Plan under Treas. Reg. §1.409A-1(c)(2);
 - (c) no accelerated payments are made within 12 months after irrevocable action is taken to terminate and liquidate the Plan,
 - (d) all payments are made within 24 months after all necessary action is taken to irrevocably terminate and liquidate the Plan, and
 - (e) during the three years after such irrevocable action is taken the Company and its Affiliates do not adopt a new plan that would be aggregated with the Plan under Treas. Reg. §1.409A-1(c)(2) if the Plan still existed.

The foregoing provisions of this Section 21 shall not prohibit the earlier distribution of any Deferral Account in accordance with the provisions of Section 8.

(B) The balances credited to WFA Accounts prior to the date of any such plan amendment or termination shall, subject to the foregoing exception, continue to become due and payable in accordance with Section 9 as in effect immediately prior to such termination or shall be paid under some other method as determined by the Plan Administrator.

22. Severability. If any provision of the Plan is determined to be illegal or invalid (in whole or in part) for any reason, or if legislative, Internal Revenue Service, Department of Labor, court or other action is at risk of causing a provision to be interpreted so as to cause Participants in the Plan to be in constructive receipt of amounts in their Deferral Accounts or WFA Accounts for U.S. federal income tax purposes, the Plan shall be construed and enforced as if the provision had not been included in the Plan.

23. TARP Compliance. To the extent required by the Emergency Economic Stabilization Act of 2008, as amended from time to time, and implementing regulations ("EESA"), if the Plan Administrator determines that the Participant is a "Senior Executive Officer" (SEO) or a "Most Highly Compensated" employee (MHCE) of the Company (both terms as defined under EESA), no lump sum or installment payment in respect of any bonus or incentive previously deferred under the Plan and any earnings credits associated with such amounts and that would otherwise be distributable in accordance with the terms of the Plan and the Participant's applicable Deferral Election will be paid to such SEO or MHCE until the earlier of (1) the end of the period during which any obligation arising from financial assistance provided to the Company under the Troubled Asset Relief Program ("TARP") remains outstanding (the "TARP Restriction Period"), or (2) the date after which the Participant ceases to be a SEO or MHCE. If delayed payment is required by EESA as provided above, such delayed distribution payments shall be paid to the Participant promptly following the first date upon which payment could be made under EESA.

24. Other Restrictions. The payment of any amount under this Plan of WFA Accounts are subject to compliance by the Company and the Participating Employer with all applicable legal requirements, including compliance with the requirements of 12 C.F.R. Part 359, any recoupment or "clawback" policies of the Company or the Participating Employer, as in effect from time to time, any recoupment or clawback policies imposed under any applicable laws, rules or regulations. For the avoidance of doubt, regulatory approval under Part 359 may be required for the payment of WFA Accounts under this Plan in certain circumstances and neither the Company nor the Participating Employer can provide any assurance that it will be able to request such approval in accordance with the requirements of Part 359 or that any required approval will be received. The Plan Administrator may, in its sole discretion and without the Participant's consent, reduce, modify, cancel, impose additional conditions and restrictions on, recover or delay any payment of WFA Accounts under this Plan if the Plan Administrator deems it necessary or advisable to comply with applicable laws, rules and regulations. During any period in which any payment is delayed in accordance with this Section 24, the Participant's WFA Accounts under the Plan shall continue to be subject to the provisions of Section 7, subject to compliance with all applicable legal requirements.

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APPENDIX A

Transferred Accounts

Section 1. The Wells Fargo & Company Benefit Restoration Program. The Wells Fargo & Company Benefit Restoration Program ("BRP") merged into this Plan effective July 1, 1999. The transferred BRP accounts are held in a "Transferred Account" set up under this Plan for each participant in BRP who had a BRP account as of June 30, 1999. Each BRP participant who has a Transferred Account set up under this Plan is considered a Participant in this Plan effective July 1, 1999 but will not be able to enter into Deferral Elections unless the Participant is also an Eligible Employee as provided in this Plan. If the Participant is not an employee of the Company on January 1, 2000, the Participant's Transferred Account as of the first day of a quarter (less any distributions made from the Transferred Account during the quarter) shall be adjusted with interest for that quarter. Interest on the Transferred Account will be calculated quarterly at an annual rate equal to the sum of the average annual rate for 3-year Treasury Notes for the immediately preceding calendar year plus two percent. If the Participant is an employee of the Company on January 1, 2000, the Participant must elect earnings options for the Transferred Account in accordance with Section 7 of the Plan. If the Participant does not elect earnings options, the Participant's Transferred Account shall be treated as having been allocated to the "Balanced Fund" Fund Option. Distribution of the Participant's Transferred Account will be made in either a lump sum or in ten annual installments as elected by the Participant under BRP. If the Participant elected a lump sum payment, payment will be made as soon as feasible after the Participant terminates employment. If the Participant elected installments, installments will begin in January following the calendar year in which the Participant terminates employment. If, however, the Transferred Account balance is less than \$5,000 at the time of the Participant terminates employment, distribution will be made in a lump sum as soon as administratively feasible after the Participant terminates employment. The transitional rules under Section 8(D) of the Plan apply to the Transferred Account. In the event the Participant dies before distribution of his or her entire Transferred Account, the remaining balance shall be paid pursuant to Section 8(C) of the Plan.

Section 2. Mortgage Plans. The Norwest Corporation Elective Deferred Compensation Plan for Mortgage Banking Executives, the Norwest Mortgage Banking Incentive Compensation and Deferral Plan and the Norwest Mortgage Banking Deferral Plan (collectively the "Mortgage Plans") are merged into this Plan effective as of January 1, 2000. The transferred Mortgage Plans accounts shall be held in a "Transferred Account" set up under this Plan for each participant in the Mortgage Plans who had an account as of December 31, 1999. Each Mortgage Plans participant who has a Transferred Account set up under this Plan shall be considered a Participant in this

Plan effective January 1, 2000 but will not be able to enter into Deferral Elections unless the Participant is also an Eligible Employee as provided in this Plan. A Participant's Transferred Account shall be subject to the rules of this Plan including the transitional rules in Section 8(D) of this Plan. In the event the Participant dies before distribution of his or her entire Transferred Account, the remaining balance shall be paid pursuant to Section 8(C) of this Plan.

Section 3. **The Wells Fargo & Company 1997 Bonus Deferral Plan.** The Wells Fargo & Company 1997 Bonus Deferral Plan ("Bonus Deferral Plan") is merged into this Plan effective as of January 1, 2000 with respect to participants in the Bonus Deferral Plan who are employed by the Company on January 1, 2000. The transferred Bonus Deferral Plan accounts shall be held in a "Transferred Account" set up under this Plan for each participant in the Bonus Deferral Plan who had an account as of December 31, 1999 and was employed by the Company on January 1, 2000. Each Bonus Deferral Plan participant who has a Transferred Account set up under this Plan shall be considered a Participant in this Plan effective January 1, 2000 but will not be able to enter into Deferral Elections unless the Participant is also an Eligible Employee as provided in this Plan. A Participant's Transferred Account shall be subject to the rules of this Plan including the transitional rules in Section 8(D) of this Plan. In the event the Participant dies before distribution of his or her entire Transferred Account, the remaining balance shall be paid pursuant to Section 8(C) of this Plan.

Section 4. **Ragen MacKenzie Group Incorporated Deferred Compensation Plan.** The Ragen MacKenzie Group Incorporated Deferred Compensation Plan (the "Ragen Plan") is merged into this Plan effective July 1, 2000. The transferred Ragen Plan accounts shall be held in a "Transferred Account" set up under this Plan for each participant in the Ragen Plan who had an account as of June 30, 2000. Each Ragen Plan participant who has a Transferred Account set up under this Plan shall be considered a Participant in this Plan effective July 1, 2000, but will not be able to enter into Deferral Elections unless the Participant is also an Eligible Employee as provided in this Plan. A Participant's Transferred Account shall be subject to the rules of this Plan. In the event the Participant dies before distribution of his or her entire Transferred Account, the remaining balance shall be paid pursuant to Section 8(C) of this Plan.

Section 5. **National Bank of Alaska Deferred Compensation Plan.** The National Bank of Alaska Deferred Compensation Plan (the "Alaska Plan") is merged into this Plan effective August 1, 2000. The transferred Alaska Plan accounts shall be held in a "Transferred Account" set up under this Plan for each participant in the Alaska Plan who had an account as of July 31, 2000. Each Alaska Plan participant who has a Transferred Account set up under this Plan shall be considered a Participant in this Plan effective August 1, 2000, but will not be able to enter into Deferral Elections unless the Participant is also an Eligible Employee as provided in this Plan. A Participant's Transferred Account shall be subject to the rules of this Plan. In the event the Participant dies before distribution of his or her entire Transferred Account, the remaining balance shall be paid pursuant to Section 8(C) of this Plan.

Section 6. **First Commerce Supplemental Executive Retirement and Deferred Compensation Plan and Trust Agreement.** The First Commerce Supplemental Executive Retirement and Deferred Compensation Plan and Trust Agreement (the "First Commerce Plan") is merged into the Plan effective January 1, 2001. The transferred First Commerce Plan accounts shall be held in a "Transferred Account" set up under the Plan for each participant in the First Commerce Plan who had an account as of December 31, 2000. Each First Commerce Plan participant who has a Transferred Account set up under the Plan shall be considered a Participant in the Plan effective January 1, 2001, but will not be able to enter into Deferral Elections unless the Participant is also an Eligible Employee as provided in the Plan. A Participant's Transferred Account shall be subject to the rules of the Plan. In the event the Participant dies before distribution of his or her entire Transferred Account, the remaining balance shall be paid pursuant to Section 8(C) of the Plan.

Section 7. **Brenton Banks, Inc. Executive Savings Plan.** The Brenton Banks, Inc. Executive Savings Plan (the "Brenton Plan") is merged into the Plan effective January 1, 2001. The transferred Brenton Plan accounts shall be held in a "Transferred Account" set up under the Plan for each participant in the Brenton Plan who had an account as of December 31, 2000. Each Brenton Plan participant who has a Transferred Account set up under the Plan shall be considered a Participant in the Plan effective January 1, 2001, but will not be able to enter into Deferral Elections unless the Participant is also an Eligible Employee as provided in the Plan. A Participant's Transferred Account shall be subject to the rules of the Plan. In the event the Participant dies before distribution of his or her entire Transferred Account, the remaining balance shall be paid pursuant to Section 8(C) of the Plan.

Section 8. **First Security Corporation Executive Deferred Compensation Plan.** The First Security Corporation Executive Deferred Compensation Plan (the "First Security Plan") was terminated effective October 30, 2000. The account balances of participants in the First Security Plan who elected to defer distribution of their First Security Plan accounts as a result of the First Security Plan termination shall be transferred to the Plan and held in Transferred Accounts set up under the Plan as soon as administratively practical after October 30, 2000. The transferred First Security Plan accounts shall be held in a "Transferred Account" set up under this Plan for each participant in the First Security Plan who made a special deferral election. Each First Security Plan participant who has a Transferred Account set up under the Plan shall be considered a Participant in the Plan effective as of the date the Transferred Account is established, but not be able to enter into a Deferral Election until January 1, 2001 if the Participant is also an Eligible Employee as provided in the Plan as of January 1, 2001. A Participant's Transferred Account shall be subject to the rules of this Plan. In the event the Participant dies before distribution of his or her entire Transferred Account, the remaining balance shall be paid pursuant to Section 8(C) of the Plan.

Section 9. **Norwest Financial, Inc. Employees' Deferred Compensation Plan.** All accounts under the Norwest Financial, Inc. Employees' Deferred Compensation Plan (the "NFI Plan") for actively employed NFI Plan participants are transferred to the Plan effective January 1, 2001. The transferred NFI Plan accounts shall be held in a "Transferred Account" set up under the Plan for each

active participant in the NFI Plan who had an account as of December 31, 2000. Each NFI Plan participant who has a Transferred Account set up under the Plan shall be considered a Participant in the Plan effective January 1, 2001, but will not be able to enter into Deferral Elections unless the Participant is also an Eligible Employee as provided in the Plan. A Participant's Transferred Account shall be subject to the rules of the Plan. In the event the Participant dies before distribution of his or her entire Transferred Account, the remaining balance shall be paid pursuant to Section 8(C) of the Plan.

Section 10. **Norwest Corporation Executive Incentive Compensation Plan**. The Norwest Corporation Executive Incentive Compensation Plan (the "EICP") is merged into the Plan effective January 1, 2002. The transferred EICP accounts shall be held in a "Transferred Account" set up under the Plan for each participant in the EICP who had an account as of December 31, 2001. Each EICP participant who has a Transferred Account set up under the Plan shall be considered a Participant in the Plan. A Participant's Transferred Account shall be subject to the rules of the Plan except that (i) distribution to the Participant of the Transferred Account (valued as of December 31 of the calendar year in which the Participant terminates employment or becomes disabled) attributable to the EICP shall be made in a lump sum in whole shares of Common Stock (with cash in lieu of a fractional share) as soon as practicable after the calendar year in which the Participant terminates employment or becomes disabled ("disabled" means the Participant is unable to perform his or her job for a continuous period of six months), and (ii) the Transferred Account shall only be allocated to the Common Stock Earnings Option. In the event the Participant dies before distribution of his or her entire Transferred Account, the remaining balance shall be paid pursuant to Section 8(C) of the Plan.

Section 11. **Norwest Corporation Employees' Stock Deferral Plan**. The Norwest Corporation Employees' Stock Deferral Plan (the "ESDP") is merged into the Plan effective January 1, 2002. The transferred ESDP accounts shall be held in a "Transferred Account" set up under the Plan for each participant in the ESDP who had an account as of December 31, 2001. Each ESDP participant who has a Transferred Account set up under the Plan shall be considered a Participant in the Plan. A Participant's Transferred Account shall be subject to the rules of the Plan except that (i) distribution to the Participant of the Transferred Account attributable to the ESDP (valued as of December 31 of the calendar year in which the Participant terminates employment) shall be made in accordance with the type of distribution (i.e., lump sum or installments) elected by the Participant under the ESDP and shall be made (or commence in the case of installments) on or as soon as practicable after the February 28 following the calendar year in which the Participant terminates employment, (ii) in the event of a change in control as defined in the ESDP, distribution to the Participant of the Transferred Account attributable to the ESDP shall be made in accordance with the terms of the ESDP as those terms existed on December 31, 2001, and (iii) the Transferred Account shall only be allocated to the Common Stock Earnings Option. In the event the Participant dies before distribution of his or her entire Transferred Account, the remaining balance shall be paid pursuant to Section 8(C) of the Plan.

Section 12. **Acordia, Inc. Deferral Plan**. The Acordia, Inc. Deferral Plan (the "Deferral Plan") is merged into the Plan effective January 1, 2002. The transferred Deferral Plan accounts shall be held in a "Transferred Account" set up under the Plan for each participant in the Deferral Plan who had an account as of December 31, 2001. Each Deferral Plan participant who has a Transferred Account set up under the Plan shall be considered a Participant in the Plan. A Participant's Transferred Account shall be subject to the rules of the Plan. In the event the Participant dies before distribution of his or her entire Transferred Account, the remaining balance shall be paid pursuant to Section 8(C) of the Plan.

Section 13. **Acordia Services Frozen Producers' Deferred Compensation Plan**. The Acordia Services Frozen Producers' Deferred Compensation Plan (the "Producers' Deferred Plan") is merged into the Plan effective January 1, 2002. The transferred Producers' Deferred Plan accounts shall be held in a "Transferred Account" set up under the Plan for each participant in the Producers' Deferred Plan who had an account as of December 31, 2001. Each Producers' Deferred Plan participant who has a Transferred Account set up under the Plan shall be considered a Participant in the Plan. A Participant's Transferred Account shall be subject to the rules of the Plan. In the event the Participant dies before distribution of his or her entire Transferred Account, the remaining balance shall be paid pursuant to Section 8(C) of the Plan.

Section 14. **Acordia Services Frozen Deferred Compensation Plan**. The Acordia Services Frozen Deferred Compensation Plan (the "Deferred Plan") is merged into the Plan effective January 1, 2002. The transferred Deferred Plan accounts shall be held in a "Transferred Account" set up under the Plan for each participant in the Deferred Plan who had an account as of December 31, 2001. Each Deferred Plan participant who has a Transferred Account set up under the Plan shall be considered a Participant in the Plan. A Participant's Transferred Account shall be subject to the rules of the Plan. In the event the Participant dies before distribution of his or her entire Transferred Account, the remaining balance shall be paid pursuant to Section 8(C) of the Plan.

Section 15. **MBI and Affiliates Deferred Compensation Plan**. A portion of the MBI and Affiliates Deferred Compensation Plan (the "MBI Deferred Plan") comprising accounts for certain employees of the Texas Financial Bancorporation acquisition is merged into the Plan effective February 2, 2002. The transferred MBI Deferred Plan accounts shall be held in a "Transferred Account" set up under the Plan. Each MBI Deferred Plan participant who has a Transferred Account set up under the Plan shall be considered a Participant in the Plan. A Participant's Transferred Account shall be subject to the rules of the Plan. In the event the Participant dies before distribution of his or her entire Transferred Account, the remaining balance shall be paid pursuant to Section 8(C) of the Plan.

Section 16. Wells Fargo Advisors Performance Award Contribution and Deferral Plan and Wells Fargo Advisors Performance Award Contribution Plan. Effective on or around December 11, 2020 ("WFA Deferral Plan Balance Transfer Date"), with respect to any participant in the Wells Fargo Advisors Performance Award Contribution and Deferral Plan (the "WFA Deferral Plan") who is then an Eligible Employee, any outstanding Performance Awards and Special Awards, as such terms are defined in the WFA Deferral Plan, that are subject to an Extended Deferral Election, as such term is defined in the WFA Deferral Plan, or "Deferral Election Account" (as defined in the WFA Deferral Plan restatement effective as of January 1, 2009) contributed under the WFA Deferral Plan or predecessor plan (Wachovia Securities Financial Holdings, LLC Voluntary Deferral and Performance Award Contribution Plan) will be transferred into this Plan and shall be held in a "Transferred Account" set up under the Plan. Effective after the WFA Deferral Plan Balance Transfer Date, with respect to any participant in the WFA Deferral Plan who is then an Eligible Employee, any Performance Awards and Special Awards, as such terms are defined in the WFA Deferral Plan, that are outstanding as of the WFA Deferral Plan Balance Transfer Date and are or later become subject to an Extended Deferral Election, as such term is defined in the WFA Deferral Plan, will be transferred into this Plan at the time the Extended Deferral Election becomes effective. "Deferral Election Account" balances (as defined in the WFA Deferral Plan restatement effective as of January 1, 2009) that are transferred to this Plan shall continue to be subject to Section 9.12 of the WFA Deferral Plan. Effective after the WFA Deferral Plan Balance Transfer Date, with respect to any participant in the WFA Plan who is then an Eligible Employee, any Performance Awards and Special Awards, as such terms are defined in the WFA Plan, that are outstanding as of the WFA Deferral Plan Balance Transfer Date and later become subject to a Rollover Election, as such term is defined in the WFA Plan, will be transferred into this Plan at the time the Rollover Election becomes effective. All amounts that are transferred to this Plan from the WFA Deferral Plan or WFA Plan under this Section 16 of Appendix A shall be paid subject to the terms of this Plan applicable to WFA Accounts and shall be paid in accordance with the terms of the applicable Extended Deferral Election, as such term is defined in the WFA Deferral Plan, or the applicable Rollover Election, as such term is defined in the WFA Plan. No further Extended WFA Deferral Election may be made under this Plan for amounts that are transferred to this Plan from the WFA Deferral Plan or WFA Plan under this Section 16 of Appendix A.

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APPENDIX B

Supplemental Company Matching Contribution Allocations

Effective for Plan Years beginning on or after January 1, 2010, the Wells Fargo & Company Deferred Compensation Plan (the "Plan") is amended to provide credits for supplemental Company matching contributions pursuant to the rules in this Appendix B. The supplemental Company matching contributions set forth in this Appendix B shall apply only to Deferral Accounts and shall not apply to WFA Accounts. Notwithstanding the foregoing, effective for Plan Years beginning on or after January 1, 2021, the Plan will no longer provide credits for supplemental Company matching contributions pursuant to the rules in this Appendix B.

Section 1. Eligibility. Employees who have satisfied one year of service as defined under the Wells Fargo & Company 401(k) Plan (the "401(k) Plan") and are eligible to receive Company matching contributions under the 401(k) Plan and who have entered into an agreement to defer Compensation under this Plan ("deferred compensation") which would otherwise have been recognized as "Certified Compensation" under the 401(k) Plan for a Plan Year shall be eligible to receive the supplemental Company matching contribution credits (the "Credits") as provided under this Appendix B for that Plan Year. Credits under this Appendix shall be reflected in the Participant's Deferral Account attributable to the allocations under this Appendix B as soon as administratively feasible after the end of the Plan Year in which a Company matching contribution would have been allocated to the Participant's 401(k) Plan account if deferred compensation had been recognized as Certified Compensation in the 401(k) Plan for the Plan Year.

Section 2. **Credits.** For each Plan Year, the Deferral Account attributable to the allocations under this Appendix B for each eligible Participant shall receive a Credit equal to the sum of the amounts determined for each quarter of the Plan Year as follows:

- (a) To be eligible to receive a credit with respect to a particular calendar quarter, the Participant must have been eligible to receive Employer Matching Contributions under and as defined in the 401(k) Plan for that quarter.
- (b) The amount of the Participant's Credit under this Appendix B for a calendar quarter will be equal to the Participant's "applicable percent" for the Plan Year as defined below, multiplied by the deferred compensation deducted from the Participant's Compensation during that calendar quarter; provided, however, that such Credit shall be made only with respect to such deferred compensation for the calendar quarter and any previous calendar quarters in the Plan Year which when added to the Participant's Certified Compensation for such Plan Year does not exceed the Code Section 401(a)(17) compensation limit in effect for such Plan Year.
- (c) Notwithstanding the foregoing, a Participant shall not be entitled to receive any of the Credit allocated to his or her Deferral Account for a Plan Year (and such Credit shall be forfeited) unless the Participant's salary deferral contributions to the 401(k) Plan for the Plan Year were at least equal to the lesser of (1) the limit on salary deferral contributions imposed under Code Section 402(g) for such Plan Year or (2) the maximum amount of salary deferral contributions that the Participant was permitted to contribute under the terms of the 401(k) Plan for such Plan Year.
- (d) For purposes of this Sec. 2, a Participant's "applicable percent" for a Plan Year is equal to the smaller of (i) six percent, or (ii) the percent by which the Participant has elected to have his or her Certified Compensation reduced for the purpose of making salary deferral contributions under the 401(k) Plan in the election that is in effect on January 1 of that Plan Year. The percent determined under the preceding sentence shall apply to the Participant for the entire Plan Year without regard to any changes the Participant may subsequently make in his or her deferral election for purposes of contributions to the 401(k) Plan.

Section 3. **Investment Election.** The amount of the Credit pursuant to this Appendix shall be automatically allocated to one or more Fund Options (other than the Common Stock Earnings Option) as selected by the Plan Administrator from time to time as of the date the amount is actually allocated to the Participant's Deferral Account. The Participant then can make a subsequent investment election pursuant to Section 7 of the Plan.

Section 4. **Distribution Upon Separation from Service.** Distribution of the amounts accumulated pursuant to this Appendix B (Credits and associated earnings credits) shall be automatically paid in a lump sum as soon as practicable after the March 1 immediately following the Participant's Separation from Service if the Participant is not a Key Employee, but not later than December 31 of that year. If the Participant is a Key Employee, distribution shall commence as provided in Section 9(B) of the Plan.

APPENDIX C

Supplemental Discretionary Profit Sharing Contributions

Effective for Plan Years beginning on or after January 1, 2011, the Wells Fargo & Company Deferred Compensation Plan (the "Plan") is amended to provide credits for supplemental discretionary profit sharing contributions pursuant to the rules in this Appendix C. The supplemental discretionary profit sharing contributions set forth in this Appendix C shall apply only to Deferral Accounts and shall not apply to WFA Accounts. Notwithstanding the foregoing, effective for Plan Years beginning on or after January 1, 2021, the Plan will no longer provide credits for supplemental discretionary profit sharing contributions pursuant to the rules in this Appendix C.

Section 1. Eligibility. Employees who have satisfied one year of vesting service as defined under the Wells Fargo & Company 401(k) Plan (the "401(k) Plan"), are eligible to receive a discretionary profit sharing contribution under the 401(k) Plan and who have entered into an agreement to defer Compensation under this Plan ("deferred compensation") which would otherwise have been recognized as "Certified Compensation" under the 401(k) Plan for a Plan Year, shall be eligible to receive supplemental discretionary profit sharing contribution credits (the "Credits") provided under this Appendix C for that Plan Year. Credits under this Appendix shall be reflected in the Participant's Deferral Account attributable to the allocations under this Appendix as soon as administratively feasible after the end of the Plan Year in which a discretionary profit sharing contribution would have been allocated to the Participant's 401(k) Plan account if deferred compensation had been recognized as Certified Compensation in the 401(k) Plan for the Plan Year. No Credits under this Appendix will be allocated under this Plan for a Plan Year unless a discretionary profit sharing contribution has been made to the 401(k) Plan for such Plan Year.

Section 2. Credits. For each Plan Year in which a discretionary profit sharing contribution has been made to the 401(k) Plan, the Deferral Account attributable to the allocations under this Appendix C for each eligible Participant shall receive a Credit equal to the discretionary profit sharing contribution percentage (not greater than 4%) declared under the 401(k) Plan for the Plan Year multiplied by the deferred compensation deducted from the Participant's Compensation during that Plan Year; provided, however, that such Credit shall be made only to the extent that such deferred compensation for the Plan Year plus the Participant's Certified Compensation in the 401(k) Plan for such Plan Year does not exceed the Code Section 401(a)(17) compensation limit in effect for such Plan Year.

Section 3. Investment Election. The amount of the Credit pursuant to this Appendix shall be automatically allocated to one or more Fund Options (other than the Common Stock Earnings Option) as selected by the Plan Administrator from time to time as of the date the amount is actually allocated to the Participant's Deferral Account. The Participant can then make a subsequent investment election pursuant to Section 7 of the Plan.

Section 4. Distribution Upon Separation from Service. Distribution of the amounts accumulated pursuant to this Appendix (Credits and associated earnings credits) shall be automatically paid in a lump sum as soon as practicable after the March 1 immediately

following the Participant's Separation from Service if the Participant is not a Key Employee, but not later than December 31 of that year. If the Participant is a Key Employee, distribution shall commence as provided in Section 9(B) of the Plan.

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Amendment to the Wells Fargo & Company Deferred Compensation Plan

RESOLVED that the first paragraph of Appendix B of the Wells Fargo & Company Deferred Compensation Plan is amended effective January 1, 2021 to read as follows:

Effective for Plan Years beginning on or after January 1, 2010, the Wells Fargo & Company Deferred Compensation Plan (the "Plan") is amended to provide credits for supplemental Company matching contributions pursuant to the rules in this Appendix B. The supplemental Company matching contributions set forth in this Appendix B shall apply only to Deferral Accounts and shall not apply to WFA Accounts.

Except as herein expressly amended, all the terms and provisions of the Wells Fargo & Company Deferred Compensation Plan shall continue in full force and effect.

Exhibit 10(f)

Amendment to the Wells Fargo & Company Supplemental 401(k) Plan

RESOLVED that the first paragraph of Sec. 15 of the Plan is amended effective January 1, 2021 to read as follows:

Sec. 15 Benefit on Separation from Service. Upon a Separation from Service, a participant shall be entitled to a benefit equal to the number of shares of Company common stock credited to the participant's Plan Account, calculated as of an administratively feasible date within a reasonable period of time prior to the date benefits are distributed pursuant to Sections 16 or 17 (except as provided in subsection (c) of this Section 15), multiplied by the vested percentage determined under either Sec. 9.1, Sec. 9.2 or Sec. 9.3 of the 401(k) Plan that would be applicable to the participant at the time the Separation from Service occurs, disregarding, however, Sec. 9.2(a)(3) and (4) of the 401(k) Plan.

RESOLVED that Sec. 17 of the Plan is amended in its entirety effective January 1, 2021 to read in full as follows:

Sec. 17 Death Benefits. If a participant dies while employed, or dies after incurring a Separation from Service but before receiving his or her benefit under this Plan, the participant's remaining vested Plan Account (determined as provided in Section 15) shall be paid in a lump sum to the participant's Beneficiary determined under the Plan as soon as administratively feasible after the January following the calendar year in which the participant dies, but no later than the December 31 of that calendar year. Payment to the Beneficiary will be in the form of whole shares of Company common stock with cash for any fractional share, net of any required withholding taxes.

For purposes of this Plan, a "Beneficiary" is one or more individuals, trusts, estates or charitable organizations designated by a participant to receive any benefit payable under the Plan in the event of the participant's death. A participant who has designated a Beneficiary may, without the consent of such Beneficiary, alter or revoke such designation. To be effective, any such designation, alteration, or revocation shall be in such form as the Plan Administrator may prescribe, and shall be filed with the Plan Administrator or its third party vendor prior to the participant's death.

If a participant has not commenced distribution from the 401(k) Plan prior to his or her death and did not designate a beneficiary under this Plan but has an effective beneficiary designation on file for the 401(k) Plan, the beneficiary designation on file for the 401(k) Plan shall apply to this Plan

If at the time of a participant's death (i) the Plan Administrator or its third party vendor is not in possession of a fully effective designation of his Beneficiary under this Plan, or if the designated Beneficiary does not survive the participant, and (ii) the participant has already commenced distribution from the 401(k) Plan prior to his or her death, or the participant does not have an effective beneficiary designation on file for the 401(k) Plan, then the participant's Beneficiary shall be the person or persons surviving in the first of the following classes in which there is a survivor, share and share equally within the class:

- (1) The participant's Spouse (as defined under the 401(k) Plan) or Domestic Partner (as defined under the 401(k) Plan).
- (2) The participant's biological and adopted children, except that if any of his or her children predecease the participant but leave descendants surviving the participant, such descendants shall take by right of representation the share their parent would have taken if living.
- (3) The participant's parents.
- (4) The participant's brothers and sisters.
- (5) The participant's estate.

RESOLVED that Sec. 10(c) of the Plan is amended in its entirety effective January 1, 2021 to read in full as follows:

(c) For dividends paid on Company common stock prior to January 1, 2015, the participant shall receive a credit to the Wells Fargo & Company Stock Investment Fund in his or her Plan Account. For dividends paid on Company common stock on or after January 1, 2015, the participant shall receive a credit to the CD Investment Fund unless the participant has elected to have the dividend credit allocated to the Wells Fargo & Company Stock Investment Fund and such election is effective immediately prior to the dividend payment date. The participant shall be permitted to make such election (in a time and manner determined by the Plan Administrator) to have the dividend credit allocated to the Wells Fargo & Company Stock Investment Fund. The amount of the dividend credit to the Wells Fargo & Company Stock Investment Fund shall be the number of shares of Company common stock determined by multiplying the dividend amount per share by the number of shares credited to a participant's Wells Fargo & Company Stock Investment Fund as of the record date for the dividend and dividing the product by the New York Stock Exchange only closing price per share of Company common stock as of the trading date immediately preceding the dividend payment date. The amount of the dividend credit to the CD Investment Fund shall be the dividend amount per share multiplied by the number of shares credited to a participant's Wells Fargo & Company Stock Investment Fund as of the record date for the dividend. .

Except as herein expressly amended, all the terms and provisions of the Plan shall continue in full force and effect.

Exhibit 13

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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" and "Risk Factors" sections, and in the "Regulation and Supervision" section 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 and proudly serves one in three U.S. households and more than 10% of all middle market companies 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. 30 on *Fortune*'s 2020 rankings of America's largest corporations. We ranked fourth in both assets and in the market value of our common stock among all U.S. banks at December 31, 2020.

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

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. After removal of the asset cap, a second third-party review must also be conducted to assess the efficacy and sustainability of the enhancements and improvements.

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

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

Retail Sales Practices Matters

In September 2016, we announced settlements with the CFPB, the OCC, and the Office of the Los Angeles City Attorney, and entered into related consent orders with the CFPB and the OCC, in connection with allegations that some of our retail customers received products and services they did not request. As a result, it remains a top priority to rebuild trust through a comprehensive action plan that includes making things right for our customers, 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.

For additional information regarding retail sales practices matters, including related legal matters, see the "Risk Factors"

section and Note 15 (Legal Actions) to Financial Statements in this Report.

Other Customer Remediation Activities

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

As our ongoing reviews continue, it is possible that in the future we may identify additional items or areas of potential concern. To the extent issues are identified, we will continue to assess any customer harm and provide remediation as appropriate. For additional information, including related legal and regulatory risk, see the "Risk Factors" section and Note 15 (Legal Actions) to Financial Statements in this Report.

Recent Developments

CECL Adoption

On January 1, 2020, we adopted Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments* (CECL), which requires estimating an allowance for expected life-time credit losses for loans and debt securities. For additional information, see the "Risk Management – Credit Risk Management – Allowance for Credit Losses" section and Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

Efficiency Initiatives

We are pursuing various initiatives to reduce expenses and create a more efficient and streamlined organization. Actions from these initiatives may include (i) reorganizing and simplifying business processes and structures to improve internal operations and the customer experience, (ii) reducing headcount, (iii) optimizing third-party spending, including for our technology infrastructure, and (iv) rationalizing our branch and administrative locations, which may include consolidations and closures. We have established teams in each of our lines of business and enterprise functions to focus on an organized and structured approach for implementing these initiatives. The evaluation of potential actions will continue in future periods. In 2020, we recognized \$1.5 billion of restructuring charges, predominantly personnel costs, within noninterest expense in our consolidated statement of income as a result of these initiatives. For additional information, see Note 22 (Restructuring Charges) to Financial Statements in this Report.

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 new program called the Paycheck Protection Program (PPP). The intent of the PPP is to provide loans to small businesses to keep their employees on the payroll and make certain other eligible payments. Loans granted under the PPP are guaranteed by the SBA and are fully forgivable if used for qualifying expenses such as payroll, mortgage interest, rent and utilities. If the loans are not forgiven, they must be repaid over a term not to exceed five years. Under the PPP, through December 31, 2020, we funded \$10.5 billion in loans to approximately 194,000 borrowers and deferred approximately \$420 million of SBA processing fees that will be recognized as interest income over the term of the loans. As of December 31, 2020, \$10.1 billion of principal remained outstanding on these PPP loans. We voluntarily committed to donate all of the gross processing fees received in 2020 from funding PPP loans. Through December 31, 2020, we donated approximately \$85 million of these processing fees to non-profit organizations that support small businesses. We expect to donate the remaining amount of these fees through 2022. In January 2021, the SBA reopened the PPP for new and certain existing PPP borrowers, and we have begun to fund loans under this latest round of the PPP.

SBA SIX-MONTH PAYMENT ASSISTANCE Under the CARES Act, the SBA will make principal and interest payments on behalf of certain borrowers for six months. During 2020, over 20,000 of our lending customers were eligible for SBA payment assistance, and we received \$402 million in payments from the SBA.

CONSOLIDATED APPROPRIATIONS ACT On December 27, 2020, the Consolidated Appropriations Act, 2021 (CAA) was signed into law. The CAA provides additional COVID-19 focused relief and extends or amends certain provisions of the CARES Act, including those related to the PPP and troubled debt restructurings (TDRs).

Brexit

With the exit of the United Kingdom from the European Union (Brexit), our primary goal is to continue to serve our existing clients in the United Kingdom and the European Union, as well as to continue to meet the needs of our domestic clients as they do business in those locations. We are leveraging our authorized bank in Ireland, our asset management entity in Luxembourg, and our broker-dealer in France to help serve clients in the European Union. For additional information on risks associated with Brexit, see the "Risk Factors" section in this Report.

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. The administrator of LIBOR, ICE Benchmark Administration, published a consultation in December 2020 regarding its intention to cease the publication of LIBOR after December 31, 2021, with the exception of certain tenors of U.S. dollar (USD) LIBOR that it proposed would remain available for use in legacy contracts or as otherwise enumerated by financial regulators until June 30, 2023. We have a significant number of assets and liabilities referenced to LIBOR, such as commercial loans, adjustable-rate mortgage (ARM) loans, derivatives, debt

securities, and long-term debt. As of December 31, 2020, we had approximately \$475 billion of assets, consisting mostly of commercial loans, approximately \$25 billion of liabilities, and approximately \$350 billion of off-balance sheet commitments linked to LIBOR. These amounts exclude derivative assets and liabilities on our consolidated balance sheet. As of December 31, 2020, the notional amount of our LIBOR-linked interest rate derivative contracts was approximately \$7 trillion, of which approximately \$5 trillion related to contracts with central counterparty clearinghouses. Each of the LIBOR-linked amounts referenced above will vary in future periods as current contracts expire with potential replacement contracts using an alternative reference rate. As of December 31, 2020, USD LIBOR represented substantially all of the LIBOR-linked amounts referenced above.

In an effort to mitigate the risks associated with a transition away from LIBOR, our LIBOR Transition Office (LTO) has undertaken initiatives to: (i) develop more robust fallback language and disclosures related to the LIBOR transition, (ii) develop a plan to seek to amend legacy contracts to reference such fallback language or alternative reference rates, (iii) launch and enhance systems to support new products, including mortgages, commercial loans, securities and derivatives linked to the Secured Overnight Financing Rate and other alternative reference rates, (iv) develop and evaluate internal guidance, policies and procedures focused on the transition away from LIBOR to alternative reference rate products, and (v) prepare and disseminate internal and external communications regarding the LIBOR transition.

In addition, our LTO is actively working with financial regulators, industry working groups (such as the Alternative Reference Rate Committee) and trade associations that are developing guidance to facilitate an orderly transition away from the use of LIBOR. We continue to assess the risks and related impacts associated with a transition away from LIBOR. See the "Risk Factors" section in this Report for additional information regarding the potential impact of LIBOR or any other referenced financial metric being significantly changed, replaced, or discontinued.

On March 12, 2020, the Financial Accounting Standards Board (FASB) issued ASU 2020-04 – *Facilitation of the Effects of Reference Rate Reform on Financial Reporting* (Update) that provides temporary relief from existing generally accepted accounting principles (GAAP) accounting requirements for contract modifications and hedge accounting relationships impacted by reference rate reform activities. For additional information on the Update, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

Capital Actions and Restrictions

On December 18, 2020, the Board of Governors of the Federal Reserve System (FRB) announced that it was extending, with certain adjustments, measures it announced on June 25, 2020, limiting capital distributions by large bank holding companies (BHCs), including Wells Fargo, subject to certain exceptions. For first quarter 2021, the FRB generally authorized, among other things, BHCs to pay common stock dividends and make share repurchases that, in the aggregate, do not exceed an amount equal to the average of the BHC's net income for the four preceding calendar quarters, so long as the BHC does not increase the amount of its common stock dividend from the level paid in second quarter 2020. For additional information about capital planning, including the FRB's recent prohibition on capital distributions, see the "Capital Management – Capital Planning and Stress Testing" section in this Report.

In January 2021, the Board approved an increase in the Company's authority to repurchase common stock by an additional 500 million shares.

In January 2021, we issued \$3.5 billion of our Preferred Stock, Series BB, and in February 2021, we issued \$1.05 billion of our Preferred Stock, Series CC. Additionally, in February 2021, we announced the redemption of our Preferred Stock, Series I, Series P and Series W, and a partial redemption of our Preferred Stock, Series N, for an aggregate cost of \$4.5 billion. The redemptions are scheduled to occur on March 15, 2021.

Announced Business Divestiture

On February 23, 2021, we announced an agreement to sell Wells Fargo Asset Management for a purchase price of \$2.1 billion. As part of the transaction, we will own a 9.9% equity interest in the ongoing entity and continue to serve as a client and distribution partner. The transaction is expected to close in the second half of 2021, subject to customary closing conditions.

Financial Performance

In 2020, we generated \$3.3 billion of net income and diluted earnings per common share (EPS) of \$0.41, compared with \$19.5 billion of net income and EPS of \$4.05 in 2019. Financial performance for 2020, compared with 2019, was impacted by an increase of \$11.4 billion to our provision for credit losses reflecting the economic impact of the COVID-19 pandemic and \$1.5 billion of restructuring charges as a result of our efficiency initiatives. Also, in 2020 compared with 2019:

- total revenue decreased due to lower net interest income, lower other noninterest income related to gains on the sales of purchased credit-impaired (PCI) loans, our Institutional Retirement and Trust (IRT) business and Eastdil Secured (Eastdil) in 2019, and lower net gains from equity securities;
- noninterest expense decreased due to lower operating losses, advertising and promotion expense, other expense, and personnel expense, partially offset by higher restructuring charges;
- average loans decreased due to paydowns exceeding originations in the residential mortgage – junior lien portfolio and the reclassification of student loans, included in other consumer loans, to loans held for sale (LHFS) after the announced sale of the portfolio in fourth quarter 2020; and
- average deposits increased on growth in interest-bearing and noninterest-bearing deposits driven by Consumer Banking and Lending and Wealth and Investment Management.

Capital and Liquidity

We maintained a strong capital position in 2020, with total equity of \$185.9 billion at December 31, 2020, compared with \$188.0 billion at December 31, 2019. Our liquidity and regulatory capital ratios remained strong at December 31, 2020, including:

- our liquidity coverage ratio (LCR) was 133%, which continued to exceed the regulatory minimum of 100%;
- our Common Equity Tier 1 (CET1) ratio was 11.59%, which continued to exceed both the regulatory requirement of 9% and our current internal target of 10%; and
- our eligible external total loss absorbing capacity (TLAC) as a percentage of total risk-weighted assets was 25.74%, compared with the regulatory requirement of 22.0%.

See the "Capital Management" and the "Risk Management – Asset/Liability Management – Liquidity 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 was affected by the economic impact of the COVID-19 pandemic on our customer base.

- The allowance for credit losses (ACL) for loans of \$19.7 billion at December 31, 2020, increased \$9.3 billion from December 31, 2019. The change in the ACL for loans during 2020 was comprised of a \$10.6 billion increase in the ACL for loans during 2020, partially offset by a \$1.3 billion decrease as a result of our adoption of CECL on January 1, 2020.
- Our provision for credit losses for loans was \$14.0 billion in 2020, up from \$2.7 billion in 2019. The increase in the ACL for loans and the provision for credit losses in 2020 reflected current and forecasted economic conditions due to the COVID-19 pandemic and their impact on borrower performance.
- The allowance coverage for total loans was 2.22% at December 31, 2020, compared with 1.09% at December 31, 2019.
- Commercial portfolio net loan charge-offs were \$1.6 billion, or 31 basis points of average commercial loans, in 2020,

compared with net loan charge-offs of \$652 million, or 13 basis points, in 2019, predominantly driven by increased losses in our commercial and industrial portfolio primarily within the oil, gas and pipelines portfolio, and in our commercial real estate mortgage loan portfolio.

- Consumer portfolio net loan charge-offs were \$1.7 billion, or 39 basis points of average consumer loans, in 2020, compared with net loan charge-offs of \$2.1 billion, or 48 basis points, in 2019, predominantly driven by lower losses in our credit card, auto and other consumer loan portfolios as a result of payment deferral activities instituted in response to the COVID-19 pandemic.
- Nonperforming assets (NPAs) of \$8.9 billion at December 31, 2020, increased \$3.2 billion, or 57%, from December 31, 2019, predominantly driven by increases in commercial and industrial, commercial real estate mortgage, and residential mortgage – first lien nonaccrual loans, reflecting the economic impact of the COVID-19 pandemic. NPAs represented 1.00% of total loans at December 31, 2020.

Table 1 presents a three-year summary of selected financial data and Table 2 presents selected ratios and per common share data.

Table 1: Summary of Selected Financial Data

(in millions, except per share amounts)					Year ended December 31,	
	2020	2019	\$ Change 2020/ 2019	% Change 2020/ 2019	2018	\$ Change 2019/ 2018
Income statement						
Net interest income	\$ 39,835	47,231	(7,396)	(16)%	\$ 49,995	(2,764)
Noninterest income	32,505	37,832	(5,327)	(14)	36,413	1,419
Total revenue	72,340	85,063	(12,723)	(15)	86,408	(1,345)
Provision for credit losses	14,129	2,687	11,442	426	1,744	943
Noninterest expense	57,630	58,178	(548)	(1)	56,126	2,052
Net income before noncontrolling interests	3,586	20,041	(16,455)	(82)	22,876	(2,835)
Less: Net income from noncontrolling interests	285	492	(207)	(42)	483	9
Wells Fargo net income	3,301	19,549	(16,248)	(83)	22,393	(2,844)
Earnings per common share	0.42	4.08	(3.66)	(90)	4.31	(0.23)
Diluted earnings per common share	0.41	4.05	(3.64)	(90)	4.28	(0.23)
Dividends declared per common share	1.22	1.92	(0.70)	(36)	1.64	0.28
Balance sheet (at year end)						
Debt securities	501,207	497,125	4,082	1	484,689	12,436
Loans	887,637	962,265	(74,628)	(8)	953,110	9,155
Allowance for loan losses	18,516	9,551	8,965	94	9,775	(224)
Equity securities	62,260	68,241	(5,981)	(9)	55,148	13,093
Assets	1,955,163	1,927,555	27,608	1	1,895,883	31,672
Deposits	1,404,381	1,322,626	81,755	6	1,286,170	36,456
Long-term debt	212,950	228,191	(15,241)	(7)	229,044	(853)
Common stockholders' equity	164,778	166,669	(1,891)	(1)	174,359	(7,690)
Wells Fargo stockholders' equity	184,887	187,146	(2,259)	(1)	196,166	(9,020)
Total equity	185,920	187,984	(2,064)	(1)	197,066	(9,082)

Overview (continued)

Table 2: Ratios and Per Common Share Data

	Year ended December 31,		
	2020	2019	2018
Profitability ratios			
Return on average assets (ROA) (1)	0.17 %	1.02	1.19
Return on average equity (ROE) (2)	1.04	10.23	11.53
Return on average tangible common equity (ROTCE) (3)	1.25	12.20	13.73
Efficiency ratio (4)	79.7	68.4	65.0
Capital ratios (5)			
At year end:			
Wells Fargo common stockholders' equity to assets	8.43	8.65	9.20
Total equity to assets	9.51	9.75	10.39
Risk-based capital (6):			
Common Equity Tier 1	11.59	11.14	11.74
Tier 1 capital	13.25	12.76	13.46
Total capital	16.14	15.75	16.60
Tier 1 leverage	8.32	8.31	9.07
Average balances:			
Average Wells Fargo common stockholders' equity to average assets	8.45	9.16	9.50
Average total equity to average assets	9.53	10.33	10.77
Per common share data			
Dividend payout ratio (7)	297.6	47.4	38.3
Book value (8)	\$ 39.76	40.31	38.06

- (1) Represents Wells Fargo net income (loss) divided by average assets.
- (2) Represents Wells Fargo net income (loss) applicable to common stock divided by average common stockholders' equity.
- (3) Tangible common equity is a non-GAAP financial measure and represents total equity less preferred equity, noncontrolling interests, goodwill, certain identifiable intangible assets (other than mortgage servicing rights) and goodwill and other intangibles on nonmarketable equity securities, net of applicable deferred taxes. The methodology of determining tangible common equity may differ among companies. Management believes that return on average tangible common equity, which utilizes tangible common equity, is a useful financial measure because it enables investors and others to assess the Company's use of equity. For additional information, including a corresponding reconciliation to generally accepted accounting principles (GAAP) financial measures, see the "Capital Management – Tangible Common Equity" section in this Report.
- (4) The efficiency ratio is noninterest expense divided by total revenue (net interest income and noninterest income).
- (5) See the "Capital Management" section and Note 28 (Regulatory Capital Requirements and Other Restrictions) to Financial Statements in this Report for additional information.
- (6) The risk-based capital ratios were calculated under the lower of the Standardized or Advanced Approach determined pursuant to Basel III. Beginning January 1, 2018, the requirements for calculating common equity tier 1 and tier 1 capital, along with risk-weighted assets, became fully phased-in. Accordingly, the information presented reflects fully phased-in common equity tier 1 capital, tier 1 capital and risk-weighted assets, but reflects total capital still in accordance with Transition Requirements. See the "Capital Management" section and Note 28 (Regulatory Capital Requirements and Other Restrictions) to Financial Statements in this Report for additional information.
- (7) Dividend payout ratio is dividends declared per common share as a percentage of diluted earnings per common share.
- (8) Book value per common share is common stockholders' equity divided by common shares outstanding.

Earnings Performance

Wells Fargo net income for 2020 was \$3.3 billion (\$0.41 diluted EPS), compared with \$19.5 billion (\$4.05 diluted EPS) for 2019. Net income decreased in 2020, compared with 2019, predominantly due to a \$11.4 billion increase in provision for credit losses, a \$7.4 billion decrease in net interest income, and a \$5.3 billion decrease in noninterest income, partially offset by a \$7.2 billion decrease in income tax expense.

For a discussion of our 2019 financial results, compared with 2018, see the "Earnings Performance" section of our Annual Report on Form 10-K for the year ended December 31, 2019.

Net Interest Income

Net interest income is the interest earned on debt securities, loans (including yield-related loan fees) and other interest-earning assets minus the interest paid on deposits, short-term borrowings and long-term debt. The net interest margin is the average yield on earning assets minus the average interest rate paid for deposits and our other sources of funding.

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

Net interest income and net interest margin decreased in 2020, compared with 2019, driven by unfavorable impacts of repricing due to the lower interest rate environment and higher mortgage-backed securities (MBS) premium amortization.

Table 3 presents the individual components of net interest income and the net interest margin. Net interest income and the net interest margin are presented on a taxable-equivalent basis in Table 3 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 December 31, 2020, 2019 and 2018.

Table 3: Average Balances and Interest Rates (Taxable-Equivalent Basis) (1)

(in millions)	Year ended December 31,								
	2020			2019			2018		
	Average balance	Interest income/expense	Interest rates	Average balance	Interest income/expense	Interest rates	Average balance	Interest income/expense	Interest rates
Assets									
Interest-earning deposits with banks	\$ 186,386	547	0.29 %	\$ 135,741	2,875	2.12 %	\$ 156,366	2,854	1.82 %
Federal funds sold and securities purchased under resale agreements	82,798	393	0.47	99,286	2,164	2.18	78,547	1,431	1.82
Debt securities:									
Trading debt securities	94,731	2,544	2.69	93,655	3,149	3.36	83,526	2,856	3.42
Available-for-sale debt securities	229,077	5,248	2.29	262,694	8,493	3.23	265,198	8,604	3.24
Held-to-maturity debt securities	173,505	3,841	2.21	149,105	3,814	2.56	145,565	3,487	2.40
Total debt securities	497,313	11,633	2.34	505,454	15,456	3.06	494,289	14,947	3.02
Loans held for sale (2)(3)	27,493	947	3.45	21,516	892	4.14	20,920	917	4.38
Loans:									
Commercial loans:									
Commercial and industrial – U.S.	281,080	7,912	2.82	284,888	12,107	4.25	275,656	11,465	4.16
Commercial and industrial – Non-U.S.	66,915	1,673	2.50	64,274	2,385	3.71	60,718	2,143	3.53
Real estate mortgage	122,482	3,842	3.14	121,813	5,356	4.40	122,947	5,279	4.29
Real estate construction	21,608	760	3.52	21,183	1,095	5.17	23,609	1,167	4.94
Lease financing	17,801	736	4.13	19,302	873	4.52	19,392	919	4.74
Total commercial loans	509,886	14,923	2.93	511,460	21,816	4.27	502,322	20,973	4.18
Consumer loans:									
Residential mortgage – first lien	288,105	9,661	3.35	288,059	10,974	3.81	284,178	11,481	4.04
Residential mortgage – junior lien	26,700	1,185	4.44	31,989	1,800	5.63	36,687	1,975	5.38
Credit card	37,093	4,315	11.63	38,865	4,889	12.58	36,780	4,678	12.72
Auto	48,362	2,379	4.92	45,901	2,362	5.15	48,115	2,491	5.18
Other consumer	31,642	1,719	5.43	34,682	2,412	6.95	37,115	2,488	6.70
Total consumer loans	431,902	19,259	4.46	439,496	22,437	5.11	442,875	23,113	5.22
Total loans (3)	941,788	34,182	3.63	950,956	44,253	4.65	945,197	44,086	4.66
Equity securities	28,950	557	1.92	35,930	966	2.69	38,092	999	2.62
Other	7,505	14	0.18	5,579	90	1.62	5,071	74	1.46
Total interest-earning assets	\$ 1,772,233	48,273	2.72 %	\$ 1,754,462	66,696	3.80 %	\$ 1,738,482	65,308	3.76 %
Cash and due from banks	21,676	—	—	19,558	—	—	18,777	—	—
Goodwill	26,387	—	—	26,409	—	—	26,453	—	—
Other	123,205	—	—	113,015	—	—	105,180	—	—
Total noninterest-earning assets	\$ 171,268	—	—	158,982	—	—	150,410	—	—
Total assets	\$ 1,943,501	48,273	—	1,913,444	66,696	—	1,888,892	65,308	—
Liabilities									
Deposits:									
Demand deposits	\$ 98,182	184	0.19 %	\$ 59,121	789	1.33 %	\$ 63,243	606	0.96 %
Savings deposits	744,226	1,492	0.20	705,957	4,132	0.59	684,882	2,157	0.31
Time deposits	81,674	892	1.09	123,634	2,776	2.25	105,475	2,024	1.92
Deposits in non-U.S. offices	39,260	236	0.60	53,438	938	1.75	63,945	835	1.30
Total interest-bearing deposits	963,342	2,804	0.29	942,150	8,635	0.92	917,545	5,622	0.61
Short-term borrowings	70,206	251	0.36	115,337	2,317	2.01	104,267	1,719	1.65
Long-term debt	224,587	4,471	1.99	232,491	7,350	3.16	224,268	6,703	2.99
Other liabilities	28,435	438	1.54	25,771	551	2.13	27,648	610	2.21
Total interest-bearing liabilities	\$ 1,286,570	7,964	0.62 %	\$ 1,315,749	18,853	1.43 %	\$ 1,273,728	14,654	1.15 %
Noninterest-bearing demand deposits	412,669	—	—	344,111	—	—	358,312	—	—
Other noninterest-bearing liabilities	59,048	—	—	55,963	—	—	53,496	—	—
Total noninterest-bearing liabilities	\$ 471,717	—	—	400,074	—	—	411,808	—	—
Total liabilities	\$ 1,758,287	7,964	—	1,715,823	18,853	—	1,685,536	14,654	—
Total equity	185,214	—	—	197,621	—	—	203,356	—	—
Total liabilities and equity	\$ 1,943,501	7,964	—	1,913,444	18,853	—	1,888,892	14,654	—
Interest rate spread on a taxable-equivalent basis (4)			2.10			2.37			2.61
Net interest margin and net interest income on a taxable-equivalent basis (4)	\$ 40,309	2.27 %		\$ 47,843	2.73 %		\$ 50,654	2.91 %	

- (1) The average balance amounts represent amortized costs. The interest rates are based on interest income or expense amounts for the period. Interest rates and amounts include the effects of hedge and risk management activities associated with the respective asset and liability categories.
- (2) In fourth quarter 2020, loans held for sale and mortgage loans held for sale were combined into a single line item. Prior period balances have been revised to conform with the current period presentation.
- (3) Nonaccrual loans and any related income are included in their respective loan categories.
- (4) Includes taxable-equivalent adjustments of \$475 million, \$611 million and \$659 million for the years ended December 31, 2020, 2019 and 2018, respectively, predominantly related to tax-exempt income on certain loans and securities.

Earnings Performance (continued)

Table 4 allocates the changes in net interest income on a taxable-equivalent basis to changes in either average balances or average rates for both interest-earning assets and interest-bearing liabilities. Because of the numerous simultaneous volume and rate changes during any period, it is not possible to precisely

allocate such changes between volume and rate. For this table, changes that are not solely due to either volume or rate are allocated to these categories on a pro-rata basis based on the absolute value of the change due to average volume and average rate.

Table 4: Analysis of Changes in Net Interest Income

(in millions)	Year ended December 31,					
	2020 vs. 2019			2019 vs. 2018		
	Volume	Rate	Total	Volume	Rate	Total
Increase (decrease) in interest income:						
Interest-earning deposits with banks	\$ 797	(3,125)	(2,328)	(407)	428	21
Federal funds sold and securities purchased under resale agreements	(309)	(1,462)	(1,771)	419	314	733
Debt securities:						
Trading debt securities	35	(640)	(605)	343	(50)	293
Available-for-sale debt securities:	(991)	(2,254)	(3,245)	(83)	(28)	(111)
Held-to-maturity debt securities:	584	(557)	27	87	240	327
Total debt securities	(372)	(3,451)	(3,823)	347	162	509
Loans held for sale	219	(164)	55	26	(51)	(25)
Commercial loans:						
Commercial and industrial – U.S.	(160)	(4,035)	(4,195)	390	252	642
Commercial and industrial – Non-U.S.	94	(806)	(712)	130	112	242
Real estate mortgage	29	(1,543)	(1,514)	(51)	128	77
Real estate construction	22	(357)	(335)	(124)	52	(72)
Lease financing	(65)	(72)	(137)	(4)	(42)	(46)
Total commercial loans	(80)	(6,813)	(6,893)	341	502	843
Consumer loans:						
Residential mortgage – first lien	2	(1,315)	(1,313)	155	(662)	(507)
Residential mortgage – junior lien	(270)	(345)	(615)	(263)	88	(175)
Credit card	(216)	(358)	(574)	262	(51)	211
Auto	125	(108)	17	(115)	(14)	(129)
Other consumer	(198)	(495)	(693)	(167)	91	(76)
Total consumer loans	(557)	(2,621)	(3,178)	(128)	(548)	(676)
Total loans	(637)	(9,434)	(10,071)	213	(46)	167
Equity securities	(165)	(244)	(409)	(59)	26	(33)
Other	23	(99)	(76)	7	9	16
Total increase (decrease) in interest income	(444)	(17,979)	(18,423)	546	842	1,388
Increase (decrease) in interest expense:						
Deposits:						
Demand deposits	324	(929)	(605)	(42)	225	183
Savings deposits	217	(2,857)	(2,640)	65	1,910	1,975
Time deposits	(748)	(1,136)	(1,884)	377	375	752
Deposits in non-U.S. offices	(202)	(500)	(702)	(152)	255	103
Total interest-bearing deposits	(409)	(5,422)	(5,831)	248	2,765	3,013
Short-term borrowings	(667)	(1,399)	(2,066)	196	402	598
Long-term debt	(242)	(2,637)	(2,879)	254	393	647
Other liabilities	52	(165)	(113)	(38)	(21)	(59)
Total increase (decrease) in interest expense	(1,266)	(9,623)	(10,889)	660	3,539	4,199
Increase (decrease) in net interest income on a taxable-equivalent basis	\$ 822	(8,356)	(7,534)	(114)	(2,697)	(2,811)

Noninterest Income

Table 5: Noninterest Income

(in millions)	Year ended December 31,							
	2020	2019	\$ Change 2020/ 2019	% Change 2020/ 2019	2018	\$ Change 2019/ 2018	% Change 2019/ 2018	
Deposit-related fees	\$ 5,221	5,819	(598)	(10)%	\$ 5,741	78	1 %	
Lending-related fees	1,381	1,474	(93)	(6)	1,628	(154)	(9)	
Brokerage fees	9,375	9,237	138	1	9,436	(199)	(2)	
Trust and investment management fees	2,872	3,038	(166)	(5)	3,316	(278)	(8)	
Investment banking fees	1,865	1,797	68	4	1,757	40	2	
Card fees	3,544	4,016	(472)	(12)	3,907	109	3	
Servicing income, net	(139)	522	(661)	NM	1,373	(851)	(62)	
Net gains on mortgage loan originations/sales	3,632	2,193	1,439	66	1,644	549	33	
Mortgage banking	3,493	2,715	778	29	3,017	(302)	(10)	
Net gains from trading activities	1,172	993	179	18	602	391	65	
Net gains on debt securities	873	140	733	524	108	32	30	
Net gains from equity securities	665	2,843	(2,178)	(77)	1,515	1,328	88	
Lease income	1,245	1,614	(369)	(23)	1,757	(143)	(8)	
Other	799	4,146	(3,347)	(81)	3,629	517	14	
Total	\$ 32,505	37,832	(5,327)	(14)	\$ 36,413	1,419	4	

NM – Not meaningful

Full year 2020 vs. full year 2019

Deposit-related fees decreased driven by:

- lower customer transaction volumes and higher average consumer deposit account balances due to the economic slowdown associated with the COVID-19 pandemic; and
- higher fee waivers and reversals as part of our actions to support customers during the COVID-19 pandemic;

partially offset by:

- higher treasury management fees on commercial accounts driven by a lower earnings credit rate due to the lower interest rate environment.

Lending-related fees decreased driven by an increase in fee waivers and reversals as part of our actions to support customers during the COVID-19 pandemic.

Brokerage fees increased reflecting higher asset-based fees, partially offset by lower transactional revenue. Asset-based fees include fees from advisory accounts that are based on a percentage of the market value of the assets as of the beginning of the quarter.

Trust and investment management fees decreased driven by lower trust fees due to the sale of our Institutional Retirement and Trust (IRT) business in 2019.

Our assets under management (AUM), excluding IRT client assets, totaled \$786.6 billion at December 31, 2020, compared with \$684.4 billion at December 31, 2019. Substantially all of our AUM is managed by our Wealth and Investment Management (WIM) operating segment. Our assets under administration (AUA), excluding IRT client assets, totaled \$942.4 billion at December 31, 2020, and \$898.0 billion at December 31, 2019. Our AUA is managed by our WIM operating segment and our Corporate and Investment Banking operating segment. Management believes that AUM and AUA are useful metrics because they allow investors and others to assess how changes in asset amounts may impact the generation of certain asset-based fees.

Card fees decreased reflecting:

- lower interchange fees, net of rewards costs, driven by decreased credit card purchase volumes and debit card transaction volumes due to the impact of the COVID-19 pandemic; and
- higher fee waivers as part of our actions to support customers during the COVID-19 pandemic.

Servicing income, net decreased reflecting:

- lower servicing fees due to a lower balance of loans serviced for others and the impacts of customer accommodations instituted in response to the COVID-19 pandemic; and
 - higher unreimbursed servicing costs associated with the COVID-19 pandemic;
- partially offset by:
- lower mortgage servicing right (MSR) valuation losses, net of hedge results, as gains from favorable hedge results more than offset valuation adjustments for higher expected servicing costs and prepayment estimates due to changes in economic and market conditions.

Net gains on mortgage loan originations/sales increased driven by:

- higher residential real estate held for sale (HFS) origination volumes; and
- higher margins in both our retail and correspondent production channels, as well as a shift to more retail origination volume, which has a higher margin.

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 increased reflecting:

- higher volumes in interest rate products due to lower interest rates;
- higher volumes and customer activity for equities trading due to volatility in the equity markets; and

Earnings Performance (*continued*)

- higher volumes for credit trading due to additional market liquidity from government actions in response to the COVID-19 pandemic;
- partially offset by:

- losses due to higher prepayment speeds on agency MBS pools, net of hedge gains, and wider credit spreads for non-agency and certain asset-backed securities.

Net gains on debt securities increased due to higher gains from the sales of agency MBS as a result of portfolio re-balancing and actions taken to manage under the asset cap.

Net gains from equity securities decreased driven by:

- lower unrealized gains on deferred compensation plan investments (largely offset in personnel expense). Refer to Table 6a for the results for our deferred compensation plan and related investments;
- lower realized gains on nonmarketable equity securities; and
- impairment on equity securities of \$1.7 billion due to the market impact of the COVID-19 pandemic, partially offset

by higher unrealized gains on securities accounted for under the measurement alternative, both of which included the impact of a change in the accounting measurement model for certain nonmarketable equity securities from our affiliated venture capital partnerships.

Lease income decreased due to a reduction in the size of the operating lease asset portfolio.

Other income decreased due to gains in 2019 of:

- \$1.6 billion on the sales of PCI loans;
 - \$1.1 billion on the sale of our IRT business; and
 - \$362 million on the sale of Eastdil, which also resulted in a decline in commercial real estate brokerage commissions in 2020;
- partially offset by:
- gains on the sales of residential mortgage loans reclassified to held for sale in 2019 and sold in 2020.

Noninterest Expense

Table 6: Noninterest Expense

(in millions)					Year ended December 31,	
	2020	2019	\$ Change 2020/ 2019	% Change 2020/ 2019	2018	\$ Change 2019/ 2018
Personnel	\$ 34,811	35,128	(317)	(1)%	\$ 33,085	2,043
Technology, telecommunications and equipment	3,099	3,276	(177)	(5)	2,903	373
Occupancy	3,263	2,945	318	11	2,888	57
Operating losses	3,523	4,321	(798)	(18)	3,124	1,197
Professional and outside services	6,706	6,745	(39)	(1)	6,588	157
Leases (1)	1,022	1,155	(133)	(12)	1,334	(179)
Advertising and promotion	600	1,076	(476)	(44)	857	219
Restructuring charges	1,499	—	1,499	NM	—	—
Other	3,107	3,532	(425)	(12)	5,347	(1,815)
Total	\$ 57,630	58,178	(548)	(1)	\$ 56,126	2,052

NM – Not meaningful

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

Full year 2020 vs. full year 2019

Personnel expense decreased driven by:

- lower deferred compensation expense; and
- lower incentive compensation expense;

partially offset by:

- higher salaries expense driven by annual salary increases and higher salary rates driven by risk management and technology hires; and
- increases in employee benefits related to the COVID-19 pandemic, including additional payments for certain customer-facing and support employees and back-up childcare services.

Table 6a 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 16 (Derivatives) to Financial Statements in this Report.

Table 6a: Deferred Compensation and Related Hedges

(in millions)	Year ended December 31,	
	2020	2019
Net interest income	\$ 15	70
Net gains (losses) from equity securities	(273)	664
Total revenue (losses) from deferred compensation plan investments	(258)	734
Increase in deferred compensation plan liabilities	(582)	(739)
Net derivative gains from economic hedges of deferred compensation	778	—
Decrease (increase) in personnel expense	196	(739)
Loss before income tax expense	\$ (62)	(5)

Technology, telecommunications and equipment expense

decreased due to:

- software impairments in 2019; and
- a software licensing liability accrual reversal in 2020;

partially offset by:

- higher technology contracts expense; and
- higher telecommunications expense related to the COVID-19 pandemic.

Occupancy expense increased due to additional cleaning fees, supplies, and equipment expenses related to the COVID-19 pandemic.

Operating losses decreased driven by:

- lower expense for litigation accruals;
- partially offset by:
- higher expense for customer remediation accruals primarily reflecting expansions of the population of affected customers, remediation payments, and/or remediation time frames for a variety of matters.

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

Restructuring charges increased driven predominantly by personnel costs, as well as facility closure costs, related to our efficiency initiatives that commenced in third quarter 2020. For additional information on restructuring charges, see Note 22 (Restructuring Charges) to Financial Statements in this Report.

Other expenses decreased driven by:

- a reduction in business travel and company events due to the impact of the COVID-19 pandemic; and
- lower foreclosed assets expense due to the suspension of certain mortgage foreclosure activities in response to the COVID-19 pandemic;

partially offset by:

- higher pension plan settlement expenses;
- higher charitable donations expense driven by the donation of PPP processing fees; and
- higher Federal Deposit Insurance Corporation (FDIC) deposit assessment expense driven by both a higher assessment rate and a higher deposit assessment base.

Income Tax Expense

Income tax benefit was \$3.0 billion in 2020, compared with income tax expense of \$4.2 billion in 2019, driven by lower pre-tax income. The effective income tax rate was (1,016)% for 2020, compared with 17.5% for 2019. The effective income tax rate for 2020 reflected the impact of income tax benefits (including tax credits) on lower pre-tax income and included income tax benefits related to the resolution and reevaluation of prior period matters with U.S. federal and state tax authorities. The effective income tax rate for 2019 included the impact of certain litigation accruals that were not deductible for U.S. federal income tax purposes. For additional information on income taxes, see Note 23 (Income Taxes) to Financial Statements in this Report.

Earnings Performance (continued)

Operating Segment Results

We reorganized our management reporting 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 7. 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.

Prior period reportable operating segment results have been revised to reflect the reorganization of our management reporting structure. The reorganization did not impact the previously reported consolidated financial results of the Company. As a result of the reorganization, we have included a discussion of our 2019 financial results, compared with 2018, for each of our reportable operating segments and for Corporate.

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 7: Management Reporting Structure

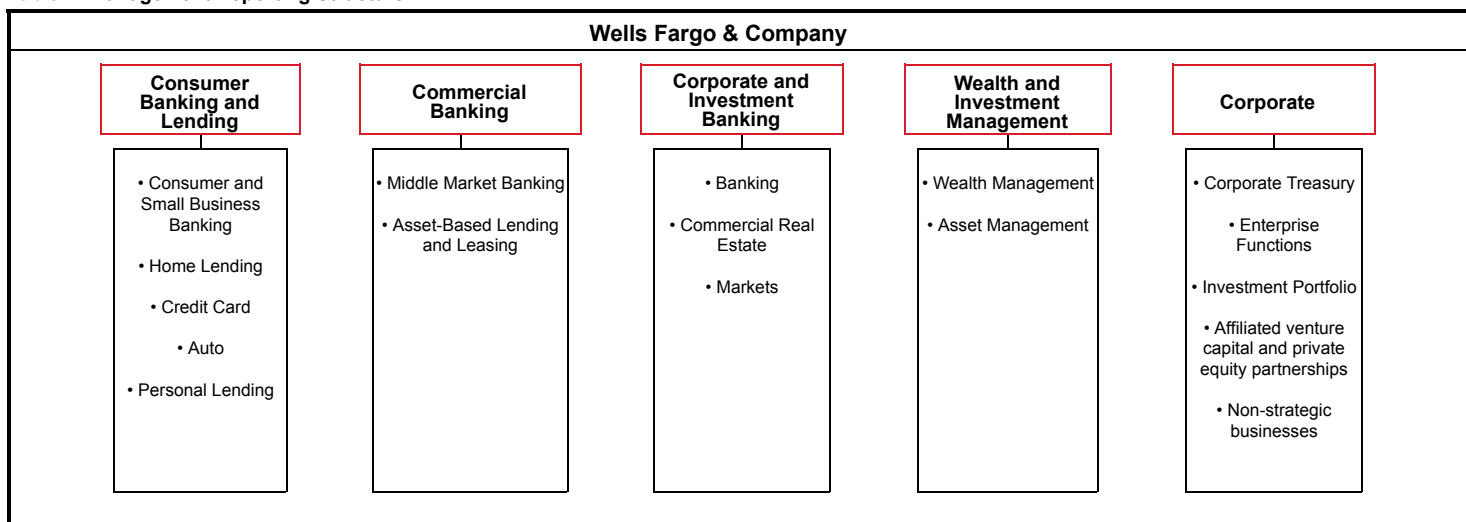


Table 8 and the following discussion present our results by reportable operating segment. For additional information, see Note 26 (Operating Segments) to Financial Statements in this Report.

Table 8: Operating Segment Results – Highlights

	Year ended December 31,						
(in millions)	Consumer Banking and Lending	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate (1)	Reconciling Items (2)	Consolidated Company
2020							
Net interest income	\$ 23,378	6,191	7,501	2,993	247	(475)	39,835
Noninterest income	10,638	3,547	6,319	11,519	3,216	(2,734)	32,505
Total revenue	34,016	9,738	13,820	14,512	3,463	(3,209)	72,340
Provision for credit losses	5,662	3,744	4,946	249	(472)	—	14,129
Noninterest expense	26,976	6,908	7,703	12,051	3,992	—	57,630
Income (loss) before income tax expense (benefit)	1,378	(914)	1,171	2,212	(57)	(3,209)	581
Income tax expense (benefit)	302	(238)	330	552	(742)	(3,209)	(3,005)
Net income (loss) before noncontrolling interests	1,076	(676)	841	1,660	685	—	3,586
Less: Net income (loss) from noncontrolling interests	—	5	(1)	4	277	—	285
Net income (loss)	\$ 1,076	(681)	842	1,656	408	—	3,301
2019							
Net interest income	\$ 25,786	8,184	8,005	3,917	1,950	(611)	47,231
Noninterest income	12,105	4,154	6,223	11,815	5,859	(2,324)	37,832
Total revenue	37,891	12,338	14,228	15,732	7,809	(2,935)	85,063
Provision for credit losses	2,184	190	173	2	138	—	2,687
Noninterest expense	26,998	7,068	7,432	13,363	3,317	—	58,178
Income (loss) before income tax expense (benefit)	8,709	5,080	6,623	2,367	4,354	(2,935)	24,198
Income tax expense (benefit)	2,814	1,266	1,658	590	764	(2,935)	4,157
Net income before noncontrolling interests	5,895	3,814	4,965	1,777	3,590	—	20,041
Less: Net income (loss) from noncontrolling interests	—	6	(1)	9	478	—	492
Net income	\$ 5,895	3,808	4,966	1,768	3,112	—	19,549
2018							
Net interest income	\$ 26,985	8,748	8,345	4,317	2,259	(659)	49,995
Noninterest income	12,930	4,332	5,726	11,552	4,013	(2,140)	36,413
Total revenue	39,915	13,080	14,071	15,869	6,272	(2,799)	86,408
Provision for credit losses	1,931	(79)	13	(9)	(112)	—	1,744
Noninterest expense	26,162	7,368	7,471	12,551	2,574	—	56,126
Income (loss) before income tax expense (benefit)	11,822	5,791	6,587	3,327	3,810	(2,799)	28,538
Income tax expense (benefit)	2,915	1,456	1,663	831	1,596	(2,799)	5,662
Net income before noncontrolling interests	8,907	4,335	4,924	2,496	2,214	—	22,876
Less: Net income (loss) from noncontrolling interests	—	27	(7)	1	462	—	483
Net income	\$ 8,907	4,308	4,931	2,495	1,752	—	22,393

- (1) All other business activities that are not included in the reportable operating segments have been included in Corporate. 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 partnerships. Corporate also includes certain lines of business that management has determined are no longer consistent with the long-term strategic goals of the Company, including our student loan and rail car leasing businesses, as well as previously divested businesses.
- (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.

Earnings Performance (continued)

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 8a and Table 8b provide additional information for Consumer Banking and Lending.

Table 8a: Consumer Banking and Lending – Income Statement and Selected Metrics

						Year ended December 31,	
			\$ Change 2020/ 2019	% Change 2020/ 2019		\$ Change 2019/ 2018	% Change 2019/ 2018
(\$ in millions, unless otherwise noted)	2020	2019			2018		
Income Statement							
Net interest income	\$ 23,378	25,786	(2,408)	(9)%	\$ 26,985	(1,199)	(4)%
Noninterest income:							
Deposit-related fees	2,904	3,582	(678)	(19)	3,431	151	4
Card fees	3,318	3,672	(354)	(10)	3,551	121	3
Mortgage banking	3,224	2,314	910	39	2,666	(352)	(13)
Other	1,192	2,537	(1,345)	(53)	3,282	(745)	(23)
Total noninterest income	10,638	12,105	(1,467)	(12)	12,930	(825)	(6)
Total revenue	34,016	37,891	(3,875)	(10)	39,915	(2,024)	(5)
Provision for credit losses	5,662	2,184	3,478	159	1,931	253	13
Noninterest expense	26,976	26,998	(22)	—	26,162	836	3
Income before income tax expense	1,378	8,709	(7,331)	(84)	11,822	(3,113)	(26)
Income tax expense	302	2,814	(2,512)	(89)	2,915	(101)	(3)
Net income	\$ 1,076	5,895	(4,819)	(82)	\$ 8,907	(3,012)	(34)
Revenue by Line of Business							
Consumer and Small Business Banking	\$ 18,684	21,148	(2,464)	(12)	\$ 21,127	21	—
Consumer Lending:							
Home Lending	7,875	8,817	(942)	(11)	10,595	(1,778)	(17)
Credit Card	5,288	5,707	(419)	(7)	5,653	54	1
Auto	1,575	1,567	8	1	1,820	(253)	(14)
Personal Lending	594	652	(58)	(9)	720	(68)	(9)
Total revenue	\$ 34,016	37,891	(3,875)	(10)	\$ 39,915	(2,024)	(5)
Selected Metrics							
Consumer Banking and Lending:							
Return on allocated capital (1)	1.6 %	12.1			17.7 %		
Efficiency ratio (2)	79	71			66		
Headcount (#)	125,034	134,881		(7)	140,795		(4)
Retail bank branches (#)	5,032	5,352		(6)	5,518		(3)
Digital active customers (# in millions) (3)	32.0	30.3		6	29.1		4
Mobile active customers (# in millions) (3)	26.0	24.4		7	22.8		7
Consumer and Small Business Banking:							
Deposit spread (4)	1.8 %	2.4			2.5 %		
Debit card purchase volume (\$ in billions) (5)	\$ 391.9	367.6	24.3	7	\$ 346.7	20.9	6
Debit card purchase transactions (# in millions) (5)	8,792	9,189	(397)	(4)	8,777	412	5

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		Year ended December 31,					
				\$ Change	% Change	\$ Change	% Change
(\$ in millions, unless otherwise noted)		2020	2019	2020/ 2019	2020/ 2019	2019/ 2018	2019/ 2018
Home Lending:							
Mortgage banking fees:							
Net servicing income		(160)	454	(614)	NM	1,286	(65)%
Net gains on mortgage loan originations/sales		3,384	1,860	1,524	82 %	1,380	35
Total mortgage banking fees		3,224	2,314	910	39	2,666	(13)
Originations (\$ in billions):							
Retail	\$	118.7	96.4	22.3	23	73.2	32
Correspondent		104.0	107.6	(3.6)	(3)	103.4	4
Total originations		222.7	204.0	18.7	9	176.6	16
% of originations held for sale (HFS)		73.9 %	66.1			74.6 %	
Third-party mortgage loans serviced (period-end) (\$ in billions) (6)	\$	856.7	1,063.4	(206.7)	(19)	1,163.9	(9)
Mortgage servicing rights (MSR) carrying value (period-end)		6,125	11,517	(5,392)	(47)	14,649	(21)
Ratio of MSR carrying value (period-end) to third-party mortgage loans serviced (period-end) (6)		0.71 %	1.08			1.26 %	
Home lending loans 30+ days or more delinquency rate (7)(8)		0.64	0.64			1.03	
Credit Card:							
Point of sale (POS) volume (\$ in billions)	\$	81.6	88.2	(6.6)	(7)	84.1	5
New accounts (# in thousands) (9)		1,022	1,840		(44)	1,808	2
Credit card loans 30+ days or more delinquency rate (8)		2.17 %	2.63			2.61 %	
Auto:							
Auto originations (\$ in billions)	\$	22.8	25.4	(2.6)	(10)	18.3	39
Auto loans 30+ days or more delinquency rate (8)		1.77 %	2.56			3.22 %	
Personal Lending:							
New funded balances	\$	1,599	2,829	(1,230)	(43)	2,583	10

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.

Full year 2020 vs. full year 2019

Revenue decreased driven by:

- lower net interest income reflecting the lower interest rate environment;
- lower deposit-related fees driven by higher average consumer deposit account balances due to the economic slowdown associated with the COVID-19 pandemic, as well as fee waivers and reversals as part of our actions to support customers during the COVID-19 pandemic;
- lower card fees driven by lower credit card purchase volumes and lower debit card transaction volumes; and
- lower other income driven by higher gains in 2019 related to sales of PCI loans;

partially offset by:

- higher mortgage banking revenue driven by increased net gains on mortgage loan originations/sales reflecting higher real estate HFS origination volumes and higher margins.

Provision for credit losses increased driven by weakened economic conditions due to the impact of the COVID-19 pandemic.

Noninterest expense was largely unchanged reflecting:

- a decline in personnel expense due to lower headcount and lower incentive compensation expense;
 - lower operating losses due to lower expense for litigation and customer remediation accruals; and
 - lower advertising and promotion expense;
- offset by:
- an increase in employee benefits expense related to the COVID-19 pandemic, including additional payments to certain customer-facing and support employees and for back-up childcare services;
 - higher occupancy expense due to additional cleaning fees, supplies, and equipment expense related to the COVID-19 pandemic; and
 - higher charitable donations expense due to the donation of PPP processing fees.

Earnings Performance (continued)

Full year 2019 vs. full year 2018

Revenue decreased driven by:

- lower net interest income reflecting the lower interest rate environment;
- lower noninterest income reflecting a decrease in mortgage banking fees driven by lower net servicing fees due to higher prepayments and sales of mortgage servicing rights; and
- lower other income driven by higher gains in 2018 related to sales of PCI loans;

partially offset by:

- higher deposit-related fees driven by higher customer transaction volumes; and
- higher card fees driven by higher credit card purchase volumes and higher debit card transaction volumes.

Provision for credit losses increased due to a lower level of credit quality improvement, partially offset by lower net charge-offs in the auto portfolio.

Noninterest expense increased due to:

- higher operating losses due to higher expense for litigation and customer remediation accruals;
- higher incentive compensation expense;
- higher advertising and promotion expense; and
- higher expenses allocated from enterprise functions, reflecting additional risk management and technology support;

partially offset by:

- lower core deposit intangibles expense reflecting the end of the 10-year amortization period on Wachovia intangibles in 2018; and
- lower FDIC deposit assessment expense due to the termination of the FDIC temporary assessment effective October 1, 2018.

Table 8b: Consumer Banking and Lending – Balance Sheet

						Year ended December 31,	
(in millions)	2020	2019	\$ Change 2020/ 2019	% Change 2020/ 2019	2018	\$ Change 2019/ 2018	% Change 2019/ 2018
Selected Balance Sheet Data (average)							
Loans by Line of Business:							
Home Lending	\$ 268,586	276,962	(8,376)	(3)%	\$ 279,850	(2,888)	(1)%
Auto	49,460	47,117	2,343	5	48,783	(1,666)	(3)
Credit Card	37,093	38,865	(1,772)	(5)	36,780	2,085	6
Small Business	15,173	9,951	5,222	52	10,526	(575)	(5)
Personal Lending	6,151	6,871	(720)	(10)	7,377	(506)	(7)
Total loans	\$ 376,463	379,766	(3,303)	(1)	\$ 383,316	(3,550)	(1)
Total deposits	722,085	629,110	92,975	15	608,186	20,924	3
Allocated capital	48,000	46,000	2,000	4	48,000	(2,000)	(4)
Selected Balance Sheet Data (period-end)							
Loans by Line of Business:							
Home Lending	\$ 253,942	278,325	(24,383)	(9)	\$ 277,579	746	—
Auto	49,072	49,124	(52)	—	46,260	2,864	6
Credit Card	36,664	41,013	(4,349)	(11)	39,025	1,988	5
Small Business	17,743	9,695	8,048	83	10,245	(550)	(5)
Personal Lending	5,375	6,845	(1,470)	(21)	7,083	(238)	(3)
Total loans	\$ 362,796	385,002	(22,206)	(6)	\$ 380,192	4,810	1
Total deposits	784,565	647,152	137,413	21	604,078	43,074	7

Full year 2020 vs. full year 2019

Total loans (period-end) decreased as growth in small business loans driven by loans funded under the PPP was more than offset by paydowns exceeding originations in the home lending, credit card and personal lending portfolios.

Total deposits (average and period-end) increased driven by government stimulus programs and lower consumer spending due to the COVID-19 pandemic.

Full year 2019 vs. full year 2018

Total deposits (period-end) increased driven by growth in consumer and small business banking deposits and higher mortgage escrow deposits reflecting an inflow of higher mortgage payoffs to be remitted to investors in accordance with servicing contracts.

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 8c and Table 8d provide additional information for Commercial Banking.

Table 8c: Commercial Banking – Income Statement and Selected Metrics

		Year ended December 31,					
				\$ Change	% Change	\$ Change	% Change
(\$ in millions)	2020	2019		2020/ 2019	2020/ 2019	2019/ 2018	2019/ 2018
Income Statement							
Net interest income	\$ 6,191	8,184	(1,993)	(24)%	\$ 8,748	(564)	(6)%
Noninterest income:							
Deposit-related fees	1,219	1,175	44	4	1,219	(44)	(4)
Lending-related fees	531	524	7	1	604	(80)	(13)
Lease income	646	931	(285)	(31)	1,025	(94)	(9)
Other	1,151	1,524	(373)	(24)	1,484	40	3
Total noninterest income	3,547	4,154	(607)	(15)	4,332	(178)	(4)
Total revenue	9,738	12,338	(2,600)	(21)	13,080	(742)	(6)
Provision for credit losses	3,744	190	3,554	NM	(79)	269	341
Noninterest expense	6,908	7,068	(160)	(2)	7,368	(300)	(4)
Income (loss) before income tax expense (benefit)	(914)	5,080	(5,994)	NM	5,791	(711)	(12)
Income tax expense (benefit)	(238)	1,266	(1,504)	NM	1,456	(190)	(13)
Less: Net income from noncontrolling interests	5	6	(1)	(17)	27	(21)	(78)
Net income (loss)	\$ (681)	3,808	(4,489)	NM	\$ 4,308	(500)	(12)
Revenue by Line of Business							
Middle Market Banking	\$ 5,067	6,691	(1,624)	(24)	\$ 7,240	(549)	(8)
Asset-Based Lending and Leasing	3,862	4,814	(952)	(20)	5,046	(232)	(5)
Other	809	833	(24)	(3)	794	39	5
Total revenue	\$ 9,738	12,338	(2,600)	(21)	\$ 13,080	(742)	(6)
Revenue by Product							
Lending and leasing	\$ 5,297	5,904	(607)	(10)	\$ 6,520	(616)	(9)
Treasury management and payments	3,398	4,698	(1,300)	(28)	4,873	(175)	(4)
Other	1,043	1,736	(693)	(40)	1,687	49	3
Total revenue	\$ 9,738	12,338	(2,600)	(21)	\$ 13,080	(742)	(6)
Selected Metrics							
Return on allocated capital	(4.5)%	17.5			19.4 %		
Efficiency ratio	71	57			56		
Headcount (#)	22,410	23,871		(6)	23,737		1

NM – Not meaningful

Full year 2020 vs. full year 2019

Revenue decreased driven by:

- lower net interest income reflecting the lower interest rate environment and lower average loan balances;
- lower lease income reflecting a reduction in the size of the operating lease asset portfolio; and
- lower net gains on equity securities due to impairments taken in 2020;

partially offset by:

- higher renewable energy tax credit income due to strong new investment activity.

Provision for credit losses increased reflecting economic uncertainty due to the impact of the COVID-19 pandemic on our commercial loan portfolios.

Noninterest expense decreased driven by:

- lower professional and outside services expense reflecting decreased project-related expense; and

- lower leases expense reflecting a reduction in the size of the operating lease asset portfolio;
- partially offset by:
- higher expenses allocated from enterprise functions reflecting additional risk management support.

Full year 2019 vs. full year 2018

Revenue decreased driven by:

- lower net interest income reflecting lower spreads on loans and lower average loan balances, as well as the impact of migration from noninterest-bearing to interest-bearing deposits;
- lower lending-related fees reflecting lower customer activity; and
- lower lease income reflecting a reduction in the size of the operating lease asset portfolio.

Provision for credit losses increased driven by lower recoveries and higher loan losses.

Earnings Performance (continued)

Noninterest expense decreased driven by:

- lower professional and outside services expense reflecting decreased project-related expense;
- lower core deposit intangibles expense reflecting the end of the 10-year amortization period on Wachovia intangibles in 2018;
- lower FDIC deposit assessment expense due to the termination of the FDIC temporary assessment effective October 1, 2018; and

- lower leases expense reflecting a reduction in the size of the operating lease asset portfolio;
- partially offset by:
- higher expenses allocated from enterprise functions reflecting additional risk management and technology support.

(in millions)					Year ended December 31,		
	2020	2019	\$ Change 2020/ 2019	% Change 2020/ 2019	2018	\$ Change 2019/ 2018	% Change 2019/ 2018
Selected Balance Sheet Data (average)							
Loans:							
Commercial and industrial	\$ 143,263	157,829	(14,566)	(9)%	\$ 159,565	(1,736)	(1)%
Commercial real estate	52,220	54,416	(2,196)	(4)	56,286	(1,870)	(3)
Lease financing and other	15,953	17,109	(1,156)	(7)	17,053	56	—
Total loans	\$ 211,436	229,354	(17,918)	(8)	\$ 232,904	(3,550)	(2)
Loans by Line of Business:							
Middle Market Banking	\$ 112,848	119,717	(6,869)	(6)	\$ 125,584	(5,867)	(5)
Asset-Based Lending and Leasing	97,482	108,422	(10,940)	(10)	105,927	2,495	2
Other	1,106	1,215	(109)	(9)	1,393	(178)	(13)
Total loans	\$ 211,436	229,354	(17,918)	(8)	\$ 232,904	(3,550)	(2)
Total deposits	\$ 200,381	186,942	13,439	7	\$ 194,610	(7,668)	(4)
Allocated capital	19,500	20,500	(1,000)	(5)	21,000	(500)	(2)
Selected Balance Sheet Data (period-end)							
Loans:							
Commercial and industrial	\$ 124,253	153,601	(29,348)	(19)	\$ 159,971	(6,370)	(4)
Commercial real estate	49,903	53,526	(3,623)	(7)	55,150	(1,624)	(3)
Lease financing and other	14,821	17,654	(2,833)	(16)	17,487	167	1
Total loans	\$ 188,977	224,781	(35,804)	(16)	\$ 232,608	(7,827)	(3)
Loans by Line of Business:							
Middle Market Banking	\$ 101,193	115,187	(13,994)	(12)	\$ 123,016	(7,829)	(6)
Asset-Based Lending and Leasing	86,811	108,470	(21,659)	(20)	108,311	159	—
Other	973	1,124	(151)	(13)	1,281	(157)	(12)
Total loans	\$ 188,977	224,781	(35,804)	(16)	\$ 232,608	(7,827)	(3)
Total deposits	208,284	194,469	13,815	7	193,250	1,219	1

Full year 2020 vs. full year 2019

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

Total deposits (average and period-end) increased due to customers' preferences for liquidity given the economic uncertainty associated with the COVID-19 pandemic, government stimulus programs, and lower investment spending.

Full year 2019 vs. full year 2018

Total deposits (average) decreased driven by market pricing changes for commercial deposits.

Corporate and Investment Banking (CIB) 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 8e and Table 8f provide additional information for CIB.

Table 8e: Corporate and Investment Banking – Income Statement and Selected Metrics

						Year ended December 31,	
			\$ Change 2020/ 2019	% Change 2020/ 2019		\$ Change 2019/ 2018	% Change 2019/ 2018
(\$ in millions)	2020	2019			2018		
Income Statement							
Net interest income	\$ 7,501	8,005	(504)	(6)%	\$ 8,345	(340)	(4)%
Noninterest income:							
Deposit-related fees	1,062	1,029	33	3	1,057	(28)	(3)
Lending-related fees	684	710	(26)	(4)	742	(32)	(4)
Investment banking fees	1,952	1,804	148	8	1,730	74	4
Net gains on trading activities	1,190	1,022	168	16	561	461	82
Other	1,431	1,658	(227)	(14)	1,636	22	1
Total noninterest income	6,319	6,223	96	2	5,726	497	9
Total revenue	13,820	14,228	(408)	(3)	14,071	157	1
Provision for credit losses	4,946	173	4,773	NM	13	160	NM
Noninterest expense	7,703	7,432	271	4	7,471	(39)	(1)
Income before income tax expense (benefit)	1,171	6,623	(5,452)	(82)	6,587	36	1
Income tax expense	330	1,658	(1,328)	(80)	1,663	(5)	—
Less: Net loss from noncontrolling interests	(1)	(1)	—	—	(7)	6	86
Net income	\$ 842	4,966	(4,124)	(83)	4,931	35	1
Revenue by Line of Business							
Banking:							
Lending	\$ 1,767	1,811	(44)	(2)	1,749	62	4
Treasury Management and Payments	1,680	2,290	(610)	(27)	2,460	(170)	(7)
Investment Banking	1,448	1,370	78	6	1,295	75	6
Total Banking	4,895	5,471	(576)	(11)	5,504	(33)	(1)
Commercial Real Estate	3,499	4,038	(539)	(13)	4,265	(227)	(5)
Markets:							
Fixed Income, Currencies, and Commodities (FICC)	4,314	3,760	554	15	3,313	447	13
Equities	1,204	1,078	126	12	992	86	9
Credit Adjustment (CVA/DVA) and Other	26	(6)	32	533	(22)	16	73
Total Markets	5,544	4,832	712	15	4,283	549	13
Other	(118)	(113)	(5)	(4)	19	(132)	NM
Total revenue	\$ 13,820	14,228	(408)	(3)	14,071	157	1
Selected Metrics							
Return on allocated capital	1.4 %	14.7			13.8 %		
Efficiency ratio	56	52			53		
Headcount (#)	8,178	7,918		3	8,245		(4)

NM – Not meaningful

Full year 2020 vs. full year 2019

Revenue decreased driven by:

- lower net interest income reflecting the lower interest rate environment and lower deposit balances; and
- lower commercial mortgage banking fees and related hedge income;

partially offset by:

- higher net gains from trading activities driven by higher interest rate product trading volumes due to lower interest rates, higher equities trading volumes and customer activity due to volatility in the equity markets, and higher credit trading volumes due to additional market liquidity from government actions in response to the COVID-19 pandemic, partially offset by losses due to higher prepayments on agency MBS pools, net of hedge gains, and wider credit spreads for non-agency and certain asset-backed securities; and
- higher investment banking fees due to increased debt and equities originations within our Investment Banking business, partially offset by lower advisory fees.

Provision for credit losses increased reflecting economic uncertainty due to the impact of the COVID-19 pandemic on our Commercial Real Estate business and oil and gas portfolio.

Noninterest expense increased driven by:

- higher operating losses due to higher expense for litigation and customer remediation accruals;
- higher occupancy expense due to additional cleaning fees, supplies, and equipment expenses related to the COVID-19 pandemic; and
- higher expenses allocated from enterprise functions reflecting risk management support, as well as investments in our operations and treasury management product services infrastructure;

partially offset by:

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

Earnings Performance (continued)

Full year 2019 vs. full year 2018

Revenue increased driven by:

- higher trading volumes for rates and commodities, credit and residential mortgage-backed securities, partially offset by lower equity and foreign exchange trading income; and
- higher investment banking fees due to increased debt originations and higher advisory fees, partially offset by lower asset-backed finance securitization fees;

partially offset by:

- lower net interest income due to lower spreads on trading debt securities, loans, and deposits.

Provision for credit losses increased reflecting lower recoveries and higher loan losses in our oil and gas portfolio.

Noninterest expense decreased driven by:

- lower operating losses due to lower expense for litigation and customer remediation accruals; and
- lower FDIC deposit assessment expense due to the termination of the FDIC temporary assessment effective October 1, 2018; partially offset by:
- higher expenses allocated from enterprise functions reflecting risk management support, as well as investments in technology, operations, and treasury management product services infrastructure.

Table 8f: Corporate and Investment Banking – Balance Sheet

(in millions)					Year ended December 31,	
	2020	2019	\$ Change 2020/ 2019	% Change 2020/ 2019	\$ Change 2019/ 2018	% Change 2019/ 2018
Selected Balance Sheet Data (average)						
Loans:						
Commercial and industrial	\$ 172,492	168,506	3,986	2 %	\$ 157,251	11,255 7 %
Commercial real estate	82,832	79,804	3,028	4	81,343	(1,539) (2)
Total loans	\$ 255,324	248,310	7,014	3	\$ 238,594	9,716 4
Loans by Line of Business:						
Banking	\$ 93,501	90,749	2,752	3	\$ 81,591	9,158 11
Commercial Real Estate	108,279	104,261	4,018	4	106,231	(1,970) (2)
Markets	53,544	53,300	244	—	50,772	2,528 5
Total loans	\$ 255,324	248,310	7,014	3	\$ 238,594	9,716 4
Trading-related assets:						
Trading account securities	\$ 109,803	115,937	(6,134)	(5)	\$ 108,127	7,810 7
Reverse repurchase agreements/securities borrowed	71,485	89,190	(17,705)	(20)	73,793	15,397 21
Derivative assets	21,986	12,762	9,224	72	11,587	1,175 10
Total trading-related assets	\$ 203,274	217,889	(14,615)	(7)	\$ 193,507	24,382 13
Total assets	521,861	520,973	888	—	485,173	35,800 7
Total deposits	234,332	238,651	(4,319)	(2)	229,739	8,912 4
Allocated capital	34,000	31,500	2,500	8	33,000	(1,500) (5)
Selected Balance Sheet Data (period-end)						
Loans:						
Commercial and industrial	\$ 160,000	173,985	(13,985)	(8)	\$ 170,480	3,505 2
Commercial real estate	84,456	79,451	5,005	6	79,525	(74) —
Total loans	\$ 244,456	253,436	(8,980)	(4)	\$ 250,005	3,431 1
Loans by Line of Business:						
Banking	\$ 84,640	93,117	(8,477)	(9)	\$ 91,685	1,432 2
Commercial Real Estate	107,207	103,938	3,269	3	104,828	(890) (1)
Markets	52,609	56,381	(3,772)	(7)	53,492	2,889 5
Total loans	\$ 244,456	253,436	(8,980)	(4)	\$ 250,005	3,431 1
Trading-related assets:						
Trading account securities	\$ 109,311	124,808	(15,497)	(12)	\$ 112,858	11,950 11
Reverse repurchase agreements/securities borrowed	57,248	90,077	(32,829)	(36)	74,615	15,462 21
Derivative assets	25,916	14,382	11,534	80	10,798	3,584 33
Total trading-related assets	\$ 192,475	229,267	(36,792)	(16)	\$ 198,271	30,996 16
Total assets	508,793	538,383	(29,590)	(5)	498,212	40,171 8
Total deposits	203,004	261,134	(58,130)	(22)	236,706	24,428 10

Full year 2020 vs. full year 2019

Total assets (period-end) decreased predominantly due to a decline in loan balances driven by lower loan demand and higher paydowns reflecting continued client liquidity and strength in the capital markets, as well as a decline in trading-related assets reflecting continued actions to manage under the asset cap.

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

Full year 2019 vs. full year 2018

Total assets (average and period-end) increased driven by growth in commercial and industrial loans and trading-related assets reflecting increased customer activity.

Total deposits (period-end) increased driven by growth in Commercial Real Estate and Markets.

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, The Private Bank, Abbot Downing, and Wells Fargo Asset Management (WFAM). 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. We also provide investment management capabilities delivered to global investment institutional clients through separate accounts and the Wells Fargo Funds. Table 8g, Table 8h, and Table 8i provide additional information for Wealth and Investment Management.

Table 8g: Wealth and Investment Management

						Year ended December 31,		
				\$ Change 2020/ 2019	% Change 2020/ 2019		\$ Change 2019/ 2018	% Change 2019/ 2018
(\$ in millions, unless otherwise noted)	2020	2019				2018		
Income Statement								
Net interest income	\$ 2,993	3,917	(924)	(24)%	\$ 4,317	(400)	(9)%	
Noninterest income:								
Brokerage fees	9,070	8,947	123	1	9,163	(216)	(2)	
Trust and investment management fees	2,383	2,407	(24)	(1)	2,509	(102)	(4)	
Other	66	461	(395)	(86)	(120)	581	484	
Total noninterest income	11,519	11,815	(296)	(3)	11,552	263	2	
Total revenue	14,512	15,732	(1,220)	(8)	15,869	(137)	(1)	
Provision for credit losses	249	2	247	NM	(9)	11	122	
Noninterest expense	12,051	13,363	(1,312)	(10)	12,551	812	6	
Income before income tax expense	2,212	2,367	(155)	(7)	3,327	(960)	(29)	
Income tax expense	552	590	(38)	(6)	831	(241)	(29)	
Less: Net income from noncontrolling interests	4	9	(5)	(56)	1	8	800	
Net income	\$ 1,656	\$ 1,768	(112)	(6)	\$ 2,495	(727)	(29)	
Selected Balance Sheet Data (average)								
Total loans	\$ 78,775	74,986	3,789	5	\$ 73,976	1,010	1	
Total deposits	162,521	139,151	23,370	17	157,223	(18,072)	(11)	
Allocated capital	9,000	9,000	—	—	9,500	(500)	(5)	
Selected Balance Sheet Data (period-end)								
Total loans	\$ 80,785	77,140	3,645	5	\$ 74,132	3,008	4	
Total deposits	175,515	143,873	31,642	22	155,384	(11,511)	(7)	
Selected Metrics								
Return on allocated capital	17.8 %	19.0			25.5 %			
Efficiency ratio	83	85			79			
Headcount (#)	29,515	30,818		(4)	31,898		(3)	
Advisory assets (\$ in billions)	\$ 853	778	75	10	\$ 674	104	15	
Total client assets (\$ in billions)	2,005	1,886	119	6	1,708	178	10	
Annualized revenue per advisor (\$ in thousands) (1)	942	985	(43)	(4)	969	16	2	
Total financial and wealth advisors (#)	13,513	14,414		(6)	14,885		(3)	
Wells Fargo Asset Management assets under management (\$ in billions)	\$ 603	509	94	18	\$ 466	43	9	

NM – Not meaningful

(1) Represents annualized total revenue (excluding Wells Fargo Asset Management) divided by average total financial and wealth advisors for the period.

Full year 2020 vs. full year 2019

Revenue decreased driven by:

- lower net interest income reflecting the lower interest rate environment, partially offset by higher average deposit balances; and
- net losses from equity securities driven by a decline in deferred compensation plan investment results (largely offset by lower personnel expense);

partially offset by:

- higher asset-based brokerage fees.

Provision for credit losses increased due to current and forecasted economic conditions due to the impact of the COVID-19 pandemic.

Noninterest expense decreased due to:

- lower operating losses due to lower expense for litigation and customer remediation accruals;
- lower technology, telecommunications and equipment expense driven by impairments of capitalized software in

- 2019 reflecting a reevaluation of software under development, and the reversal of an accrual for software costs in 2020; and
- lower deferred compensation plan expense and lower incentive compensation expense;
- partially offset by:
- higher financial advisor commissions expense due to higher brokerage fees.

Total loans (average and period-end) increased driven by growth in residential mortgage loans.

Total deposits (average and period-end) increased primarily due to growth in brokerage clients' cash balances.

Full year 2019 vs. full year 2018

Revenue decreased driven by:

- lower net interest income reflecting lower average deposit balances;

Earnings Performance (continued)

- lower brokerage fees driven by lower asset-based fees and retail brokerage transactional activity; and
- lower trust and investment fees reflecting the sale of our IRT business in 2019;

partially offset by:

- higher net gains from equity securities driven by an increase in deferred compensation plan investment results (largely offset by higher personnel expense), as well as an impairment in 2018 related to the sale of our ownership stake in The Rock Creek Group, LP (RockCreek).

Noninterest expense increased due to:

- higher personnel expense driven by higher deferred compensation plan expense (largely offset by net gains from equity securities);
- higher technology, telecommunications and equipment expense driven by impairments of capitalized software in 2019 reflecting a reevaluation of software under development; and
- higher operating losses due to higher expense for litigation and customer remediation accruals;

partially offset by:

- lower core deposit and other intangibles expense.

Total deposits (average and period-end) decreased as customers allocated more cash into higher yielding liquid alternatives.

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

WIM also manages personal trust and other assets for high net worth clients, with fee income earned based on a percentage of the market value of these assets. Table 8h presents advisory assets activity by WIM line of business for the years ended December 31, 2020, 2019 and 2018. 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 the years ended December 31, 2020, 2019 and 2018, the average fee rate by account type ranged from 50 to 120 basis points.

Table 8h: WIM Advisory Assets

	Year ended				
(in billions)	Balance, beginning of period	Inflows (1)	Outflows (2)	Market impact (3)	Balance, end of period
December 31, 2020					
Client-directed (4)	\$ 169.4	36.4	(38.2)	18.7	186.3
Financial advisor-directed (5)	176.3	40.6	(33.6)	27.7	211.0
Separate accounts (6)	160.1	24.6	(27.4)	17.3	174.6
Mutual fund advisory (7)	83.7	11.3	(13.9)	10.3	91.4
Total Retail Brokerage	\$ 589.5	112.9	(113.1)	74.0	663.3
Total Private Wealth (8)	188.0	34.0	(45.8)	13.2	189.4
Total WIM advisory assets	\$ 777.5	146.9	(158.9)	87.2	852.7
December 31, 2019					
Client directed (4)	\$ 151.5	33.5	(41.8)	26.2	169.4
Financial advisor directed (5)	141.9	33.9	(34.7)	35.2	176.3
Separate accounts (6)	136.4	24.2	(29.7)	29.2	160.1
Mutual fund advisory (7)	71.3	11.8	(14.1)	14.7	83.7
Total Retail Brokerage	\$ 501.1	103.4	(120.3)	105.3	589.5
Total Private Wealth (8)	173.0	34.5	(43.8)	24.3	188.0
Total WIM advisory assets	\$ 674.1	137.9	(164.1)	129.6	777.5
December 31, 2018					
Client directed (4)	\$ 170.9	33.6	(41.0)	(12.0)	151.5
Financial advisor directed (5)	147.0	30.0	(32.9)	(2.2)	141.9
Separate accounts (6)	149.1	23.8	(29.1)	(7.4)	136.4
Mutual fund advisory (7)	75.8	12.8	(13.8)	(3.5)	71.3
Total Retail Brokerage	\$ 542.8	100.2	(116.8)	(25.1)	501.1
Total Private Wealth (8)	191.8	37.0	(42.9)	(12.9)	173.0
Total WIM advisory assets	\$ 734.6	137.2	(159.7)	(38.0)	674.1

(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.

Wells Fargo Asset Management (WFAM) Assets Under Management We earn trust and investment management fees from managing and administering assets through WFAM, which offers Wells Fargo proprietary mutual funds and manages institutional separate accounts. Generally, our trust and investment management fee income is earned from AUM where we have discretionary management authority over the investments and generate fees as a percentage of the market value of the AUM. 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 8i presents WFAM AUM activity for the years ended December 31, 2020, 2019 and 2018. 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 8i: WFAM Assets Under Management

(in billions)	Year ended				
	Balance, beginning of period	Inflows (1)	Outflows (2)	Market impact (3)	Balance, end of period
December 31, 2020					
Money market funds (4)	\$ 130.6	66.8	—	—	197.4
Other assets managed	378.2	101.3	(104.7)	30.8	405.6
Total WFAM assets under management	\$ 508.8	168.1	(104.7)	30.8	603.0
December 31, 2019					
Money market funds (4)	\$ 112.4	18.2	—	—	130.6
Other assets managed	353.5	75.1	(86.1)	35.7	378.2
Total WFAM assets under management	\$ 465.9	93.3	(86.1)	35.7	508.8
December 31, 2018					
Money market funds (4)	\$ 108.2	4.2	—	—	112.4
Other assets managed	395.7	85.5	(120.2)	(7.5)	353.5
Total WFAM assets under management	\$ 503.9	89.7	(120.2)	(7.5)	465.9

(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.

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 partnerships. In addition, Corporate includes all restructuring charges related to efficiency initiatives, as well as the headcount for approximately 2,800 employees who have been notified of displacement and were previously included in the reportable operating segments.

Corporate also includes certain lines of business that management has determined are no longer consistent with the long-term strategic goals of the Company, including our student loan and rail car leasing businesses, as well as previously divested businesses. Our rail car leasing business has long-lived operating lease assets (as a lessor) that can result in future impairments based on changing economic and market conditions affecting long-term demand for specific types of rail cars. Table 8j and Table 8k provide additional information for Corporate.

Table 8j: Corporate – Income Statement and Selected Metrics

(\$ in millions)			Year ended December 31,			
	2020	2019	\$ Change 2020/2019	% Change 2020/2019	2018	\$ Change 2019/2018
Income Statement						
Net interest income	\$ 247	1,950	(1,703)	(87)%	\$ 2,259	(309)
Noninterest income	3,216	5,859	(2,643)	(45)	4,013	1,846
Total revenue	3,463	7,809	(4,346)	(56)	6,272	1,537
Provision for credit losses	(472)	138	(610)	NM	(112)	250
Noninterest expense	3,992	3,317	675	20	2,574	743
Income (loss) before income tax expense (benefit)	(57)	4,354	(4,411)	NM	3,810	544
Income tax expense (benefit)	(742)	764	(1,506)	NM	1,596	(832)
Less: Net income from noncontrolling interests (1)	277	478	(201)	(42)	462	16
Net income	\$ 408	3,112	(2,704)	(87)	\$ 1,752	1,360
Headcount (#)	83,394	74,436		12	67,805	10

NM – Not meaningful

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

Full year 2020 vs. full year 2019

Revenue decreased driven by:

- lower net interest income reflecting the lower interest rate environment, higher prepayments on debt securities, and a

- reduction in the investment portfolio due to actions taken to manage under the asset cap;
- lower gains reflecting gains in 2019 of \$1.1 billion on the sale of our IRT business and \$362 million on the sale of Eastdil, which also resulted in a decline in trust and

investment management fees and commercial real estate brokerage commissions in 2020; and

- lower net gains on equity securities from our affiliated venture capital partnerships, as well as a decline in deferred compensation plan investment results (largely offset by lower personnel expense);

partially offset by:

- higher gains on debt securities due to portfolio re-balancing and actions taken to manage under the asset cap.

Provision for credit losses decreased due to a reduction in the allowance for credit losses as a result of the reclassification of student loans to loans held for sale after the announced sale of the portfolio in fourth quarter 2020.

Noninterest expense increased due to:

- higher restructuring charges driven predominantly by personnel costs, as well as facility closure costs, related to our efficiency initiatives that commenced in third quarter 2020. All restructuring charges were included in Corporate. For additional information on restructuring charges, see Note 22 (Restructuring Charges) to Financial Statements in this Report; and
- increased operating losses due to higher expense for litigation and customer remediation accruals;

partially offset by:

- lower deferred compensation expense; and
- lower expenses related to businesses that were divested in 2019.

Full year 2019 vs. full year 2018

Revenue increased driven by:

- gains in 2019 of \$1.1 billion on the sale of our IRT business and \$362 million on the sale of Eastdil, partially offset by a gain on the sale of Wells Fargo Shareowner Services in 2018; and
- higher net gains from equity securities driven by an increase in deferred compensation plan investment results (largely offset by higher personnel expense);

partially offset by:

- lower net interest income related to businesses that were divested in 2018.

Provision for credit losses increased due to a reduction in the allowance for credit losses as a result of the sale of Reliable Financial Services, Inc. in 2018.

Noninterest expense increased due to:

- increased operating losses due to higher expense for litigation accruals, partially offset by lower expense for customer remediation accruals; and
- higher deferred compensation expense;

partially offset by:

- lower lease expense in the rail car leasing business due to portfolio run-off.

Corporate includes AUM and AUA for IRT client assets of \$22 billion and \$700 billion, respectively, at December 31, 2020, which we continue to administer at the direction of the buyer pursuant to a transition services agreement. The transition services agreement has been extended and will now terminate no later than December 2021.

Table 8k: Corporate – Balance Sheet

(in millions)					Year ended December 31,	
	2020	2019	\$ Change 2020/ 2019	% Change 2020/ 2019	2018	\$ Change 2019/ 2018
Selected Balance Sheet Data (average)						
Cash, cash equivalents, and restricted cash	\$ 183,393	130,504	52,889	41 %	\$ 150,181	(19,677)
Available-for-sale debt securities	221,493	252,099	(30,606)	(12)	248,883	3,216
Held-to-maturity debt securities	172,755	147,303	25,452	17	143,583	3,720
Equity securities	12,123	12,883	(760)	(6)	12,237	646
Total loans	19,790	18,540	1,250	7	16,407	2,133
Total assets	673,440	621,316	52,124	8	621,940	(624)
Total deposits	56,692	92,407	(35,715)	(39)	86,099	6,308
Selected Balance Sheet Data (period-end)						
Cash, cash equivalents, and restricted cash	\$ 235,239	111,384	123,855	111	\$ 144,606	(33,222)
Available-for-sale debt securities	208,694	250,801	(42,107)	(17)	253,652	(2,851)
Held-to-maturity debt securities	204,858	153,142	51,716	34	144,278	8,864
Equity securities	10,006	13,390	(3,384)	(25)	12,184	1,206
Total loans	10,623	21,906	(11,283)	(52)	16,173	5,733
Total assets	726,861	608,712	118,149	19	620,048	(11,336)
Total deposits	33,013	75,998	(42,985)	(57)	96,752	(20,754)

Full year 2020 vs. full year 2019

Total assets (average and period-end) increased due to an increase in cash, cash equivalents, and restricted cash managed by corporate treasury reflecting significant liquidity as a result of an increase in deposits from the reportable operating segments.

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

Full year 2019 vs. full year 2018

Total deposits (average) increased reflecting higher brokered certificates of deposit (CDs).

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

Balance Sheet Analysis

At December 31, 2020, our assets totaled \$1.96 trillion, up \$27.6 billion from December 31, 2019.

The following discussion provides additional information about the major components of our consolidated balance sheet.

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

Table 9: Available-for-Sale and Held-to-Maturity Debt Securities

(\$ in millions)	December 31, 2020				December 31, 2019			
	Amortized cost, net (1)	Net unrealized gain (loss)	Fair value	Weighted average expected maturity (yrs)	Amortized cost	Net unrealized gain (loss)	Fair value	Weighted average expected maturity (yrs)
Available-for-sale (2)	215,533	4,859	220,392	4.5	260,060	3,399	263,459	4.7
Held-to-maturity (3)	205,720	6,587	212,307	4.5	153,933	2,927	156,860	4.9
Total	\$ 421,253	11,446	432,699	n/a	413,993	6,326	420,319	n/a

- (1) Represents amortized cost of the securities, net of the allowance for credit losses of \$28 million related to available-for-sale debt securities and \$41 million related to held-to-maturity debt securities at December 31, 2020. The allowance for credit losses related to available-for-sale and held-to-maturity debt securities was \$0 at December 31, 2019, due to our adoption of CECL on January 1, 2020. For additional information, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.
- (2) Available-for-sale debt securities are carried on the 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, subsequent to the adoption of CECL on January 1, 2020.

Table 9 presents a summary of our portfolio of investments in available-for-sale (AFS) and held-to-maturity (HTM) debt securities. The size and composition of our AFS and HTM debt securities is dependent upon the Company's liquidity and interest rate risk management objectives. The AFS debt securities portfolio can be used to meet funding needs that arise in the normal course of business or due to market stress. Changes in our interest rate risk profile may occur due to changes in overall economic or market conditions, which could influence loan origination demand, prepayment speeds, or deposit balances and mix. In response, the AFS debt securities portfolio can be rebalanced to meet the Company's interest rate risk management objectives. In addition to meeting liquidity and interest rate risk management objectives, the AFS and HTM debt securities portfolios may provide yield enhancement over other short-term assets. See the "Risk Management – Asset/Liability Management" section in this Report for more information on liquidity and interest rate risk.

The AFS debt securities portfolio primarily consists of liquid, high-quality U.S. Treasury and federal agency debt, and agency mortgage-backed securities (MBS). The portfolio also includes securities issued by U.S. states and political subdivisions, non-U.S. government securities, and highly rated collateralized loan obligations (CLOs). The fair value of AFS debt securities decreased from December 31, 2019, as purchases were more than offset by runoff, sales and transfers to HTM debt securities due to actions taken to reposition the overall portfolio for capital management purposes.

The HTM debt securities portfolio predominantly consists of liquid, high-quality U.S. Treasury and federal agency debt, and agency MBS. The portfolio also includes securities issued by U.S. states and political subdivisions and highly rated CLOs. Our intent is to hold these securities to maturity and collect the contractual cash flows. Debt securities are classified as HTM

through purchases or through transfers from the AFS debt securities portfolio. The net amortized cost of HTM debt securities increased from December 31, 2019, as purchases and transfers from AFS debt securities were partially offset by runoff.

At December 31, 2020, 92% 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.

The total net unrealized gains on AFS and HTM debt securities increased from December 31, 2019, driven by lower interest rates. 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 10 provides a summary of total outstanding loans by portfolio segment. Commercial loans decreased from December 31, 2019, driven by:

- lower demand for originations of new loans and lower utilization on existing revolving loans in commercial and industrial loans; and
- loan paydowns on continued customer liquidity from strength in capital markets.

Consumer loans decreased from December 31, 2019, due to:

- paydowns exceeding originations in first and junior lien mortgage loans; and
- lower consumer spending and originations in credit cards; partially offset by:
- the repurchase of \$30.0 billion of first lien mortgage loans from Government National Mortgage Association (GNMA) loan securitization pools.

Table 10: Loan Portfolios

(in millions)	December 31, 2020	December 31, 2019
Commercial	\$ 478,417	515,719
Consumer	409,220	446,546
Total loans	\$ 887,637	962,265
Change from prior year	\$ (74,628)	9,155

Average loan balances and a comparative detail of average loan balances is included in Table 3 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.

Table 11 shows contractual maturities for selected classes of commercial loans and the distribution of loans to changes in interest rates.

Table 11: Maturities for Selected Commercial Loan Categories

(in millions)	December 31, 2020			
	Within one year	After one year through five years	After five years	Total
Selected loan maturities:				
Commercial and industrial	\$ 124,270	171,314	23,221	318,805
Real estate mortgage	29,824	62,477	29,419	121,720
Real estate construction	10,620	10,737	448	21,805
Total selected loans	\$ 164,714	244,528	53,088	462,330
Distribution of loans to changes in interest rates:				
Loans at fixed interest rates	\$ 22,983	31,656	20,946	75,585
Loans at floating/variable interest rates	141,731	212,872	32,142	386,745
Total selected loans	\$ 164,714	244,528	53,088	462,330

Deposits

Deposits increased from December 31, 2019, reflecting:

- consumer and wealth customers’ preferences for liquidity given the economic uncertainty associated with the COVID-19 pandemic, loan payment deferrals, government stimulus programs, and lower customer spending; and
- an increase in mortgage escrow deposits reflecting an inflow of mortgage payoffs to be remitted to investors in accordance with servicing contracts;

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.

In fourth quarter 2020, we ceased the reclassification of certain transactional demand deposit balances to non-transactional deposit balances based on a final rule issued by the FRB, which amended the FRB reserve requirements of depository institutions. As a result, approximately \$380 billion of balances were classified as interest-bearing demand deposits, which were previously classified as savings deposits.

Table 12 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 3 earlier in this Report.

Table 12: Deposits

(\$ in millions)	Dec 31, 2020	% of total deposits	Dec 31, 2019	% of total deposits	% Change
Noninterest-bearing demand deposits	\$ 467,068	33 %	\$ 344,496	26 %	36
Interest-bearing demand deposits	447,446	32	62,814	5	612
Savings deposits	404,935	29	751,080	57	(46)
Time deposits	49,775	4	110,324	8	(55)
Interest-bearing deposits in non-U.S. offices	35,157	2	53,912	4	(35)
Total deposits	\$ 1,404,381	100 %	\$ 1,322,626	100 %	6

Equity

Total equity was \$185.9 billion at December 31, 2020, compared with \$188.0 billion at December 31, 2019. The decrease was driven by:

- common stock repurchases of \$3.4 billion (substantially all of which occurred in first quarter 2020); and
- dividends of \$6.3 billion;

partially offset by:

- net income of \$3.3 billion; and
- issuances of common stock of \$2.7 billion predominantly related to employee stock ownership plans.

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 letters of credit, direct pay letters of credit, written options, recourse obligations, exchange and clearing house guarantees, indemnifications, and other types of similar arrangements. For additional information, see Note 13 (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 13 (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 16 (Derivatives) to Financial Statements in this Report.

Risk Management

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.

Risk is Part of our Business Model. The Company measures and manages risk as part of our business, including in connection with the products and services we offer to our customers. The risks we take include financial, such as credit, interest rate, market, liquidity and funding risks, and non-financial, such as operational including compliance and model risks, strategic and reputation risks.

Risk Profile. Our risk profile is a holistic view of all risks we hold at a point in time, including emerging risks. The Company monitors its risk profile, and the Board periodically reviews reports and analysis concerning our risk profile.

Risk Capacity. Risk capacity refers to the maximum level of risk that the Company could assume given its current level of resources before triggering regulatory and other constraints on its capital and liquidity needs.

Risk Appetite. Management defines and the Board approves the Company's risk appetite, which is the amount of risk the Company is comfortable taking given its current level of resources. Risk appetite defines which risks are acceptable and at what level and guides business and risk leaders. Risk appetite boundaries are set within the Company's risk capacity. The Company's risk appetite is articulated in a statement of risk appetite, which is approved at least annually by the Board. The Company continuously monitors its risk appetite, and the Board reviews periodic risk appetite reports and analysis.

Risk and Strategy. The Company's risk profile, risk capacity, risk appetite, and risk management effectiveness (i.e., the holistic measure of the quality and effectiveness of the Company's risk management activities, including the functional or programmatic use of controls and capabilities to manage risks) are considered in the strategic planning process, which is closely linked with the Company's capital planning process. The Company's Independent Risk Management (IRM) organization participates in strategic planning at several points in the process, providing challenge to and independent assessment of the Company's self-assessment of the risks associated with strategic planning initiatives. IRM also independently assesses the impact of the strategic plan on risk capacity, risk appetite, and risk management effectiveness at the principal line of business, enterprise function, and aggregate Company level. After review by management, the strategic plan is presented to the Board each year for review and approval.

Everyone Manages Risk. Every employee creates risk in the course of performing business activities and is required to manage that risk. Risk is everyone's responsibility. Every employee is required to comply with applicable laws, regulations, and Company policies.

Risk and Culture. Senior management sets the "tone at the top" by supporting a strong culture, defined by the Company's expectations, that guides how employees conduct themselves, work with colleagues, and make decisions. The Board holds senior management accountable for establishing and maintaining the

right culture and effectively managing risk. Employees are strongly encouraged and expected to speak up when they see something that could cause harm to the Company's customers, communities, employees, shareholders, or reputation. Because risk management is everyone's responsibility, all employees are expected to challenge risk decisions when appropriate and to escalate their concerns when they have not been addressed. Employee performance evaluations are tied to, and take into account, effective risk management. The Company's performance management and incentive compensation programs are designed to establish a balanced framework for risk and reward under core principles that employees are expected to know and practice. The Board, through its Human Resources Committee, plays an important role in overseeing and providing credible challenge to the Company's performance management and incentive compensation programs.

Risk Management Framework. The Company's risk management framework sets forth the core principles on how the Company seeks to manage and govern its risk. Many Company policies and documents anchor to the risk management framework's core principles. The Board's Risk Committee annually reviews and approves the risk management framework.

Wells Fargo's top priority is to strengthen our company by building the right risk and control infrastructure. We continue to enhance our risk management programs, including our operational and compliance risk management as required by the FRB's February 2, 2018, and the CFPB/OCC's April 20, 2018, consent orders.

Risk Governance

Role of the Board. The Board oversees the Company's business, including its risk management. The Board assesses management's performance, provides credible challenge, and holds management accountable for maintaining an effective risk management program and for adhering to risk management expectations.

Board Committee Structure. The Board carries out its risk oversight responsibilities directly and through its committees. The Risk Committee approves the Company's risk management framework and oversees its implementation, including the processes established by management to identify, assess, measure, monitor, and manage risks. It also monitors the Company's adherence to its risk appetite. In addition, the Risk Committee oversees IRM and the performance of the Chief Risk Officer (CRO) who reports functionally to the Risk Committee and administratively to the CEO.

Management Committee Structure. The Company has established management committees, including those focused on risk, that support management in carrying out its governance and risk management responsibilities. One type of management committee is a governance committee, which is a decision making body that operates for a particular purpose.

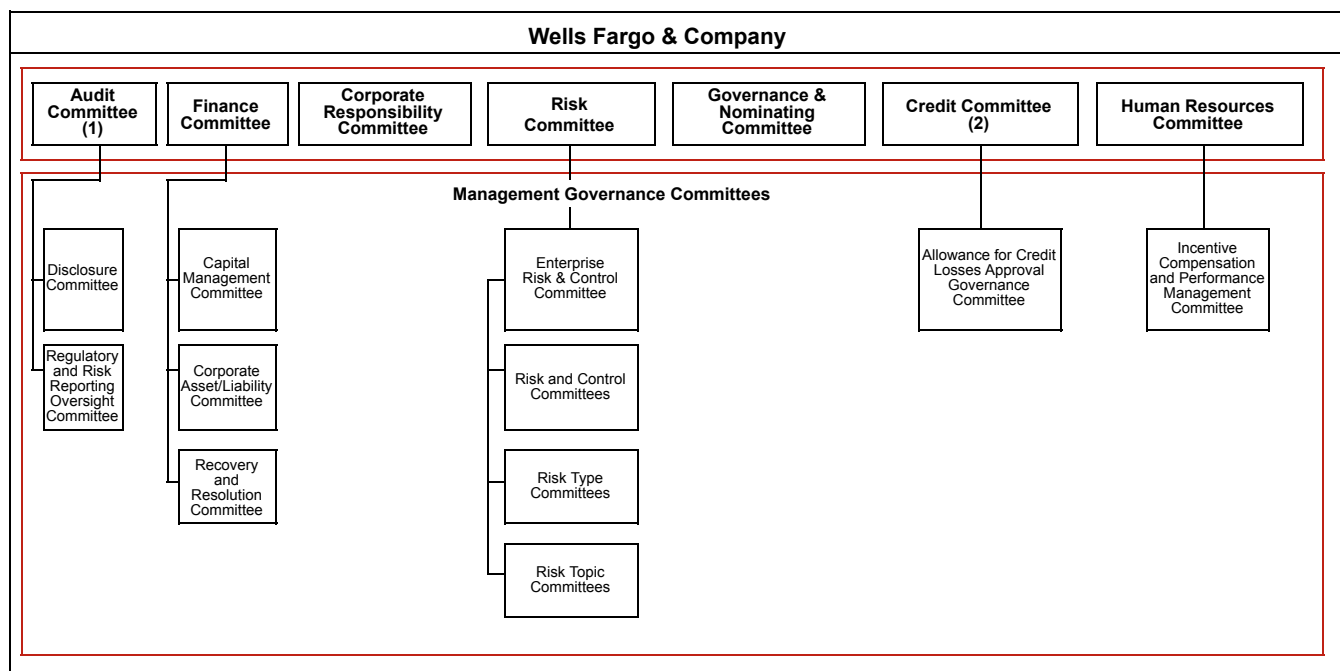
Each management governance committee is expected to discuss, document, and make decisions regarding significant risk issues, emerging risks, and risk acceptances; review and monitor progress related to critical and high-risk issues and remediation efforts within its scope, including lessons learned; and report key

challenges, decisions, escalations, other actions, and open issues as appropriate.

Table 13 presents, as of December 31, 2020, the structure of the Company's Board committees and management

governance committees reporting to a Board committee, including relevant reporting and escalation paths.

Table 13: Board and Management-level Governance Committee Structure



- (1) The Audit Committee additionally oversees the internal audit function; external auditor independence, activities, and performance; and the disclosure framework for financial, regulatory and risk reports prepared for the Board, management, and bank regulatory agencies; and assists the Board in its oversight of the Company's compliance with legal and regulatory requirements.
- (2) Effective March 1, 2021, the Risk Committee will have primary oversight responsibility for credit risk and the Credit Committee will become a subcommittee of the Risk Committee.

Management Governance Committees Reporting to the Risk Committee of the Board. The Enterprise Risk & Control Committee (ERCC) governs the management of all risk types, including financial risks and non-financial risks. The ERCC receives information about risk and control events, addresses escalated risks and issues, actively oversees risk control, and provides regular updates to the Risk Committee regarding current and emerging risks and management's assessment of the effectiveness of the Company's risk management program.

The ERCC is co-chaired by the CEO and CRO, with membership comprised of the CEOs of our five principal lines of business (Consumer and Small Business Banking, Consumer Lending, Commercial Banking, Corporate and Investment Banking, and Wealth and Investment Management) and certain enterprise functions. The Chief Auditor or a designee attends all meetings of the ERCC. The ERCC has a direct escalation path to the Risk Committee. The ERCC also escalates market risks and issues and interest rate risks and issues to the Finance Committee and certain human capital risks and issues to the Human Resources Committee. In addition, the CRO has the authority to escalate risks and issues directly to the Board. Risks and issues are escalated to the ERCC in accordance with applicable policies and procedures governing escalations.

Each principal line of business and enterprise function has a risk and control committee, which is a management governance committee with a mandate that aligns with the ERCC but with its scope limited to the relevant principal line of business or enterprise function. The focus of these risk and control committees is on the risks that each principal line of business or enterprise function generates and is responsible for managing,

and the controls each principal line of business or enterprise function is expected to have in place.

In addition to each risk and control committee, management governance committees dedicated to specific risk types and risk topics also report to the ERCC to help provide more comprehensive governance of risks.

Risk Operating Model – Roles and Responsibilities

The Company has three lines of defense: the front line, Independent Risk Management, and Internal Audit. Our risk operating model creates necessary interaction, interdependencies, and ongoing engagement among the lines of defense:

- **Front Line** The front line, which is composed of our five principal lines of business and certain activities of enterprise functions, is the first line of defense. In the course of its business activities, the front line identifies, measures and assesses, manages, controls, monitors, and reports on risk associated with its business activities and balances risk and reward in decision making while remaining within the Company's risk appetite.
- **Independent Risk Management** IRM is the second line of defense. It establishes and maintains the Company's risk management program and provides oversight, including challenge to and independent assessment of the front line's execution of its risk management responsibilities.
- **Internal Audit** Internal Audit is the third line of defense. It is responsible for acting as an independent assurance function and validates that the risk management program is adequately designed and functioning effectively.

Risk Type Classifications

The Company uses common classifications, hierarchies, and ratings to enable consistency across risk management programs and aggregation of information. Risk type classifications permit the Company to identify and prioritize its risk exposures, including emerging risk exposures.

Operational Risk Management

Operational risk, which in addition to those discussed in this section, includes compliance risk and model risk, is the risk resulting from inadequate or failed internal processes, people and systems, or from external events.

The Board's Risk Committee has primary oversight responsibility for all aspects of operational risk, including significant supporting programs and/or policies regarding the Company's business resiliency and disaster recovery, data management, information security, technology, and third-party risk management. As part of its oversight responsibilities, the Board's Risk Committee reviews and approves significant operational risk policies and oversees the Company's operational risk management program.

At the management level, Operational Risk Management, which is part of IRM, has oversight responsibility for operational risk. Operational Risk Management reports to the CRO and provides periodic reports related to operational risk to the Board's Risk Committee. Operational Risk Management's oversight responsibilities include change management risk, human capital risk, technology risk, third-party risk, information risk management, information security risk, and data management risk.

Information security is a significant operational risk for financial institutions such as Wells Fargo, and includes the risk arising from unauthorized access, use, disclosure, disruption, modification, or destruction of information or information systems. The Board is actively engaged in the oversight of the Company's information security risk management and cyber defense programs. The Board's Risk Committee has primary oversight responsibility for information security risk and approves the Company's information security program, which includes the information security policy and the cyber defense program. A Technology Subcommittee of the Risk Committee assists the Risk Committee in providing oversight of technology, information security, and cybersecurity risks as well as data management risk. The Technology Subcommittee reviews and recommends to the Risk Committee for approval any significant programs and/or policies supporting information security risk (including cybersecurity risk), technology risk, and data management risk. The Technology Subcommittee reports to the Risk Committee and both provide updates to the full Board.

Wells Fargo and other financial institutions continue to be the target of various evolving and adaptive cyber attacks, including malware, ransomware, phishing, and denial-of-service, as part of an effort to disrupt the operations of financial institutions, potentially test their cybersecurity capabilities, commit fraud, or obtain confidential, proprietary or other information. Cyber attacks have also focused on targeting online applications and services, such as online banking, as well as cloud-based and other products and services provided by third parties, and have targeted the infrastructure of the internet causing the widespread unavailability of websites and degrading website performance. Wells Fargo has not experienced any material losses relating to these or other types of cyber attacks. Cybersecurity risk is a priority for Wells Fargo, and we continue to develop and enhance our controls, processes and systems in order to protect our networks, computers, software and data

from attack, damage or unauthorized access. Wells Fargo is also proactively involved in industry cybersecurity efforts and working with other parties, including our third-party service providers and governmental agencies, to continue to enhance defenses and improve resiliency to cybersecurity threats. See the "Risk Factors" section in this Report for additional information regarding the risks associated with a failure or breach of our operational or security systems or infrastructure, including as a result of cyber attacks.

Compliance Risk Management

Compliance risk (a type of operational risk) is the risk resulting from the failure to comply with laws (legislation, regulations and rules) and regulatory guidance, and the failure to appropriately address associated impacts, including to customers. Compliance risk encompasses violations of applicable internal policies, program requirements, procedures, and standards related to ethical principles applicable to the banking industry.

The Board's Risk Committee has primary oversight responsibility for all aspects of compliance risk, including financial crimes risk. As part of its oversight responsibilities, the Board's Risk Committee reviews and approves significant supporting compliance risk and financial crimes risk policies and programs and oversees the Company's compliance risk management and financial crimes risk management programs.

Conduct risk, a sub-category of compliance risk, is the risk of inappropriate, unethical, or unlawful behavior on the part of employees or individuals acting on behalf of the Company, caused by deliberate or unintentional actions or business practices. In connection with its oversight of conduct risk, the Board oversees the alignment of employee conduct to the Company's risk appetite (which the Board approves annually). The Board's Risk Committee has primary oversight responsibility for conduct risk and risk management components of the Company's culture, while the responsibilities of the Board's Human Resources Committee include oversight of the Company's culture, Code of Ethics and Business Conduct, human capital management (including talent management and succession planning), performance management program, and incentive compensation risk management program.

At the management level, the Compliance function, which is part of IRM, monitors the implementation of the Company's compliance and conduct risk programs. Financial Crimes Risk Management, which is part of the Compliance function, oversees and monitors financial crimes risk. The Compliance function reports to the CRO and provides periodic reports related to compliance risk to the Board's Risk Committee.

Model Risk Management

Model risk (a type of operational risk) is the risk arising from the potential for adverse consequences from decisions made based on model outputs that may be incorrect or used inappropriately.

The Board's Risk Committee has primary oversight responsibility for model risk. As part of its oversight responsibilities, the Board's Risk Committee oversees the Company's model risk management policy, model governance, model performance, model issue remediation status, and adherence to model risk appetite metrics.

At the management level, the Model Risk function, which is part of IRM, has oversight responsibility for model risk and is responsible for governance, validation and monitoring of model risk across the Company. The Model Risk function reports to the CRO and provides periodic reports related to model risk to the Board's Risk Committee.

Strategic Risk Management

Strategic risk is the risk to earnings, capital, or liquidity arising from adverse business decisions, improper implementation of strategic initiatives, or inadequate responses to changes in the external operating environment.

The Board has primary oversight responsibility for strategic planning and oversees management's development and implementation of and approves the Company's strategic plan, and considers whether it is aligned with the Company's risk appetite and risk management effectiveness. Management develops, executes and recommends significant strategic corporate transactions and the Board evaluates management's proposals, including their impact on the Company's risk profile and financial position. The Board's Risk Committee has primary oversight responsibility for the Company's strategic risk and the adequacy of the Company's strategic risk management program, including associated risk management practices, processes and controls. The Board's Risk Committee also receives updates from management regarding new business initiatives activity and risks related to new or changing products, as appropriate.

At the management level, the Strategic Risk Oversight function, which is part of IRM, has oversight responsibility for strategic risk. The Strategic Risk Oversight function reports into the CRO and supports periodic reports related to strategic risk provided to the Board's Risk Committee.

Reputation Risk Management

Reputation risk is the risk arising from the potential that negative stakeholder opinion or negative publicity regarding the Company's business practices, whether true or not, will adversely impact current or projected financial conditions and resilience, cause a decline in the customer base, or result in costly litigation. Stakeholders include employees, customers, communities, shareholders, regulators, elected officials, advocacy groups, and media organizations.

The Board's Risk Committee has primary oversight responsibility for reputation risk, while each Board committee has reputation risk oversight responsibilities related to their primary oversight responsibilities. As part of its oversight responsibilities, the Board's Risk Committee receives reports from management that help it monitor how effectively the Company is managing reputation risk. As part of its oversight responsibilities for social and public responsibility matters, the Board's Corporate Responsibility Committee receives reports from management relating to stakeholder perceptions of the Company.

At the management level, the Reputation Risk Oversight function, which is part of IRM, has oversight responsibility for reputation risk. The Reputation Risk Oversight function reports into the CRO and supports periodic reports related to reputation risk provided to the Board's Risk Committee.

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.

Effective March 1, 2021, the Board's Risk Committee will have primary oversight responsibility for credit risk and the Credit Committee will become a subcommittee of the Risk Committee. 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 14 presents our total loans outstanding by portfolio segment and class of financing receivable.

Table 14: Total Loans Outstanding by Portfolio Segment and Class of Financing Receivable

(in millions)	Dec 31, 2020	Dec 31, 2019
Commercial:		
Commercial and industrial	\$ 318,805	354,125
Real estate mortgage	121,720	121,824
Real estate construction	21,805	19,939
Lease financing	16,087	19,831
Total commercial	478,417	515,719
Consumer:		
Residential mortgage – first lien	276,674	293,847
Residential mortgage – junior lien	23,286	29,509
Credit card	36,664	41,013
Auto	48,187	47,873
Other consumer	24,409	34,304
Total consumer	409,220	446,546
Total loans	\$ 887,637	962,265

We manage our credit risk by establishing what we believe are sound credit policies for underwriting new business, while monitoring and reviewing the performance of our existing loan portfolios. We employ various credit risk management and monitoring activities to mitigate risks associated with multiple risk factors affecting loans we hold 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 2020 was affected by the economic impact that the COVID-19 pandemic had on our customer base. In particular:

- Nonaccrual loans were \$8.7 billion at December 31, 2020, up from \$5.3 billion at December 31, 2019. Commercial nonaccrual loans increased to \$4.8 billion at December 31, 2020, compared with \$2.3 billion at December 31, 2019, and consumer nonaccrual loans increased to \$3.9 billion at December 31, 2020, compared with \$3.1 billion at December 31, 2019. Nonaccrual loans represented 0.98% of total loans at December 31, 2020, compared with 0.56% at December 31, 2019.
- Net loan charge-offs as a percentage of our average commercial and consumer loan portfolios were 0.31% and 0.39%, respectively, in 2020, compared with 0.13% and 0.48% in 2019.
- Loans that are not government insured/guaranteed and 90 days or more past due and still accruing were \$78 million and \$612 million in our commercial and consumer portfolios, respectively, at December 31, 2020, compared with \$78 million and \$855 million at December 31, 2019.
- Our provision for credit losses for loans was \$14.0 billion in 2020, compared with \$2.7 billion in 2019.
- The ACL for loans increased to \$19.7 billion, or 2.22% of total loans, at December 31, 2020, compared with \$10.5 billion, or 1.09%, at December 31, 2019.

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

TROUBLED DEBT RESTRUCTURING RELIEF The CARES Act provides banks optional, temporary relief from accounting for certain loan modifications as TDRs. The modifications must be related to the adverse effects of COVID-19, and certain other criteria are required to be met in order to apply the relief. In first quarter 2020, we elected to apply the TDR relief provided by the CARES Act. On December 27, 2020, the CAA was signed into law which extended the expiration of the TDR relief to no later than January 1, 2022.

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

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

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

COVID-Related Lending Accommodations During 2020, we provided accommodations to customers in response to the COVID-19 pandemic, including fee reversals for consumer and small business banking customers, and payment deferrals, fee waivers, covenant waivers, and other expanded assistance for mortgage, credit card, auto, small business, personal and commercial lending customers. Certain foreclosure, collection and credit bureau reporting activities were also suspended. Additionally, we deferred rental payments on certain leased assets for which we are the lessor.

Table 15 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 December 31, 2020. These amounts included accommodations made for customers with loans reported on our consolidated balance sheet and excluded accommodations made for customers with loans that we service for others. COVID-related modifications primarily included payment deferrals of principal, interest or both, as well as interest and fee waivers. As of December 31, 2020, \$1.7 billion of unpaid principal balance of commercial loans were still in a deferral period, which represented less than 1% of our total outstanding commercial loans.

Customer payment deferral activities instituted in response to the COVID-19 pandemic could continue to delay the recognition of net charge-offs, delinquencies, and nonaccrual status for those customers who would have otherwise moved into past due or nonaccrual status. As of December 31, 2020, the COVID-related modification programs described in Table 15 expired, except for the programs for residential mortgage loans. However, based on the terms of the modifications provided under the programs in Table 15, certain balances may remain in a deferral period during 2021. Customers requiring assistance after receiving payment deferrals under the programs described in Table 15 may be eligible to receive modifications consistent with those offered prior to the COVID-19 pandemic, such as interest rate reductions, term extensions, or principal forgiveness. Additional modifications provided to customers after their exit from COVID-related modification programs may be eligible for the TDR relief provided by the CARES Act and the Interagency Statement.

As of December 31, 2020, substantially all of our consumer loans were current after exiting the deferral period. 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. See Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report for additional information on our nonaccrual and charge-off policies.

Of the total modifications granted during 2020, \$6.9 billion of unpaid principal balance of consumer loans were classified as TDRs as of December 31, 2020, including \$4.0 billion that were already classified as a TDR when the COVID-related modification was granted.

For information related to loans that are classified as TDRs, see Note 4 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

(\$ in millions)	Unpaid principal balance of modified loans still in deferral period at Dec 31, 2020	% of loan class (1)	% current at Dec 31, 2020 after exit from deferral period (2)	General program description
Consumer:				
Residential mortgage – first lien	\$ 10,544	4 %	96	Initial deferral up to 90 days of scheduled principal and interest, with available extensions up to a total of 12 months.
Residential mortgage – junior lien	1,355	6	91	Initial deferral up to 90 days of scheduled principal and interest, with available extensions up to a total of 12 months.
Credit card	373	1	87	Initial 90 day deferral of minimum payment and waiver of interest and fees until June 2020, then initial or subsequent 60 day deferral of minimum payment and waiver of certain fees. Deferrals were limited to an initial period and one subsequent deferral; these programs are no longer being offered.
Auto	1,911	4	91	Initial 90 day deferral of scheduled principal and interest, with available extensions of 90 days. This program has expired and deferrals are no longer being offered.
Other consumer	126	1	91	Revolving lines: Initial 90 day deferral of minimum payment and waiver of interest and fees, with available extensions of 60 days. Installment loans: Initial 90 day deferral of scheduled principal and interest, with available extensions of 90 days. This program has expired and deferrals are no longer being offered.
Subtotal	14,309	3		
Residential mortgage – first lien (government insured/guaranteed) (3)	15,925	6		
Total consumer	\$ 30,234	7 %		

(1) Based on total loans outstanding at December 31, 2020.

(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 December 31, 2020.

(3) 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 12 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 \$19.3 billion of the commercial and industrial loan and lease financing portfolio internally classified as criticized in accordance with regulatory guidance at December 31, 2020, compared with \$16.6 billion at December 31, 2019, reflecting increases driven by the oil, gas and pipelines, real estate and construction, entertainment and recreation, and technology, telecom and media categories due to the economic impact 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 decrease in loan balances in the portfolio at December 31, 2020, compared with December 31, 2019, was driven by lower loan demand and higher paydowns reflecting continued customer liquidity and strength in the capital markets. Table 16 provides our commercial and industrial loans and lease financing by industry. The industry categories are based on the North American Industry Classification System.

Risk Management – Credit Risk Management (*continued*)

Table 16: Commercial and Industrial Loans and Lease Financing by Industry

(in millions)	December 31, 2020				December 31, 2019			
	Nonaccrual loans	Total portfolio	% of total loans	Total commitments (1)	Nonaccrual loans	Total portfolio	% of total loans	Total commitments (1)
Financials except banks	\$ 160	117,726	13 %	\$ 206,999	\$ 112	117,312	12 %	\$ 200,848
Technology, telecom and media	144	23,061	3	56,500	28	22,447	2	53,343
Real estate and construction	133	23,113	3	51,526	47	22,011	2	48,217
Retail	94	17,393	2	41,669	105	19,923	2	41,938
Equipment, machinery and parts manufacturing	81	18,158	2	41,332	36	23,457	2	42,040
Materials and commodities	39	12,071	1	33,879	33	16,375	2	39,369
Health care and pharmaceuticals	145	15,322	2	32,154	28	14,920	2	30,168
Oil, gas and pipelines	953	10,471	1	30,055	615	13,562	1	35,445
Food and beverage manufacturing	17	12,401	1	28,908	9	14,991	2	29,172
Auto related	79	11,817	1	25,034	24	15,996	2	26,310
Commercial services	107	10,284	1	24,442	50	10,455	*	22,713
Utilities	2	5,031	*	18,564	224	5,995	*	19,390
Entertainment and recreation	263	9,884	1	17,551	44	13,462	1	19,854
Transportation services	573	9,236	1	15,531	224	10,957	*	17,660
Diversified or miscellaneous	7	5,437	*	14,717	4	4,600	*	11,290
Insurance and fiduciaries	2	3,297	*	14,334	1	5,525	*	15,596
Banks	—	12,789	1	13,842	—	20,070	*	20,728
Agribusiness	81	6,314	*	11,642	35	7,539	*	12,901
Government and education	9	5,464	*	11,065	6	5,363	*	12,267
Other (2)	68	5,623	*	23,315	15	8,996	1 %	21,698
Total	\$ 2,957	334,892	33 %	\$ 713,059	\$ 1,640	373,956	39 %	\$ 720,947

* Less than 1%.

(1) Total commitments consist of loans outstanding plus unfunded credit commitments, excluding issued letters of credit.

(2) No other single industry had total loans in excess of \$3.8 billion and \$4.7 billion at December 31, 2020 and 2019, 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 \$80.0 billion and \$75.9 billion of loans originated by our Asset Backed Finance (ABF) and Financial Institution Group (FIG) lines of business at December 31, 2020, and December 31, 2019, 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 CLOs in loan form, all of which were rated AA or above, of \$7.9 billion and \$7.0 billion at December 31, 2020, and December 31, 2019, respectively.

Oil, gas and pipelines loans included \$7.5 billion and \$9.2 billion of senior secured loans outstanding at December 31, 2020 and 2019, respectively. Oil, gas and pipelines nonaccrual loans increased at December 31, 2020, compared with December 31, 2019, due to new downgrades to nonaccrual status in 2020.

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 \$63.8 billion and \$71.7 billion at December 31, 2020 and 2019, respectively.

Significant industry concentrations of non-U.S. loans at December 31, 2020 and 2019, respectively, included:

- \$36.2 billion and \$31.2 billion in the financials except banks category;
- \$12.8 billion and \$19.9 billion in the banks category; and
- \$1.6 billion and \$1.5 billion in the oil, gas and pipelines category.

Risk mitigation actions, including the restructuring of repayment terms, securing collateral or guarantees, and entering into extensions, are based on a re-underwriting of the loan and our assessment of the borrower's ability to perform under the agreed-upon terms. Extension terms generally range from six to thirty-six months and may require that the borrower provide additional economic support in the form of partial repayment, or additional collateral or guarantees. In cases where the value of collateral or financial condition of the borrower is insufficient to repay our loan, we may rely upon the support of an outside repayment guarantee in providing the extension.

Our ability to seek performance under a guarantee is directly related to the guarantor's creditworthiness, capacity and willingness to perform, which is evaluated on an annual basis, or more frequently as warranted. Our evaluation is based on the most current financial information available and is focused on various key financial metrics, including net worth, leverage, and current and future liquidity. We consider the guarantor's reputation, creditworthiness, and willingness to work with us based on our analysis, as well as other lenders' experience with the guarantor. Our assessment of the guarantor's credit strength is reflected in our loan risk ratings for such loans. The loan risk rating and accruing status are important factors in our allowance for credit losses methodology.

In considering the accrual status of the loan, we evaluate the collateral and future cash flows, as well as the anticipated

support of any repayment guarantor. In many cases, the strength of the guarantor provides sufficient assurance that full repayment of the loan is expected. When full and timely collection of the loan becomes uncertain, including the performance of the guarantor, we place the loan on nonaccrual status. As appropriate, we also charge the loan down in accordance with our charge-off policies, generally to the net realizable value of the collateral securing the loan, if any.

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 \$12.0 billion of CRE mortgage loans and \$1.6 billion of CRE construction loans classified as criticized at December 31, 2020, compared with \$3.8 billion and \$187 million, respectively, at December 31, 2019. The increase in criticized CRE mortgage and CRE construction loans was driven by the hotel/motel, shopping center, and retail (excluding shopping

center) property types and reflected the economic impact of the COVID-19 pandemic. Due to the significant uncertainty related to the duration and severity of the economic impact 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 increased \$1.8 billion in 2020 driven by an increase in CRE construction loans predominantly related to the apartments property type. The CRE loan portfolio included \$8.9 billion of non-U.S. CRE loans at December 31, 2020. 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 48% of the total CRE portfolio. The largest property type concentrations are office buildings at 26% and apartments at 19% of the portfolio. Table 17 summarizes CRE loans by state and property type with the related nonaccrual totals at December 31, 2020.

Table 17: CRE Loans by State and Property Type

								December 31, 2020
(in millions)	Real estate mortgage			Real estate construction		Total		% of total loans
	Nonaccrual loans	Total portfolio	Nonaccrual loans	Total portfolio	Nonaccrual loans	Total portfolio		
By state:								
California	\$ 224	31,356	3	4,468	227	35,824	4 %	
New York	71	12,341	2	2,030	73	14,371	2	
Florida	28	8,169	1	1,471	29	9,640	1	
Texas	336	7,823	6	1,209	342	9,032	1	
Washington	144	3,890	6	924	150	4,814	*	
North Carolina	11	3,863	—	728	11	4,591	*	
Georgia	10	3,989	—	313	10	4,302	*	
Arizona	50	3,897	—	321	50	4,218	*	
New Jersey	88	2,884	—	895	88	3,779	*	
Colorado	85	3,120	—	595	85	3,715	*	
Other (1)	727	40,388	30	8,851	757	49,239	6	
Total	\$ 1,774	121,720	48	21,805	1,822	143,525	16 %	
By property:								
Office buildings	\$ 272	34,066	2	3,185	274	37,251	4 %	
Apartments	30	19,722	—	8,187	30	27,909	3	
Industrial/warehouse	86	15,666	1	1,442	87	17,108	2	
Retail (excluding shopping center)	283	13,643	3	165	286	13,808	2	
Hotel/motel	267	10,370	6	1,764	273	12,134	1	
Shopping center	588	10,479	—	962	588	11,441	1	
Institutional	72	4,171	21	2,521	93	6,692	*	
Mixed use properties	98	5,357	—	835	98	6,192	*	
Collateral pool	—	2,691	—	279	—	2,970	*	
1-4 family structure	—	8	—	1,338	—	1,346	*	
Other	78	5,547	15	1,127	93	6,674	*	
Total	\$ 1,774	121,720	48	21,805	1,822	143,525	16 %	

* 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 December 31, 2020, non-U.S. loans totaled \$72.9 billion, representing approximately 8% of our total consolidated loans outstanding, compared with \$80.5 billion, or approximately 8% of total consolidated loans outstanding, at December 31, 2019. Non-U.S. loans were approximately 4% of our consolidated total assets at both December 31, 2020 and 2019.

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

Our largest single country exposure outside the U.S., based on our assessment of risk at December 31, 2020, was the United Kingdom, which totaled \$42.1 billion, or approximately 2% of our total assets, and included \$15.4 billion of sovereign claims. Our United Kingdom sovereign claims arise predominantly from deposits we have placed with the Bank of England pursuant to regulatory requirements in support of our London branch.

Table 18 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 18:

- 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 18: Select Country Exposures

(in millions)	December 31, 2020							
	Lending and deposits		Securities		Derivatives and other		Total exposure	
	Sovereign	Non-sovereign	Sovereign	Non-sovereign	Sovereign	Non-sovereign	Sovereign	Non-sovereign (1)
Top 20 country exposures:								
United Kingdom	\$ 15,366	23,859	—	980	8	1,852	15,374	26,691
Japan	20	772	16,815	10	—	9	16,835	791
Canada	3	15,671	21	(120)	2	484	26	16,035
Ireland (EU)	1,554	4,652	—	121	—	165	1,554	4,938
Cayman Islands	—	6,096	—	—	—	207	—	6,303
Luxembourg (EU)	—	4,030	—	118	—	213	—	4,361
Guernsey	—	3,753	—	—	—	5	—	3,758
China	—	2,792	(10)	434	115	61	105	3,287
Germany (EU)	—	3,146	33	65	4	66	37	3,277
Bermuda	—	2,927	—	48	—	164	—	3,139
Netherlands (EU)	—	2,441	—	536	—	161	—	3,138
South Korea	—	2,080	2	265	—	14	2	2,359
France (EU)	—	2,098	—	53	115	15	115	2,166
Switzerland	—	1,844	—	(72)	—	127	—	1,899
Australia	—	1,184	—	319	—	23	—	1,526
Brazil	—	1,387	—	2	1	—	1	1,389
Singapore	—	603	—	370	—	70	—	1,043
Norway	—	1,019	—	13	—	—	—	1,032
Hong Kong	—	939	—	(4)	3	4	3	939
United Arab Emirates	—	928	—	—	—	4	—	932
Total top 20 country exposures	\$ 16,943	82,221	16,861	3,138	248	3,644	34,052	89,003
								123,055

(1) Total non-sovereign exposure comprised \$45.2 billion exposure to financial institutions and \$43.8 billion to non-financial corporations at December 31, 2020.

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 92% of the total residential mortgage loan portfolio at December 31, 2020, compared with 91% at December 31, 2019.

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 December 31, 2020 and 2019. We believe our origination process appropriately addresses our adjustable-rate mortgage (ARM) reset risk across our residential mortgage loan portfolios 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. In connection with our adoption of CECL on January 1, 2020, our residential mortgage purchased credit-impaired (PCI) loans, which had a carrying value of \$568 million, were reclassified as purchased credit deteriorated (PCD) loans. PCD loans are generally accounted for in the same manner as non-PCD loans. For additional information on PCD loans, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

We continue to modify residential mortgage loans to assist homeowners and other borrowers experiencing financial

difficulties. Loans are generally underwritten at the time of the modification in accordance with underwriting guidelines established for our loan modification programs. Under these programs, we may provide concessions such as interest rate reductions, forbearance of principal, and in some cases, principal forgiveness. These programs generally include trial payment periods of three to four months, and after successful completion and compliance with terms during this period, the loan is permanently modified. Loans included under these programs are accounted for as TDRs at the start of the trial period or at the time of permanent modification, if no trial period is used. See the “Critical Accounting Policies – Allowance for Credit Losses” section in this Report for discussion on how we determine the ACL attributable to our modified residential mortgage loan portfolios. 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.

We monitor changes in real estate values and underlying economic or market conditions for all geographic areas of our residential mortgage portfolios as part of our credit risk management process. Our underwriting and periodic review of loans and lines secured by residential real estate collateral includes original appraisals adjusted for the change in Home Price Index (HPI) or estimates from automated valuation models (AVMs) to support property values. AVMs are computer-based tools used to estimate the market value of homes. AVMs are a lower-cost alternative to appraisals and support valuations of large numbers of properties in a short period of time using market comparables and price trends for local market areas. The primary risk associated with the use of AVMs is that the value of an individual property may vary significantly from the average for

the market area. We have processes to periodically validate AVMs and specific risk management guidelines addressing the circumstances when AVMs may be used. AVMs are not allowed in residential mortgage origination underwriting. Broker evaluations and enhanced desktop appraisal reports are allowed in junior lien originations and some first lien line of credit originations up to \$250,000. An appraisal is required for all residential mortgage commitments greater than \$250,000. 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.

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. Excluding government insured/guaranteed loans, these credit risk indicators on the residential mortgage portfolio were:

- Loans 30 days or more delinquent at December 31, 2020, totaled \$4.7 billion, or 2% of total mortgages, compared with \$3.0 billion, or 1%, at December 31, 2019. Customer payment deferral activities instituted in response to the COVID-19 pandemic could continue to delay the recognition of delinquencies;
- Loans with FICO scores lower than 640 totaled \$5.6 billion, or 2% of total mortgages at December 31, 2020, compared with \$7.6 billion, or 2%, at December 31, 2019; and
- Mortgages with a LTV/CLTV greater than 100% totaled \$1.6 billion at December 31, 2020, or 1% of total mortgages, compared with \$2.5 billion, or 1%, at December 31, 2019.

Information regarding credit quality indicators can be found in Note 4 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report. Residential mortgage loans by state are presented in Table 19.

Table 19: Residential Mortgage Loans by State

(\$ in millions)	December 31, 2020			
	Residential mortgage – first lien	Residential mortgage – junior lien	Total residential mortgage	% of total loans
Residential mortgage loans:				
California (1)	\$ 104,260	6,237	110,497	12 %
New York	31,028	1,271	32,299	4
New Jersey	12,073	2,258	14,331	2
Florida	10,623	2,119	12,742	1
Washington	9,094	505	9,599	1
Texas	7,775	468	8,243	1
Virginia	6,811	1,355	8,166	1
North Carolina	4,986	1,102	6,088	1
Colorado	5,361	488	5,849	1
Other (2)	54,423	7,483	61,906	7
Government insured/guaranteed loans (3)	30,240	—	30,240	3
Total	\$ 276,674	23,286	299,960	34 %

(1) 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.

(2) Consists of 41 states; no state in Other had loans in excess of \$5.8 billion.

(3) Represents loans whose repayments are predominantly insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA).

Residential Mortgage – First Lien Portfolio Our total residential mortgage – first lien portfolio decreased \$17.2 billion in 2020, driven by loan paydowns as a result of the low interest rate environment, partially offset by mortgage loan originations of \$57.6 billion and our repurchase of \$30.0 billion of loans from GNMA loan securitization pools.

Table 20 shows certain delinquency and loss information for the residential mortgage – first lien portfolio and lists the top five states by outstanding balance.

Risk Management – Credit Risk Management (*continued*)

Table 20: Residential Mortgage – First Lien Portfolio Performance

(\$ in millions)	Outstanding balance		% of loans 30 days or more past due		Loss (recovery) rate	
	December 31,		December 31,		Year ended December 31,	
	2020	2019	2020	2019	2020	2019
California	\$ 104,260	118,256	1.00 %	0.48	(0.01)	(0.02)
New York	31,028	31,336	1.40	0.83	0.01	0.02
New Jersey	12,073	14,113	1.92	1.40	—	0.02
Florida	10,623	11,804	2.56	1.81	—	(0.06)
Washington	9,094	10,863	0.66	0.29	(0.01)	(0.02)
Other	79,356	95,750	1.60	1.20	0.01	(0.02)
Total	246,434	282,122	1.34	0.86	—	(0.02)
Government insured/guaranteed loans	30,240	11,170				
PCI (1)	N/A	555				
Total first mortgage portfolio	\$ 276,674	293,847				

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

Residential Mortgage – Junior Lien Portfolio The residential mortgage – junior lien portfolio consists of residential mortgage lines and loans that are subordinate in rights to an existing lien on the same property. It is not unusual for these lines and loans to have draw periods, interest-only payments, balloon payments, adjustable rates and similar features. Junior lien loan products are 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 residential mortgage – junior lien performance when the residential mortgage – first lien loan is delinquent.

The decrease in the residential mortgage – junior lien portfolio at December 31, 2020, compared with December 31, 2019, predominantly reflected loan paydowns. Beginning in second quarter 2020, we suspended the origination of residential mortgage – junior lien loans. Table 21 shows certain delinquency and loss information for the residential mortgage – junior lien portfolio and lists the top five states by outstanding balance.

Table 21: Residential Mortgage – Junior Lien Portfolio Performance

(in millions)	Outstanding balance		% of loans 30 days or more past due		Loss (recovery) rate	
	December 31,		December 31,		Year ended December 31,	
	2020	2019	2020	2019	2020	2019
California	\$ 6,237	8,054	2.20 %	1.62	(0.35)	(0.44)
New Jersey	2,258	2,744	2.84	2.74	(0.02)	0.07
Florida	2,119	2,600	3.06	2.93	(0.14)	(0.09)
Pennsylvania	1,377	1,674	2.30	2.16	(0.15)	(0.10)
Virginia	1,355	1,712	2.41	1.97	(0.10)	(0.02)
Other	9,940	12,712	2.31	2.05	(0.19)	(0.18)
Total	23,286	29,496	2.41	2.07	(0.21)	(0.21)
PCI (1)	N/A	13				
Total junior lien mortgage portfolio	\$ 23,286	29,509				

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

As of December 31, 2020, with respect to loans in the residential mortgage – junior lien portfolio that had a CLTV ratio in excess of 100%:

- such loans totaled 3% of the outstanding balance of the residential mortgage – junior lien portfolio;
- 3% were 30 days or more past due. Customer payment deferral activities instituted in response to the COVID-19 pandemic could continue to delay the recognition of delinquencies; and
- the unsecured portion (the outstanding amount that was in excess of the most recent property collateral value) of the outstanding balances of these loans totaled 1% of the residential mortgage – junior lien portfolio.

CLTV represents the ratio of the total loan balance of first and junior lien mortgages (including unused line amounts for credit line products) to property collateral value. For additional information on consumer loans by LTV/CLTV, see Table 4.12 in Note 4 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

Residential Mortgage – Junior Lien Line and Loan and

Residential Mortgage – First Lien Line Our junior lien, as well as first lien, lines of credit portfolios generally have draw periods of 10, 15 or 20 years with variable interest rate and payment options available during the draw period of (1) interest-only or (2) 1.5% of outstanding principal balance plus accrued interest. As of December 31, 2020, lines of credit in a draw period primarily used the interest-only option.

During the draw period, the borrower has the option of converting all or a portion of the line from a variable interest rate to a fixed rate with terms including interest-only payments for a fixed period between three to seven years or a fully amortizing payment with a fixed period between five to 30 years. At the end of the draw period, a line of credit generally converts to an amortizing payment schedule with repayment terms of up to 30 years based on the balance at time of conversion. Certain lines and loans have been structured with a balloon payment, which requires full repayment of the outstanding balance at the end of the term period. The conversion of lines or loans to fully amortizing or balloon payoff may result in a significant payment

increase, which can affect some borrowers' ability to repay the outstanding balance.

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 for loans estimate.

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

Table 22 reflects the outstanding balance of our portfolio of residential mortgage – junior liens, including lines and loans, and residential mortgage – first lien lines segregated into scheduled end of draw or end-of-term periods and products that are currently amortizing, or in balloon repayment status. The unfunded credit commitments for residential mortgage – junior and first lien lines totaled \$53.6 billion at December 31, 2020.

Table 22: Residential Mortgage – Junior Lien Line and Loan and Residential Mortgage – First Lien Line Portfolios Payment Schedule

(\$ in millions)	Outstanding balance	Scheduled end of draw/terms						
		2026 and						
		December 31, 2020	2021	2022	2023	2024	2025	Amortizing (2)
Residential mortgage – junior lien lines and loans	\$ 23,286	622	2,651	1,808	1,443	2,394	7,247	7,121
Residential mortgage – first lien lines	8,879	324	1,367	1,032	805	1,098	2,762	1,491
Total	\$ 32,165	946	4,018	2,840	2,248	3,492	10,009	8,612
% of portfolios	100 %	3	12	9	7	11	31	27

- (1) Substantially all lines and loans are scheduled to convert to amortizing loans by the end of 2030, with annual scheduled amounts through 2030 ranging from \$1.1 billion to \$3.8 billion and averaging \$2.0 billion per year.
- (2) Includes \$63 million of end-of-term balloon payments which were past due.

At December 31, 2020, \$381 million, or 2%, of lines in their draw period were 30 days or more past due, compared with \$378 million, or 5%, of amortizing lines of credit. Customer payment deferral activities instituted in response to the COVID-19 pandemic could continue to delay the recognition of delinquencies. On a monthly basis, we monitor the payment characteristics of borrowers in our residential mortgage – first and junior lien lines of credit portfolios. In December 2020, excluding borrowers with COVID-related loan modification payment deferrals:

- Approximately 43% 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 28% paid only the minimum amount due and approximately 66% paid more than the minimum amount due.

CREDIT CARDS The decrease in the outstanding balance at December 31, 2020, compared with December 31, 2019, was driven by changes in consumer spending due to the economic impact of the COVID-19 pandemic.

AUTO The outstanding balance at December 31, 2020, compared with December 31, 2019, was flat as originations of \$22.8 billion in 2020 were offset by paydowns.

OTHER CONSUMER The decrease in the outstanding balance at December 31, 2020, compared with December 31, 2019, was driven by \$9.8 billion of student loans transferred to loans held for sale after the announced sale of our student loan portfolio in fourth quarter 2020.

Table 23: Credit Card, Auto, and Other Consumer Loans

(\$ in millions)	December 31, 2020		December 31, 2019	
	Outstanding balance	% of total loans	Outstanding balance	% of total loans
Credit card	\$ 36,664	4.13 %	\$ 41,013	4.26 %
Auto	48,187	5.43	47,873	4.98
Other consumer (1)	24,409	2.75	34,304	3.56
Total	\$ 109,260	12.31 %	\$ 123,190	12.80 %

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

NONPERFORMING ASSETS (NONACCRUAL LOANS AND FORECLOSED ASSETS) We generally place loans on nonaccrual status when:

- the full and timely collection of interest or principal becomes uncertain (generally based on an assessment of the borrower's financial condition and the adequacy of collateral, if any), such as in bankruptcy or other circumstances;
- they are 90 days (120 days with respect to residential mortgages) past due for interest or principal, unless the loan is both well-secured and in the process of collection or the loan is in an active payment deferral as a result of the COVID-19 pandemic;
- part of the principal balance has been charged off; or
- for junior lien mortgages, we have evidence that the related first lien mortgage may be 120 days past due or in the process of foreclosure regardless of the junior lien delinquency status.

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.

Consumer credit card loans are not placed on nonaccrual status, but are generally fully charged off when the loan reaches 180 days past due.

Table 24 summarizes nonperforming assets (NPAs) for each of the last five years.

Table 24: Nonperforming Assets (Nonaccrual Loans and Foreclosed Assets)

		December 31,				
(in millions)		2020	2019	2018	2017	2016
Nonaccrual loans:						
Commercial:						
Commercial and industrial	\$	2,698	1,545	1,486	1,899	3,199
Real estate mortgage		1,774	573	580	628	685
Real estate construction		48	41	32	37	43
Lease financing		259	95	90	76	115
Total commercial		4,779	2,254	2,188	2,640	4,042
Consumer:						
Residential mortgage – first lien (1)		2,957	2,150	3,183	3,732	4,516
Residential mortgage – junior lien (1)		754	796	945	1,086	1,206
Auto		202	106	130	130	106
Other consumer		36	40	50	58	51
Total consumer		3,949	3,092	4,308	5,006	5,879
Total nonaccrual loans (2)(3)	\$	8,728	5,346	6,496	7,646	9,921
As a percentage of total loans		0.98 %	0.56	0.68	0.80	1.03
Foreclosed assets:						
Government insured/guaranteed (4)	\$	18	50	88	120	197
Non-government insured/guaranteed		141	253	363	522	781
Total foreclosed assets		159	303	451	642	978
Total nonperforming assets	\$	8,887	5,649	6,947	8,288	10,899
As a percentage of total loans		1.00 %	0.59	0.73	0.87	1.13

- (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) Financial information for periods prior to December 31, 2018, has been revised to exclude LHFS and loans held at fair value of \$390 million and \$463 million at December 31, 2017, and 2016, respectively.
- (3) Prior to January 1, 2020, PCI loans were excluded from nonaccrual loans because they continued to earn interest income from accretable yield, independent of performance in accordance with their contractual terms. However, as a result of our adoption of CECL on January 1, 2020, \$275 million of residential mortgage loans were reclassified from PCI to PCD loans, and as a result, were also classified as nonaccrual loans given their contractual delinquency. For additional information on PCD loans, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.
- (4) 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 more information on the classification of certain government-guaranteed mortgage loans upon foreclosure, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

The increase in commercial nonaccrual loans at December 31, 2020, compared with December 31, 2019, was driven by:

- an increase in commercial and industrial loans in the oil and gas, transportation services, and entertainment and recreation portfolios; and
- an increase in commercial real estate mortgage loans in hotel/motel, shopping center, and office buildings property types reflecting the economic impact of the COVID-19 pandemic.

The increase in consumer nonaccrual loans at December 31, 2020, compared with December 31, 2019, was driven by:

- an increase in residential mortgage loans driven by COVID-related payment deferral programs that were classified as nonaccrual because they did not qualify for legislative or regulatory relief; and
- the implementation of CECL, which required PCI loans to be classified as nonaccruing based on performance.

Table 25 provides a summary of nonperforming assets during 2020.

Table 25: Nonperforming Assets by Quarter During 2020

	December 31, 2020		September 30, 2020		June 30, 2020		March 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	\$ 2,698	0.85 %	\$ 2,834	0.88 %	\$ 2,896	0.83 %	\$ 1,779	0.44 %
Real estate mortgage	1,774	1.46	1,343	1.10	1,217	0.98	944	0.77
Real estate construction	48	0.22	34	0.15	34	0.16	21	0.10
Lease financing	259	1.61	187	1.10	138	0.79	131	0.68
Total commercial	4,779	1.00	4,398	0.91	4,285	0.83	2,875	0.51
Consumer:								
Residential mortgage – first lien (1)	2,957	1.07	2,641	0.90	2,393	0.86	2,372	0.81
Residential mortgage – junior lien (1)	754	3.24	767	3.05	753	2.81	769	2.70
Auto	202	0.42	176	0.36	129	0.26	99	0.20
Other consumer	36	0.15	40	0.12	45	0.14	41	0.12
Total consumer	3,949	0.97	3,624	0.83	3,320	0.79	3,281	0.74
Total nonaccrual loans	8,728	0.98	8,022	0.87	7,605	0.81	6,156	0.61
Foreclosed assets:								
Government insured/guaranteed (2)	18		22		31		43	
Non-government insured/guaranteed	141		134		164		209	
Total foreclosed assets	159		156		195		252	
Total nonperforming assets	\$ 8,887	1.00 %	\$ 8,178	0.89 %	\$ 7,800	0.83 %	\$ 6,408	0.63 %
Change in NPAs from prior quarter	\$ 709		378		1,392		759	

- (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 this Report.

Table 26 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 26: Analysis of Changes in Nonaccrual Loans

	Quarter ended				Year ended Dec 31,	
(in millions)	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	2020	2019
Commercial nonaccrual loans						
Balance, beginning of period	\$ 4,398	4,285	2,875	2,254	2,254	2,188
Inflows	1,696	1,316	2,741	1,479	7,232	3,221
Outflows:						
Returned to accruing	(99)	(166)	(64)	(56)	(385)	(265)
Foreclosures	(37)	—	—	—	(37)	(95)
Charge-offs	(367)	(382)	(560)	(360)	(1,669)	(740)
Payments, sales and other	(812)	(655)	(707)	(442)	(2,616)	(2,055)
Total outflows	(1,315)	(1,203)	(1,331)	(858)	(4,707)	(3,155)
Balance, end of period	4,779	4,398	4,285	2,875	4,779	2,254
Consumer nonaccrual loans						
Balance, beginning of period	3,624	3,320	3,281	3,092	3,092	4,308
Inflows (1)	792	696	379	749	2,616	1,910
Outflows:						
Returned to accruing	(208)	(160)	(135)	(254)	(757)	(999)
Foreclosures	(5)	(4)	(6)	(21)	(36)	(137)
Charge-offs	(36)	(36)	(39)	(48)	(159)	(172)
Payments, sales and other	(218)	(192)	(160)	(237)	(807)	(1,818)
Total outflows	(467)	(392)	(340)	(560)	(1,759)	(3,126)
Balance, end of period	3,949	3,624	3,320	3,281	3,949	3,092
Total nonaccrual loans	\$ 8,728	8,022	7,605	6,156	8,728	5,346

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

We believe exposure to loss on nonaccrual loans is mitigated by the following factors at December 31, 2020:

- 95% 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 91% have a combined LTV (CLTV) ratio of 80% or less.
- losses of \$732 million and \$1.0 billion have already been recognized on 19% of commercial nonaccrual loans and 31% of consumer nonaccrual loans, respectively, in accordance with our charge-off policies. Once we write down loans to the net realizable value (fair value of collateral less estimated costs to sell), we re-evaluate each loan regularly and record additional write-downs if needed.
- 77% of commercial nonaccrual loans were current on interest and 70% 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 \$1.2 billion of consumer loans in bankruptcy or discharged in bankruptcy, and classified as nonaccrual, \$747 million were current.

- the remaining risk of loss of all nonaccrual loans has been considered in developing our allowance for loan losses.

If interest due on all nonaccrual loans (including loans that were, but are no longer on nonaccrual status at year end) had been accrued under the original terms, approximately \$329 million of interest would have been recorded as income on these loans, compared with \$303 million actually recorded as interest income in 2020, versus \$361 million and \$316 million, respectively, in 2019.

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

Table 27: Foreclosed Assets

(in millions)	Quarter ended				Year ended Dec 31,	
	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	2020	2019
Summary by loan segment						
Government insured/guaranteed	\$ 18	22	31	43	\$ 18	50
Commercial	70	39	45	49	70	62
Consumer	71	95	119	160	71	191
Total foreclosed assets	159	156	195	252	159	303
Analysis of changes in foreclosed assets						
Balance, beginning of period	\$ 156	195	252	303	\$ 303	451
Net change in government insured/guaranteed (1)	(4)	(9)	(12)	(7)	(32)	(38)
Additions to foreclosed assets (2)	114	60	51	107	332	698
Reductions:						
Sales	(104)	(88)	(98)	(154)	(444)	(809)
Write-downs and gains (losses) on sales	(3)	(2)	2	3	—	1
Total reductions	(107)	(90)	(96)	(151)	(444)	(808)
Balance, end of period	\$ 159	156	195	252	\$ 159	303

(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 December 31, 2020, included \$73 million of foreclosed residential real estate, of which 24% is predominantly FHA insured or VA guaranteed and expected to have minimal or no loss content. The remaining amount of foreclosed assets has been written down to estimated net realizable value. Of the \$159 million in foreclosed assets at December 31, 2020, 55% 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 28 and Table 29 provide information regarding the recorded investment of loans modified in TDRs.

Table 28: TDR Balances

(in millions)	December 31,				
	2020	2019	2018	2017	2016
Commercial:					
Commercial and industrial	\$ 1,933	1,183	1,623	2,096	2,584
Real estate mortgage	774	669	704	901	1,119
Real estate construction	15	36	39	44	91
Lease financing	9	13	56	35	6
Total commercial TDRs	2,731	1,901	2,422	3,076	3,800
Consumer:					
Residential mortgage – first lien	9,764	7,589	10,629	12,080	14,134
Residential mortgage – junior lien	1,237	1,407	1,639	1,849	2,074
Credit card	458	520	449	356	300
Auto	176	81	89	87	85
Other consumer	67	170	154	126	101
Trial modifications	90	115	149	194	299
Total consumer TDRs	11,792	9,882	13,109	14,692	16,993
Total TDRs	\$ 14,523	11,783	15,531	17,768	20,793
TDRs on nonaccrual status	\$ 4,456	2,833	4,058	4,801	6,193
TDRs on accrual status:					
Government insured/guaranteed	3,721	1,190	1,299	1,359	1,526
Non-government insured/guaranteed	6,346	7,760	10,174	11,608	13,074
Total TDRs	\$ 14,523	11,783	15,531	17,768	20,793

TDRs at December 31, 2020, increased, compared with December 31, 2019, due to higher loan modifications as a result of the economic impact of the COVID-19 pandemic on our

customers. The amount of our TDRs at December 31, 2020, would have otherwise been higher without the TDR relief provided by the CARES Act and Interagency Statement.

Table 29: TDRs Balance by Quarter During 2020

(in millions)	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020
Commercial:				
Commercial and industrial	\$ 1,933	2,082	1,882	1,302
Real estate mortgage	774	805	717	697
Real estate construction	15	21	20	33
Lease financing	9	9	10	10
Total commercial TDRs	2,731	2,917	2,629	2,042
Consumer:				
Residential mortgage – first lien	9,764	9,420	7,176	7,284
Residential mortgage – junior lien	1,237	1,298	1,309	1,356
Credit card	458	494	510	527
Auto	176	156	108	76
Other consumer	67	190	173	172
Trial modifications	90	91	91	108
Total consumer TDRs	11,792	11,649	9,367	9,523
Total TDRs	\$ 14,523	14,566	11,996	11,565
TDRs on nonaccrual status	\$ 4,456	4,163	3,475	2,846
TDRs on accrual status:				
Government insured/guaranteed	3,721	3,467	1,277	1,157
Non-government insured/guaranteed	6,346	6,936	7,244	7,562
Total TDRs	\$ 14,523	14,566	11,996	11,565

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 \$565 million and \$1.0 billion at December 31, 2020 and 2019, 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 – Troubled Debt Restructuring Relief" section in this Report.

Our nonaccrual policies are generally the same for all loan types when a restructuring is involved. We typically re-underwrite loans at the time of restructuring to determine whether there is sufficient evidence of sustained repayment capacity based on the borrower's documented income, debt to income ratios, and other factors. Loans lacking sufficient evidence of sustained repayment capacity at the time of

modification are charged down to the fair value of the collateral, if applicable. For an accruing loan that has been modified, if the borrower has demonstrated performance under the previous terms and the underwriting process shows the capacity to continue to perform under the restructured terms, the loan will generally remain in accruing status. Otherwise, the loan will be placed in nonaccrual status and may be returned to accruing status when the borrower demonstrates a sustained period of performance, generally six consecutive months of payments, or equivalent, inclusive of consecutive payments made prior to modification. Loans will also be placed on nonaccrual status, and a corresponding charge-off is recorded to the loan balance, when we believe that principal and interest contractually due under the modified agreement will not be collectible. See Note 4 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report for additional information regarding TDRs.

Table 30 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 30: Analysis of Changes in TDRs

(in millions)	Quarter ended				Year ended Dec 31,	
	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	2020	2019
Commercial TDRs						
Balance, beginning of period	\$ 2,917	2,629	2,042	1,901	1,901	2,422
Inflows (1)	486	866	971	452	2,775	1,540
Outflows						
Charge-offs	(72)	(77)	(60)	(56)	(265)	(195)
Foreclosure	—	—	—	—	—	(1)
Payments, sales and other (2)	(600)	(501)	(324)	(255)	(1,680)	(1,865)
Balance, end of period	2,731	2,917	2,629	2,042	2,731	1,901
Consumer TDRs						
Balance, beginning of period	11,649	9,367	9,523	9,882	9,882	13,109
Inflows (1)	1,226	2,805	425	312	4,768	1,485
Outflows						
Charge-offs	(57)	(58)	(46)	(63)	(224)	(234)
Foreclosure	(5)	(7)	(8)	(57)	(77)	(290)
Payments, sales and other (2)	(1,020)	(458)	(510)	(544)	(2,532)	(4,154)
Net change in trial modifications (3)	(1)	—	(17)	(7)	(25)	(34)
Balance, end of period	11,792	11,649	9,367	9,523	11,792	9,882
Total TDRs	\$ 14,523	14,566	11,996	11,565	14,523	11,783

- (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. Prior to January 1, 2020, PCI loans were excluded from loans 90 days or more past due and still

accruing loans because they continued to earn interest income from accretable yield, independent of performance in accordance with their contractual terms. In connection with our adoption of CECL, PCI loans were reclassified as PCD loans and classified as accruing or nonaccruing based on performance.

Table 31 reflects loans 90 days or more past due and still accruing by class for loans not government insured/guaranteed.

Table 31: Loans 90 Days or More Past Due and Still Accruing (1)

(in millions)	December 31,				
	2020	2019	2018	2017	2016
Total (2):	\$ 7,041	7,285	8,704	11,532	11,437
Less: FHA insured/VA guaranteed (3)	6,351	6,352	7,725	10,475	10,467
Less: Student loans guaranteed under the FFELP (4)	—	—	—	—	3
Total, not government insured/guaranteed	\$ 690	933	979	1,057	967
By segment and class, not government insured/guaranteed:					
Commercial:					
Commercial and industrial	\$ 39	47	43	26	28
Real estate mortgage	38	31	51	23	36
Real estate construction	1	—	—	—	—
Total commercial	78	78	94	49	64
Consumer:					
Residential mortgage – first lien	135	112	124	213	170
Residential mortgage – junior lien	19	32	32	60	56
Credit card	365	546	513	492	452
Auto	65	78	114	143	112
Other consumer	28	87	102	100	113
Total consumer	612	855	885	1,008	903
Total, not government insured/guaranteed	\$ 690	933	979	1,057	967

- (1) Financial information for periods prior to December 31, 2018, has been revised to exclude LHFS and loans held at fair value, which reduced "Total, not government insured/guaranteed" by \$6 million, \$5 million and \$4 million at December 31, 2018, 2017 and 2016, respectively.
- (2) PCI loans totaling \$102 million, \$3.7 billion, \$1.4 billion and \$2.0 billion at December 31, 2019, 2018, 2017 and 2016, respectively, are excluded from this table. PCI loans were reclassified as PCD loans and classified as accruing or nonaccruing based on performance beginning January 1, 2020.
- (3) Represents loans whose repayments are predominantly insured by the FHA or guaranteed by the VA.
- (4) Represents loans whose repayments are primarily guaranteed by agencies on behalf of the U.S. Department of Education under the Federal Family Education Loan Program (FFELP). All remaining student loans guaranteed under the FFELP were sold as of March 31, 2017.

Excluding government insured/guaranteed loans, loans 90 days or more past due and still accruing at December 31, 2020, were down from December 31, 2019, due to lower delinquencies in consumer loans as payment deferral activities instituted in response to the COVID-19 pandemic delayed 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 December 31, 2020, were flat compared with December 31, 2019, as our repurchases of accruing loans more than 90 days past due from GNMA loan securitization pools were offset by paydowns and transfers to LHFS. For additional information on delinquencies by loan class, see Note 4 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

Risk Management – Credit Risk Management (*continued*)

NET CHARGE-OFFS Table 32 presents net charge-offs for the four quarters and full year of 2020 and 2019.

Table 32: Net Loan Charge-offs

(\$ in millions)	Year ended				Quarter ended			
	December 31,		December 31,		September 30,		June 30,	
	Net loan charge-offs	% of avg. loans	Net loan charge-offs	% of avg. loans (1)	Net loan charge-offs	% of avg. loans (1)	Net loan charge-offs	% of avg. loans (1)
2020								
Commercial:								
Commercial and industrial	\$ 1,239	0.36 %	\$ 111	0.14 %	\$ 274	0.33 %	\$ 521	0.55 %
Real estate mortgage	283	0.23	162	0.53	56	0.18	67	0.22
Real estate construction	(19)	(0.09)	—	—	(2)	(0.03)	(1)	(0.02)
Lease financing	87	0.49	35	0.83	28	0.66	15	0.33
Total commercial	1,590	0.31	308	0.26	356	0.29	602	0.44
Consumer:								
Residential mortgage – first lien	(5)	—	(3)	—	(1)	—	2	—
Residential mortgage – junior lien	(55)	(0.21)	(24)	(0.39)	(14)	(0.22)	(12)	(0.17)
Credit card	1,139	3.07	190	2.09	245	2.71	327	3.60
Auto	270	0.56	51	0.43	31	0.25	106	0.88
Other consumer	350	1.10	62	0.88	66	0.80	88	1.09
Total consumer	1,699	0.39	276	0.26	327	0.30	511	0.48
Total	\$ 3,289	0.35 %	\$ 584	0.26 %	\$ 683	0.29 %	\$ 1,113	0.46 %
2019								
Commercial:								
Commercial and industrial	\$ 607	0.17 %	\$ 168	0.19 %	\$ 147	0.17 %	\$ 159	0.18 %
Real estate mortgage	6	—	4	0.01	(8)	(0.02)	4	0.01
Real estate construction	(12)	(0.06)	—	—	(8)	(0.14)	(2)	(0.04)
Lease financing	51	0.26	31	0.63	8	0.17	4	0.09
Total commercial	652	0.13	203	0.16	139	0.11	165	0.13
Consumer:								
Residential mortgage – first lien	(50)	(0.02)	(3)	—	(5)	(0.01)	(30)	(0.04)
Residential mortgage – junior lien	(66)	(0.21)	(16)	(0.20)	(22)	(0.28)	(19)	(0.24)
Credit card	1,370	3.53	350	3.48	319	3.22	349	3.68
Auto	306	0.67	87	0.73	76	0.65	52	0.46
Other consumer	550	1.59	148	1.71	138	1.60	136	1.56
Total consumer	2,110	0.48	566	0.51	506	0.46	488	0.45
Total	\$ 2,762	0.29 %	\$ 769	0.32 %	\$ 645	0.27 %	\$ 653	0.28 %

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

The increase in commercial net loan charge-offs in 2020 was driven by:

- higher commercial and industrial losses primarily in our oil, gas and pipelines portfolio; and
- higher commercial real estate mortgage losses.

The decrease in consumer net loan charge-offs in 2020 was driven by:

- lower losses in credit card and other consumer loans as a result of payment deferral activities in response to the COVID-19 pandemic.

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 net 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 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 this Report. 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 33 presents the allocation of the ACL for loans by loan segment and class for the last five years.

Table 33: Allocation of the ACL for Loans (1)

	Dec 31, 2020		Dec 31, 2019		Dec 31, 2018		Dec 31, 2017		Dec 31, 2016	
(\$ in millions)	ACL	Loans as % of total loans	ACL	Loans as % of total loans	ACL	Loans as % of total loans	ACL	Loans as % of total loans	ACL	Loans as % of total loans
Commercial:										
Commercial and industrial	\$ 7,230	36 %	\$ 3,600	37 %	\$ 3,628	37 %	\$ 3,752	35 %	\$ 4,560	34 %
Real estate mortgage	3,167	14	1,236	13	1,282	13	1,374	13	1,320	14
Real estate construction	410	2	1,079	2	1,200	2	1,238	3	1,294	2
Lease financing	709	2	330	2	307	2	268	2	220	2
Total commercial	11,516	54	6,245	54	6,417	54	6,632	53	7,394	52
Consumer:										
Residential mortgage – first lien	1,600	31	692	30	750	30	1,085	30	1,270	29
Residential mortgage – junior lien	653	3	247	3	431	3	608	4	815	5
Credit card	4,082	4	2,252	4	2,064	4	1,944	4	1,605	4
Auto	1,230	5	459	5	475	5	1,039	5	817	6
Other consumer	632	3	561	4	570	4	652	4	639	4
Total consumer	8,197	46	4,211	46	4,290	46	5,328	47	5,146	48
Total	\$ 19,713	100 %	\$ 10,456	100 %	\$ 10,707	100 %	\$ 11,960	100 %	\$ 12,540	100 %
	Dec 31, 2020		Dec 31, 2019		Dec 31, 2018		Dec 31, 2017		Dec 31, 2016	
Components:										
Allowance for loan losses	\$	18,516		9,551		9,775		11,004		11,419
Allowance for unfunded credit commitments		1,197		905		932		956		1,121
Allowance for credit losses	\$	19,713		10,456		10,707		11,960		12,540
Allowance for loan losses as a percentage of total loans		2.09 %		0.99		1.03		1.15		1.18
Allowance for loan losses as a percentage of total net charge-offs		563		346		356		376		324
Allowance for credit losses for loans as a percentage of total loans		2.22		1.09		1.12		1.25		1.30
Allowance for credit losses for loans as a percentage of total nonaccrual loans		226		196		165		156		126

(1) Disclosure is not comparative due to our adoption of CECL on January 1, 2020. For additional information, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

The ratios for the allowance for loan losses and the ACL for loans presented in Table 33 may fluctuate from period to period due to such factors as the mix of loan types in the portfolio, borrower credit strength, and the value and marketability of collateral.

The ACL for loans increased \$9.3 billion, or 89%, from December 31, 2019, driven by a \$10.6 billion increase in the ACL for loans in 2020, reflecting current and forecasted economic conditions due to the COVID-19 pandemic and their impact on borrower performance, partially offset by a \$1.3 billion decrease as a result of adopting CECL. Total provision for credit losses for loans was \$14.0 billion in 2020, compared with \$2.7 billion in 2019. The increase in the provision for credit losses for loans in 2020, compared with 2019, reflected an increase in the ACL for loans due to the economic impact of the COVID-19 pandemic. 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. Our estimate of the ACL for loans at December 31, 2020, was based on a weighting of the base and a downside economic scenario of 50% and 50%,

respectively, with no weighting applied to an upside scenario. The base scenario assumed near-term economic stress recovering into late 2021. The downside scenario assumed more sustained adverse economic impacts resulting from the COVID-19 pandemic, compared with the base scenario. The downside scenario assumed U.S. real GDP increasing but not fully recovering during 2021, and a sustained elevation in the U.S. unemployment rate until mid-2022. We considered within each scenario our expectations for the impact of customer accommodation activity, as well as the estimated impact on certain industries that we consider to be directly and most adversely affected by the COVID-19 pandemic.

In addition to quantitative estimates, 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. During 2020, we 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 December 31, 2020, are presented in Table 34.

Table 34: Forecasted Key Economic Variables

	2Q 2021	4Q 2021	2Q 2022
Blend of economic scenarios (1):			
U.S. unemployment rate (2):			
Sep 30, 2020	7.3	6.0	5.3
Dec 31, 2020	8.1	7.1	6.2
U.S. real GDP (3):			
Sep 30, 2020	3.9	2.8	3.1
Dec 31, 2020	5.5	4.5	4.0
Home price index (4):			
Sep 30, 2020	(2.0)	(1.8)	1.4
Dec 31, 2020	1.7	(0.2)	2.5
Commercial real estate asset prices (4):			
Sep 30, 2020	(10.9)	(5.5)	0.1
Dec 31, 2020	(9.2)	(9.8)	(5.3)

- (1) Represents a weighting of the forecasted economic variable inputs based on a weighting of 50% for the base and 50% for a downside scenario at December 31, 2020, and a weighting of 80% for the base and 20% for a downside scenario at September 30, 2020.
(2) Quarterly average.
(3) Percent change from the preceding period, seasonally adjusted annualized rate.
(4) 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. Based on economic conditions at the end of fourth quarter 2020, it was difficult to estimate the length and severity of the economic downturn that may result from the COVID-19 pandemic and the impact of other factors that may influence the level of eventual losses and corresponding requirements for future amounts of the 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 in our ACL, particularly if the impact on the economy worsens.

We believe the ACL for loans of \$19.7 billion at December 31, 2020, 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 allowance for credit losses is discussed in the "Critical Accounting Policies – Allowance for Credit Losses" section and Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

LIABILITY FOR MORTGAGE LOAN REPURCHASE LOSSES We sell residential mortgage loans to various parties, including (1) government-sponsored entities (GSEs) Federal Home Loan Mortgage Corporation (FHLMC) and Federal National Mortgage Association (FNMA) who include the mortgage loans in GSE-guaranteed mortgage securitizations, (2) SPEs that issue private label MBS, and (3) other financial institutions that purchase mortgage loans for investment or private label securitization. In addition, we pool FHA-insured and VA-guaranteed mortgage loans that are then used to back securities guaranteed by the

Government National Mortgage Association (GNMA). We may be required to repurchase these mortgage loans, indemnify the securitization trust, investor or insurer, or reimburse the securitization trust, investor or insurer for credit losses incurred on loans (collectively, repurchase) in the event of a breach of contractual representations or warranties that is not remedied within a period (usually 90 days or less) after we receive notice of the breach.

In connection with our sales and securitization of residential mortgage loans to various parties, we have established a mortgage repurchase liability, initially at fair value, related to various representations and warranties that reflect management's estimate of losses for loans for which we could have a repurchase obligation, whether or not we currently service those loans, based on a combination of factors. Our mortgage repurchase liability estimation process also incorporates a forecast of repurchase demands associated with mortgage insurance rescission activity.

Customary with industry practice, we have the right of recourse against correspondent lenders from whom we have purchased loans with respect to representations and warranties. Historical recovery rates as well as projected lender performance are incorporated in the establishment of our mortgage repurchase liability.

We do not typically receive repurchase requests from GNMA, FHA and the Department of Housing and Urban Development (HUD) or VA. As an originator of an FHA-insured or VA-guaranteed loan, we are responsible for obtaining the insurance with the FHA or the guarantee with the VA. To the extent we are not able to obtain the insurance or the guarantee we must request permission to repurchase the loan from the GNMA pool. Such repurchases from GNMA pools typically represent a self-initiated process upon discovery of the uninsurable loan (usually within 180 days from funding of the loan). Alternatively, in lieu of repurchasing loans from GNMA pools, we may be asked by FHA/HUD or the VA to indemnify them (as applicable) for defects found in the Post Endorsement Technical Review process or audits performed by FHA/HUD or the VA. The Post Endorsement Technical Review is a process whereby HUD performs underwriting audits of closed/insured FHA loans for potential deficiencies. Our liability for mortgage loan repurchase losses incorporates probable losses associated with such indemnification.

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.

The loans we service were originated by us or by other mortgage loan originators. As servicer, our primary duties are typically to (1) collect payments due from borrowers, (2) advance certain delinquent payments of principal and interest on the mortgage loans, (3) maintain and administer any hazard, title or primary mortgage insurance policies relating to the mortgage loans, (4) maintain any required escrow accounts for payment of taxes and insurance and administer escrow payments, (5) foreclose on defaulted mortgage loans or, to the extent consistent with the related servicing agreement, consider alternatives to foreclosure, such as loan modifications or short sales, and (6) for loans sold into private label securitizations, manage the foreclosed property through liquidation.

The amount and timing of reimbursement of advances of delinquent payments vary by investor and the applicable servicing agreements. Due to continued customer requests for payment deferrals 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 continue to increase if additional payment deferrals are provided. Payment deferrals also delay the collection of contractually specified servicing fees, resulting in lower net servicing income.

In accordance with applicable servicing guidelines, delinquency status continues to advance for loans with COVID-related payment deferrals, which has resulted in an increase in delinquent loans serviced for others and a corresponding increase in loans eligible for repurchase from GNMA loan securitization pools. 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. Since April 1, 2020, we repurchased \$28.6 billion of these delinquent loans, substantially all of which had COVID-related payment deferrals.

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, loans repurchased after June 30, 2020, with COVID-related payment deferrals 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. At December 31, 2020, the amount of repurchased GNMA loans with COVID-related payment deferrals that were ineligible for inclusion in future GNMA loan securitization pools due to this requirement was \$22.6 billion.

As master servicer, our primary duties are typically to (1) supervise, monitor and oversee the servicing of the mortgage loans by the servicer, (2) consult with each servicer and use reasonable efforts to cause the servicer to observe its servicing obligations, (3) prepare monthly distribution statements to security holders and, if required by the securitization documents, certain periodic reports required to be filed with the Securities and Exchange Commission (SEC), (4) if required by the securitization documents, calculate distributions and loss allocations on the mortgage-backed securities, (5) prepare tax and information returns of the securitization trust, and (6) advance amounts required by non-affiliated servicers who fail to perform their advancing obligations.

Each agreement under which we act as servicer or master servicer generally specifies a standard of responsibility for actions we take in such capacity and provides protection against expenses and liabilities we incur when acting in compliance with the specified standard. For example, private label securitization agreements under which we act as servicer or master servicer typically provide that the servicer and the master servicer are entitled to indemnification by the securitization trust for taking action or refraining from taking action in good faith or for errors in judgment. However, we are not indemnified, but rather are required to indemnify the securitization trustee, against any failure by us, as servicer or master servicer, to perform our servicing obligations or against any of our acts or omissions that involve willful misfeasance, bad faith or gross negligence in the performance of, or reckless disregard of, our duties. In addition, if we commit a material breach of our obligations as servicer or master servicer, we may be subject to termination if the breach is not cured within a specified period following notice, which can

generally be given by the securitization trustee or a specified percentage of security holders. Whole loan sale contracts under which we act as servicer generally include similar provisions with respect to our actions as servicer. The standards governing servicing in GSE-guaranteed securitizations, and the possible remedies for violations of such standards, vary, and those standards and remedies are determined by servicing guides maintained by the GSEs, contracts between the GSEs and individual servicers and topical guides published by the GSEs from time to time. Such remedies could include indemnification or repurchase of an affected mortgage loan. In addition, in connection with our servicing activities, we could become subject to consent orders and settlement agreements with federal and state regulators for alleged servicing issues and practices. In general, these can require us to provide customers with loan modification relief, refinancing relief, and foreclosure prevention and assistance, and can result in the imposition of certain monetary penalties on us.

Asset/Liability Management

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

INTEREST RATE RISK Interest rate risk 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.

Currently, our profile is such that we project net interest income will 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.

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 35, 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 35:

- 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 35: Net Interest Income Sensitivity

(\$ in billions)	December 31, 2020
Parallel Shift:	
+100 bps shift in interest rates	\$ 6.7
-100 bps shift in interest rates	(2.7)
Steeper yield curve:	
+50 bps shift in long-term interest rates	1.3
Flatter yield curve:	
+50 bps shift in short-term interest rates	2.2
-50 bps shift in long-term interest rates	(1.4)

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. Mortgage originations generally decline in response to higher interest rates and generally increase in response to lower interest rates, particularly refinancing activity. Mortgage banking results are also impacted by the valuation of MSRs and related hedge positions. See the “Risk Management – Asset/Liability Management – Mortgage Banking Interest Rate and Market Risk” section in this Report for additional information.

Interest rate sensitive noninterest income also results from changes in earnings credit for noninterest-bearing deposits that

reduce treasury management deposit service fees. Additionally, our trading assets are (before the effects of certain economic hedges) generally less sensitive to changes in interest rates than the related funding liabilities. As a result, net interest income from the trading portfolio contracts and expands as interest rates rise and fall, respectively. The impact to net interest income does not include the fair value changes of trading securities, which, along with the effects of related economic hedges, are recorded in noninterest income. For more 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) and Note 3 (Available-for-Sale and Held-to-Maturity Debt Securities) to Financial Statements in this Report for additional information on the use of the debt securities portfolios. The notional or contractual amount, credit risk amount and fair value of the derivatives used to hedge our interest rate risk exposures as of December 31, 2020, and December 31, 2019, are presented in Note 16 (Derivatives) to Financial Statements in this Report. We use derivatives for asset/liability management in two main ways:

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

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. Based on market conditions and other factors, we reduce credit and liquidity risks by selling or securitizing mortgage loans. We determine whether mortgage loans will be held for investment or held for sale at the time of commitment, but may change our intent to hold loans for investment or sale as part of our corporate asset/liability management activities. We may also retain securities in our investment portfolio at the time we securitize mortgage loans.

We typically originate agency residential mortgage loans as held for sale and certain prime non-agency residential mortgage loans as held for investment. Occasionally, we designate some of our non-agency residential mortgage loan originations as held for sale in support of future issuances of private label residential mortgage-backed securities (RMBS). We issued \$2.6 billion and \$2.4 billion of RMBS in 2020 and 2019, respectively.

Interest rate and market risk can be substantial in our mortgage businesses. Changes in interest rates may impact origination and servicing fees, the fair value of our residential MSRs, LHFS, and derivative loan commitments (interest rate “locks”) extended to mortgage applicants, as well as the associated income or loss in mortgage banking noninterest income, including the gains or losses related to economic hedges of MSRs and LHFS. Given the time it takes for customer behavior to fully react to interest rate changes, as well as the time required for processing a new application, providing the commitment, and securitizing and selling the loan, interest rate changes will generally affect our mortgage banking noninterest income on a lagging basis. The amount and timing of the impact will depend on the magnitude, speed and duration of the changes in interest rates.

The valuation of our residential MSRs can be highly subjective and involve complex judgments by management

about matters that are inherently unpredictable. See the “Critical Accounting Policies – Valuation of Residential Mortgage Servicing Rights” section in this Report for additional information. Changes in interest rates influence a variety of significant assumptions included in the periodic valuation of residential MSRs, including prepayment speeds, expected returns and potential risks on the servicing asset portfolio, costs to service, the value of escrow balances and other servicing valuation elements. For additional information on mortgage banking, including key economic assumptions and the sensitivity of the fair value of MSRs, see Note 9 (Mortgage Banking Activities) and Note 17 (Fair Values of Assets and Liabilities) to Financial Statements in this Report.

An increase in interest rates generally reduces the propensity for refinancing, extends the expected duration of the servicing portfolio and, therefore, increases the estimated fair value of the MSRs. However, an increase in interest rates can also reduce mortgage loan demand, which reduces noninterest income from origination activities. A decline in interest rates would generally have an opposite impact.

To reduce our exposure to changes in interest rates, our residential MSRs are economically hedged with a combination of derivative instruments, including highly liquid mortgage forward contracts, interest rate swaps and interest rate options. MSR hedging results include a combination of directional gain or loss due to market changes as well as any carry income related to mortgage forward contracts. Carry income represents accretion from the forward delivery price to the spot price including both the yield earned on the reference securities and the market implied cost of financing during the period. A steep yield curve generally produces higher carry income while a flat or inverted yield curve can result in lower or potentially negative carry income.

The size of the hedge and the particular combination of forward hedging instruments at any point in time is designed to reduce the volatility of our earnings over various time frames within a range of mortgage interest rates. Because market factors, the composition of the mortgage servicing portfolio and the relationship between the origination and servicing sides of our mortgage businesses change continually, the types of instruments used in our hedging are reviewed daily and rebalanced based on our evaluation of current market factors and the interest rate risk inherent in our portfolio.

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 on private equity investments.

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

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

MARKET RISK – TRADING ACTIVITIES We engage in trading activities to accommodate the investment and risk management activities of our customers and to execute economic hedging to manage certain balance sheet risks. These trading activities predominantly occur within our 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 more 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. These market risk measures are monitored at both the business unit level and at aggregated levels on a daily basis. Our corporate market risk management function aggregates and monitors all exposures to ensure risk measures are within our established risk appetite. Changes to the market risk profile are analyzed and reported on a daily basis. The Company monitors various market risk exposure measures from a variety of perspectives, including line of business, product, risk type, and legal entity.

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 36 shows the Company's Trading General VaR by risk category. Our Trading General VaR uses a historical simulation model which assumes that historical changes in market values are representative of the potential future outcomes and measures the expected earnings loss of the Company over a 1-day time interval at a 99% confidence level. Our historical simulation model is based on equally weighted data from a 12-month historical look-back period. We believe using a 12-month look-back period helps ensure the Company's VaR is responsive to current market conditions. The 99% confidence level equates to an expectation that the Company would incur

single-day trading losses in excess of the VaR estimate on average once every 100 trading days.

Average Company Trading General VaR was \$123 million for the year ended December 31, 2020, compared with \$22 million for the year ended December 31, 2019. The increase in average

Company Trading General VaR for the year ended December 31, 2020, was driven by market volatility due to the COVID-19 pandemic, in particular changes in interest rate curves and a significant widening of credit spreads entering the 12-month historical look-back window used to calculate VaR.

Table 36: Trading 1-Day 99% General VaR by Risk Category

(in millions)	Year ended December 31,							
	2020				2019			
	Period end	Average	Low	High	Period end	Average	Low	High
Company Trading General VaR Risk Categories								
Credit	\$ 106	72	15	121	15	17	11	30
Interest rate	81	104	5	241	14	27	9	49
Equity	32	14	4	35	5	5	4	11
Commodity	3	3	1	8	2	2	1	6
Foreign exchange	1	1	1	6	1	1	1	1
Diversification benefit (1)	(126)	(71)			(13)	(30)		
Company Trading General VaR	\$ 97	123			24	22		

(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.

Sensitivity Analysis Given the inherent limitations of the VaR models, the Company uses other measures, including sensitivity analysis, to measure and monitor risk. Sensitivity analysis is the measure of exposure to a single risk factor, such as a 0.01% increase in interest rates or a 1% increase in equity prices. We conduct and monitor sensitivity on interest rates, credit spreads, volatility, equity, commodity, and foreign exchange exposure. Sensitivity analysis complements VaR as it provides an indication of risk relative to each factor irrespective of historical market moves.

Stress Testing While VaR captures the risk of loss due to adverse changes in markets using recent historical market data, stress testing is designed to capture the Company's exposure to extreme but low probability market movements. Stress scenarios estimate the risk of losses based on management's assumptions of abnormal but severe market movements such as severe credit spread widening or a large decline in equity prices. These scenarios assume that the market moves happen instantaneously and no repositioning or hedging activity takes place to mitigate losses as events unfold (a conservative approach since experience demonstrates otherwise).

An inventory of scenarios is maintained representing both historical and hypothetical stress events that affect a broad range of market risk factors with varying degrees of correlation and differing time horizons. Hypothetical scenarios assess the impact of large movements in financial variables on portfolio values. Typical examples include a 1% (100 basis point) increase across the yield curve or a 10% decline in equity market indexes. Historical scenarios utilize an event-driven approach: the stress scenarios are based on plausible but rare events, and the analysis addresses how these events might affect the risk factors relevant to a portfolio.

The Company's stress testing framework is also used in calculating results in support of the Federal Reserve Board's Comprehensive Capital Analysis and Review (CCAR) and internal stress tests. Stress scenarios are regularly reviewed and updated to address potential market events or concerns. For more detail on the CCAR process, see the "Capital Management" section in this Report.

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

In conjunction with the March 2008 initial public offering (IPO) of Visa, Inc. (Visa), we received approximately 20.7 million shares of Visa Class B common stock, the class which was apportioned to member banks of Visa at the time of the IPO. To manage our exposure to Visa and realize the value of the appreciated Visa shares, we incrementally sold these shares through a series of sales, thereby eliminating this position as of September 30, 2015. As part of these sales, we agreed to compensate the buyer for any additional contributions to a litigation settlement fund for the litigation matters associated with the Class B shares we sold. Our exposure to this retained litigation risk has been updated quarterly and is reflected on our consolidated balance sheet. For additional information about the associated litigation matters, see the "Interchange Litigation" section in Note 15 (Legal Actions) to Financial Statements in this Report.

As part of our business to support our customers, we trade public equities, listed/OTC equity derivatives and convertible bonds. We have parameters that govern these activities. We also have marketable equity securities that include investments relating to our venture capital activities. We manage these

marketable equity securities within capital risk limits approved by management and the Board and monitored by Corporate ALCO and the Market Risk Committee. The fair value changes in these marketable equity securities are recognized in net income. For 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 market stress. For more information on these obligations, see the following sections and Notes to Financial Statements in this Report:

- “Commitments to Lend” section within Loans and Related Allowance for Credit Losses (Note 4)
- Leasing Activity (Note 5)
- Deposits (Note 11)
- Long-Term Debt (Note 12)
- Guarantees and Other Commitments (Note 13)
- Employee Benefits and Other Expenses (Note 21)
- Income Taxes (Note 23)

To help achieve this objective, the Board establishes liquidity guidelines that require sufficient asset-based liquidity to cover potential funding requirements and to avoid over-dependence on volatile, less reliable funding markets. These guidelines are monitored on a monthly basis by the Corporate ALCO and on a quarterly basis by the Board. These guidelines are established and monitored for both the consolidated company and for the Parent on a stand-alone basis to ensure that the Parent is a source of strength for its regulated, deposit-taking banking subsidiaries. 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 more information on the IHC, see the “Regulatory Matters – ‘Living Will’ Requirements and Related Matters” section in this Report.

Liquidity Stress Tests Liquidity stress tests are performed to help ensure that the Company has sufficient liquidity to meet contractual and contingent outflows modeled under a variety of stress scenarios. Our scenarios utilize market-wide as well as corporate-specific events, including a range of stress conditions and time horizons. Stress testing results facilitate evaluation of the Company’s projected liquidity position during stress and inform future needs in the Company’s funding plan.

Contingency Funding Plan Our contingency funding plan (CFP), which is approved by Corporate ALCO and the Board’s Risk Committee, sets out the Company’s strategies and action plans

to address potential liquidity needs during market-wide or idiosyncratic liquidity events. The CFP establishes measures for monitoring emerging liquidity events and describes the processes for communicating and managing stress events should they occur. The CFP also identifies alternate funding and liquidity strategies available to the Company in a period of stress.

Liquidity Standards We are subject to a rule, issued by the FRB, OCC and FDIC, that establishes a quantitative minimum liquidity requirement consistent with the liquidity coverage ratio (LCR) established by the Basel Committee on Banking Supervision (BCBS). The rule requires a covered banking organization, such as Wells Fargo, to hold high-quality liquid assets (HQLA), predominantly consisting of central bank deposits, government debt securities, and mortgage-backed securities of federal agencies that can be converted easily and quickly into cash, in an amount equal to or greater than its projected net cash outflows during a 30-day stress period. The 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 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 subordinated debt and most types of deposits, in relation to its assets, derivative exposures and commitments over a one-year horizon period. The NSFR will become effective on July 1, 2021, and applies to the Company on a consolidated basis and to our IDIs with total assets of \$10 billion or more. Based on our liquidity profile at December 31, 2020, we expect to be compliant with the NSFR requirement.

Liquidity Coverage Ratio As of December 31, 2020, 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 37 presents the Company’s quarterly average values for the daily-calculated LCR and its components calculated pursuant to the LCR rule requirements.

Table 37: Liquidity Coverage Ratio

(in millions, except ratio)	Average for Quarter ended		
	Dec 31, 2020	Sep 30, 2020	Dec 31, 2019
HQLA (1):			
Eligible cash	\$ 213,937	210,715	117,693
Eligible securities (2)	201,060	213,358	255,669
Total HQLA	414,997	424,073	373,362
Projected net cash outflows	312,697	317,064	312,019
LCR	133 %	134	120

- (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 38, 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 38: Primary Sources of Liquidity

(in millions)	December 31, 2020			December 31, 2019		
	Total	Encumbered	Unencumbered	Total	Encumbered	Unencumbered
Interest-earning deposits with banks	\$ 236,376	—	236,376	119,493	—	119,493
Debt securities of U.S. Treasury and federal agencies	70,756	5,370	65,386	61,099	3,107	57,992
Mortgage-backed securities of federal agencies	258,668	49,156	209,512	258,589	41,135	217,454
Total	\$ 565,800	54,526	511,274	439,181	44,242	394,939

In addition to our primary sources of liquidity shown in Table 38, 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 December 31, 2020, we also maintained approximately \$244.1 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 158% and 137% of total loans at December 31, 2020 and 2019, respectively. Additional funding is provided by long-term debt and short-term borrowings. Table 39 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 14 (Pledged Assets and Collateral) to Financial Statements in this Report.

Table 39: Short-Term Borrowings

(in millions)	2020		2019		2018	
	Amount	Rate	Amount	Rate	Amount	Rate
As of December 31,						
Federal funds purchased and securities sold under agreements to repurchase	\$ 46,362	(0.03)%	\$ 92,403	1.54 %	\$ 92,430	2.65 %
Other short-term borrowings	12,637	(0.29)	12,109	0.60	13,357	1.63
Total	\$ 58,999	(0.09)	\$ 104,512	1.43	\$ 105,787	2.52
Year ended December 31,						
Average daily balance						
Federal funds purchased and securities sold under agreements to repurchase	\$ 58,971	0.47	\$ 102,888	2.11	\$ 90,348	1.78
Other short-term borrowings	11,235	(0.22)	12,449	1.20	13,919	0.79
Total	\$ 70,206	0.36	\$ 115,337	2.01	\$ 104,267	1.65
Maximum month-end balance						
Federal funds purchased and securities sold under agreements to repurchase (1)	\$ 91,121	N/A	\$ 111,726	N/A	\$ 93,918	N/A
Other short-term borrowings (2)	13,253	N/A	14,129	N/A	16,924	N/A

N/A – Not applicable

(1) Highest month-end balance in each of the last three years was February 2020, October 2019 and November 2018.

(2) Highest month-end balance in each of the last three years was March 2020, February 2019 and January 2018.

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, we may purchase our outstanding debt securities from time to time in privately negotiated or open market transactions, by tender offer, or otherwise. We issued \$38.1 billion of long-term debt in 2020. For additional information, see Note 12 (Long-Term Debt) to Financial Statements in this Report.

Credit Ratings Investors in the long-term capital markets, as well as other market participants, generally will consider, among other factors, a company's debt rating in making investment

decisions. Rating agencies base their ratings on many quantitative and qualitative factors, including capital adequacy, liquidity, asset quality, business mix, the level and quality of earnings, and rating agency assumptions regarding the probability and extent of federal financial assistance or support for certain large financial institutions. Adverse changes in these factors could result in a reduction of our credit rating; however, our debt securities do not contain credit rating covenants.

There were no actions undertaken by the rating agencies with regard to our credit ratings during fourth quarter 2020.

See the "Risk Factors" section in this Report 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 16 (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 December 31, 2020, are presented in Table 40.

Table 40: Credit Ratings as of December 31, 2020

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

FEDERAL HOME LOAN BANK MEMBERSHIP The Federal Home Loan Banks (the FHLBs) are a group of cooperatives that lending institutions use to finance housing and economic development in local communities. We are a member of the FHLBs based in Dallas, Des Moines and San Francisco. 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 December 31, 2020, decreased \$3.8 billion from December 31, 2019, predominantly as a result of common and preferred stock dividends of \$6.3 billion, partially offset by \$3.3 billion of Wells Fargo net income. During 2020, we issued \$2.7 billion of common stock, substantially all of which was issued in connection with employee stock ownership plans, excluding conversions of preferred shares. During 2020, we repurchased 75.7 million shares of common stock at a cost of \$3.4 billion, substantially all of which occurred in first quarter 2020. For additional information about capital planning, including the FRB's recent restrictions on capital distributions, see the "Capital Planning and Stress Testing" section below.

In 2020, we issued \$3.2 billion of preferred stock and redeemed \$3.3 billion of preferred stock. In January 2021, we issued \$3.5 billion of our Preferred Stock, Series BB, and in February 2021, we issued \$1.05 billion of our Preferred Stock, Series CC. Additionally, in February 2021, we announced the redemption of our Preferred Stock, Series I, Series P and Series W, and a partial redemption of our Preferred Stock, Series N, for an aggregate cost of \$4.5 billion. For additional information, see Note 18 (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 41 and Table 42 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 December 31, 2020.

Table 41: Risk-Based Capital Requirements – Standardized Approach

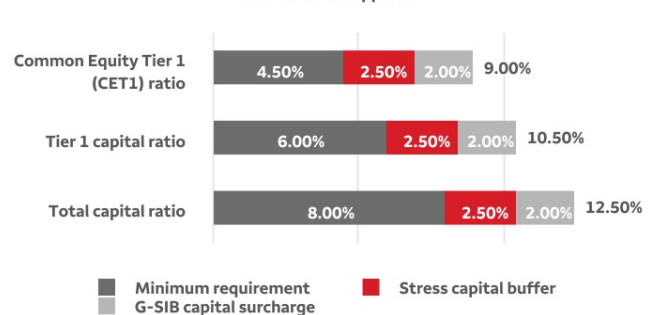
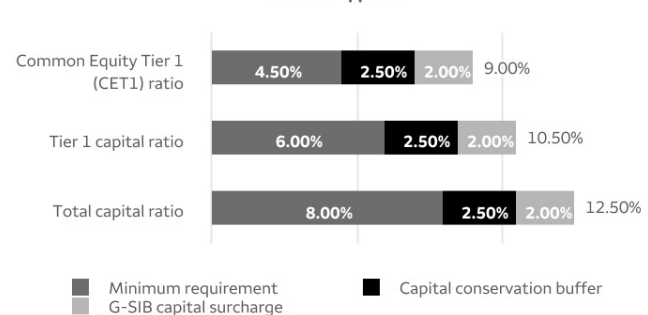


Table 42: Risk-Based Capital Requirements – Advanced Approach



In addition to the risk-based capital requirements described in Table 41 and Table 42, 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, which replaced the capital conservation buffer under the Standardized Approach beginning October 1, 2020, 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 years. In August 2020, the FRB announced that the Company's stress capital buffer for the period October 1, 2020, through September 30, 2021, is 2.50%. However, in December 2020, in conjunction with a capital plan resubmission process, the FRB announced that it was extending through March 31, 2021, the time period during which it can recalculate the stress capital buffers of large BHCs.

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 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.

The Basel III capital requirements for calculating CET1 and tier 1 capital, along with risk-weighted assets (RWAs), are fully phased-in. However, the requirements for determining tier 2 and total capital are still in accordance with Transition Requirements and are scheduled to be fully phased-in by the end of 2021.

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 28 (Regulatory Capital Requirements and Other Restrictions) to Financial Statements in this Report.

Table 43 summarizes our CET1, tier 1 capital, total capital, RWAs and capital ratios on a fully phased-in basis at December 31, 2020 and 2019. 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 44 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 43: Capital Components and Ratios (Fully Phased-In)

			December 31, 2020		December 31, 2019	
(in millions, except ratios)		Required Capital Ratios (1)	Advanced Approach	Standardized Approach	Advanced Approach	Standardized Approach
Common Equity Tier 1	(A)		\$ 138,297	138,297	138,760	138,760
Tier 1 Capital	(B)		158,196	158,196	158,949	158,949
Total Capital	(C)		186,803	196,529	187,813	195,703
Risk-Weighted Assets (2)	(D)		1,158,355	1,193,744	1,165,079	1,245,853
Common Equity Tier 1 Capital Ratio (2)	(A)/(D)	9.00 %	11.94	11.59 *	11.91	11.14 *
Tier 1 Capital Ratio (2)	(B)/(D)	10.50	13.66	13.25 *	13.64	12.76 *
Total Capital Ratio (2)	(C)/(D)	12.50	16.13 *	16.46	16.12	15.71 *

* 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 December 31, 2020.

(2) RWAs and capital ratios for December 31, 2019, have been revised as a result of a decrease in RWAs under the Advanced Approach due to the correction of duplicated operational loss amounts.

Capital Management (continued)

Table 44 provides information regarding the calculation and composition of our risk-based capital under the Advanced and Standardized Approaches at December 31, 2020 and 2019.

Table 44: Risk-Based Capital Calculation and Components

	December 31, 2020		December 31, 2019	
	Advanced Approach	Standardized Approach	Advanced Approach	Standardized Approach
(in millions)				
Total equity	\$ 185,920	185,920	187,984	187,984
Adjustments:				
Preferred stock	(21,136)	(21,136)	(21,549)	(21,549)
Additional paid-in capital on preferred stock	152	152	(71)	(71)
Unearned ESOP shares	875	875	1,143	1,143
Noncontrolling interests	(1,033)	(1,033)	(838)	(838)
Total common stockholders' equity	164,778	164,778	166,669	166,669
Adjustments:				
Goodwill	(26,392)	(26,392)	(26,390)	(26,390)
Certain identifiable intangible assets (other than MSRs)	(342)	(342)	(437)	(437)
Goodwill and other intangibles on nonmarketable equity securities (included in other assets)	(1,965)	(1,965)	(2,146)	(2,146)
Applicable deferred taxes related to goodwill and other intangible assets (1)	856	856	810	810
CECL transition provision (2)	1,720	1,720	—	—
Other	(358)	(358)	254	254
Common Equity Tier 1	\$ 138,297	138,297	138,760	138,760
Preferred stock	21,136	21,136	21,549	21,549
Additional paid-in capital on preferred stock	(152)	(152)	71	71
Unearned ESOP shares	(875)	(875)	(1,143)	(1,143)
Other	(210)	(210)	(288)	(288)
Total Tier 1 capital (A)	\$ 158,196	158,196	158,949	158,949
Long-term debt and other instruments qualifying as Tier 2	24,387	24,387	26,515	26,515
Qualifying allowance for credit losses (3)	4,408	14,134	2,566	10,456
Other	(188)	(188)	(217)	(217)
Total Tier 2 capital (Fully Phased-In) (B)	\$ 28,607	38,333	28,864	36,754
Effect of Basel III Transition Requirements	131	131	520	520
Total Tier 2 capital (Basel III Transition Requirements)	\$ 28,738	38,464	29,384	37,274
Total qualifying capital (Fully Phased-In) (A)+(B)	\$ 186,803	196,529	187,813	195,703
Total Effect of Basel III Transition Requirements	131	131	520	520
Total qualifying capital (Basel III Transition Requirements)	\$ 186,934	196,660	188,333	196,223
Risk-Weighted Assets (RWAs)(4):				
Credit risk (5)	\$ 752,999	1,125,813	790,784	1,210,209
Market risk	67,931	67,931	35,644	35,644
Operational risk (6)	337,425	—	338,651	—
Total RWAs (6)	\$ 1,158,355	1,193,744	1,165,079	1,245,853

- (1) Determined by applying the combined federal statutory rate and composite state income tax rates to the difference between book and tax basis of the respective goodwill and intangible assets at period end.
- (2) At December 31, 2020, the impact of the CECL transition provision issued by federal banking regulators on our regulatory capital was an increase in capital of \$1.7 billion, reflecting a \$991 million (post-tax) increase in capital recognized upon our initial adoption of CECL, offset by 25% of the \$10.8 billion increase in our ACL under CECL from January 1, 2020, through December 31, 2020.
- (3) 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.
- (4) 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.
- (5) Includes an increase of \$1.4 billion 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 December 31, 2020. See footnote (3) to this table.
- (6) Amounts for December 31, 2019, have been revised as a result of a decrease in RWAs under the Advanced Approach due to the correction of duplicated operational loss amounts.

Table 45 presents the changes in CET1 under the Advanced Approach for the year ended December 31, 2020.

Table 45: Analysis of Changes in Common Equity Tier 1 (Advanced Approach)

(in millions)	
Common Equity Tier 1 at December 31, 2019	\$ 138,760
Net income applicable to common stock	1,710
Common stock dividends	(5,015)
Common stock issued, repurchased, and stock compensation-related items	(1,256)
Changes in cumulative other comprehensive income	1,505
Cumulative effect from change in accounting policies (1)	991
Goodwill	(2)
Certain identifiable intangible assets (other than MSRs)	95
Goodwill and other intangibles on nonmarketable equity securities (included in other assets)	181
Applicable deferred taxes related to goodwill and other intangible assets (2)	46
CECL transition provision (3)	1,720
Other	(438)
Change in Common Equity Tier 1	(463)
Common Equity Tier 1 at December 31, 2020	\$ 138,297

- (1) Effective January 1, 2020, we adopted CECL. For additional information, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.
- (2) Determined by applying the combined federal statutory rate and composite state income tax rates to the difference between book and tax basis of the respective goodwill and intangible assets at period end.
- (3) At December 31, 2020, the impact of the CECL transition provision issued by federal banking regulators on our regulatory capital was an increase in capital of \$1.7 billion, reflecting a \$991 million (post-tax) increase in capital recognized upon our initial adoption of CECL, offset by 25% of the \$10.8 billion increase in our ACL under CECL from January 1, 2020, through December 31, 2020.

Table 46 presents net changes in the components of RWAs under the Advanced and Standardized Approaches for the year ended December 31, 2020.

Table 46: Analysis of Changes in RWAs

(in millions)		Advanced Approach	Standardized Approach
RWAs at December 31, 2019 (1)	\$	1,165,079	1,245,853
Net change in credit risk RWAs (2)		(37,785)	(84,396)
Net change in market risk RWAs		32,287	32,287
Net change in operational risk RWAs		(1,226)	—
Total change in RWAs		(6,724)	(52,109)
RWAs at December 31, 2020	\$	1,158,355	1,193,744

- (1) Amount for December 31, 2019, has been revised as a result of a decrease in RWAs under the Advanced Approach due to the correction of duplicated operational loss amounts.
- (2) Includes an increase of \$1.4 billion 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 44 for additional information.

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Capital Management (continued)

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

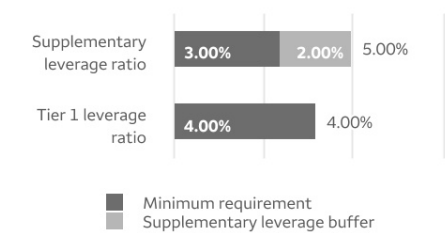
Table 47: Tangible Common Equity

(in millions, except ratios)	Balance at period end			Average balance		
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018
Total equity	\$ 185,920	187,984	197,066	185,214	197,621	203,356
Adjustments:						
Preferred stock	(21,136)	(21,549)	(23,214)	(21,364)	(22,522)	(24,956)
Additional paid-in capital on preferred stock	152	(71)	(95)	148	(81)	(125)
Unearned ESOP shares	875	1,143	1,502	1,007	1,306	2,159
Noncontrolling interests	(1,033)	(838)	(900)	(769)	(962)	(929)
Total common stockholders' equity (A)	164,778	166,669	174,359	164,236	175,362	179,505
Adjustments:						
Goodwill	(26,392)	(26,390)	(26,418)	(26,387)	(26,409)	(26,453)
Certain identifiable intangible assets (other than MSRs)	(342)	(437)	(559)	(389)	(493)	(1,088)
Goodwill and other intangibles on nonmarketable equity securities (included in other assets)	(1,965)	(2,146)	(2,187)	(2,002)	(2,174)	(2,197)
Applicable deferred taxes related to goodwill and other intangible assets (1)	856	810	785	834	792	866
Tangible common equity (B)	\$ 136,935	138,506	145,980	136,292	147,078	150,633
Common shares outstanding (C)	4,144.0	4,134.4	4,581.3	N/A	N/A	N/A
Net income applicable to common stock (D)	N/A	N/A	N/A	\$ 1,710	17,938	20,689
Book value per common share (A)/(C)	\$ 39.76	40.31	38.06	N/A	N/A	N/A
Tangible book value per common share (B)/(C)	33.04	33.50	31.86	N/A	N/A	N/A
Return on average common stockholders' equity (ROE) (D)/(A)	N/A	N/A	N/A	1.04 %	10.23	11.53
Return on average tangible common equity (ROTCE) (D)/(B)	N/A	N/A	N/A	1.25	12.20	13.73

- (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 48 presents the leverage requirements applicable to the Company as of December 31, 2020.

Table 48: 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 rules (Proposed SLR rules) that would replace the 2.00% supplementary leverage buffer with a buffer equal to one-half of our G-SIB capital surcharge. The Proposed SLR rules would similarly tailor the current 6.00% SLR requirement for our IDIs.

In April 2020, the FRB issued an interim final rule that temporarily allows a BHC to exclude on-balance sheet amounts of U.S. Treasury securities and deposits at Federal Reserve Banks from the calculation of its total leverage exposure in the denominator of the SLR. This interim final rule became effective on April 1, 2020, and expires on March 31, 2021.

At December 31, 2020, the Company's SLR was 8.05%, and each of our IDIs exceeded their applicable SLR requirements. In addition, the Company's SLR at December 31, 2020, would have been 7.10% without relying on the FRB's April 2020 interim final rule that temporarily allows for the exclusion of specific on-balance sheet amounts. Table 49 presents information regarding the calculation and components of the Company's SLR and tier 1 leverage ratio.

Table 49: Leverage Ratios for the Company

(in millions, except ratio)		Quarter ended December 31, 2020	
Tier 1 capital	(A)	\$	158,196
Total average assets			1,928,592
Less: Goodwill and other permitted Tier 1 capital deductions (net of deferred tax liabilities)			28,334
Less: Other SLR exclusions			265,323
Total adjusted average assets			1,634,935
Plus adjustments for off-balance sheet exposures:			
Derivatives (1)			62,320
Repo-style transactions (2)			2,914
Other (3)			263,802
Total off-balance sheet exposures			329,036
Total leverage exposure	(B)	\$	1,963,971
Supplementary leverage ratio	(A)/(B)		8.05 %
Tier 1 leverage ratio (4)			8.32 %

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

TOTAL LOSS ABSORBING CAPACITY As a G-SIB, we are required to have a minimum amount of equity and unsecured long-term debt for purposes of resolvability and resiliency, often referred to as Total Loss Absorbing Capacity (TLAC). U.S. G-SIBs are required to have a minimum amount of TLAC (consisting of CET1 capital and additional tier 1 capital issued directly by the top-tier or covered BHC plus eligible external long-term debt) to avoid restrictions on capital distributions and discretionary bonus payments, as well as a minimum amount of eligible unsecured long-term debt. Our minimum TLAC and eligible unsecured long-term debt requirements as of December 31, 2020, are presented in Table 50.

Table 50: TLAC and Eligible Unsecured Long-Term Debt Requirements

TLAC requirement	
Greater of:	
18.00% of RWAs	7.50% of total leverage exposure (the denominator of the SLR calculation)
+	+
TLAC buffer (equal to 2.50% of RWAs + method one G-SIB capital surcharge + any countercyclical buffer)	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	4.50% of total leverage exposure
+	
Method two G-SIB capital surcharge	

Under the Proposed SLR rules, the 2.00% external TLAC leverage buffer would be replaced with a buffer equal to one-half of our applicable G-SIB capital surcharge, and the leverage component for calculating the minimum amount of eligible unsecured long-term debt would be modified from 4.50% of total leverage exposure to 2.50% of total leverage exposure plus one-half of our applicable G-SIB capital surcharge.

As of December 31, 2020, our eligible external TLAC as a percentage of total RWAs was 25.74%, compared with a required minimum of 22.00%. Effective January 1, 2021, the Company's G-SIB capital surcharge calculated under method one, which is a component of our TLAC buffer requirement, decreased from 1.50% to 1.00%. Accordingly, effective January 1, 2021, our TLAC requirement as a percentage of total RWAs decreased from 22.00% to 21.50%. Similar to the risk-based capital requirements, our minimum TLAC requirement is assessed based on the greater of RWAs determined under the Standardized and Advanced Approaches.

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

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 at or in excess of 10.00%. 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.

We submitted our 2020 capital plan to the FRB on April 3, 2020. As part of the 2020 CCAR, the FRB also generated a supervisory stress test. The FRB reviewed the supervisory stress test results as required under the Dodd-Frank Act using a common set of capital actions for all large BHCs and also reviewed the Company's proposed capital actions. The FRB published its supervisory stress test results on June 25, 2020.

On June 25, 2020, the FRB also announced that it was requiring large BHCs, including Wells Fargo, to update and resubmit their capital plans. We updated and resubmitted our capital plan on November 2, 2020, and the FRB published its resubmission supervisory stress test results on December 18, 2020.

On December 18, 2020, the FRB announced that it was extending, with certain adjustments, measures it announced on June 25, 2020, limiting large BHCs, including Wells Fargo, from making any capital distribution (excluding any capital distribution arising from the issuance of a capital instrument eligible for inclusion in the numerator of a regulatory capital ratio), unless otherwise approved by the FRB. For first quarter 2021, the FRB has generally authorized BHCs to (i) provided that the BHC does not increase the amount of its common stock dividends to be larger than the level paid in second quarter 2020, pay common stock dividends and make share repurchases that, in the

aggregate, do not exceed an amount equal to the average of the BHC's net income for the four preceding calendar quarters; (ii) make share repurchases that equal the amount of share issuances related to expensed employee compensation; and (iii) redeem and make scheduled payments on additional tier 1 and tier 2 capital instruments. The FRB is expected to announce by March 31, 2021, whether these capital distribution limitations will be extended for another quarter.

Concurrently with CCAR, federal banking regulators also require large BHCs and banks to conduct their own stress tests to evaluate whether the institution has sufficient capital to continue to operate during periods of adverse economic and financial conditions. We submitted the results of our stress test to the FRB and disclosed a summary of the results in June 2020.

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.

As discussed in the "Capital Planning and Stress Testing" section above, on December 18, 2020, the FRB announced that it was extending, with certain adjustments, measures prohibiting large BHCs subject to the FRB's capital plan rule from making capital distributions subject to certain limited exceptions.

At December 31, 2020, we had remaining Board authority to repurchase approximately 167 million shares, subject to regulatory and legal conditions. On January 15, 2021, we announced that the Board approved an increase in the Company's authority to repurchase common stock by an additional 500 million shares. For more information about share repurchases during fourth quarter 2020, see Part II, Item 5 in our 2020 Form 10-K.

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. The following highlights the more significant regulations and regulatory oversight initiatives that have affected or may affect our business. For additional information about the regulatory matters discussed below and other regulations and regulatory oversight matters, see Part I, Item 1 "Regulation and Supervision" of our 2020 Form 10-K, and the "Capital Management," "Forward-Looking Statements" and "Risk Factors" sections and Note 28 (Regulatory Capital Requirements and Other Restrictions) to Financial Statements in this Report.

Dodd-Frank Act

The Dodd-Frank Act is the most significant financial reform legislation since the 1930s. The following provides additional information on the Dodd-Frank Act, including certain of its rulemaking initiatives.

- *Enhanced supervision and regulation of systemically important firms.* The Dodd-Frank Act grants broad authority to federal banking regulators to establish enhanced supervisory and regulatory requirements for systemically important firms. The FRB has finalized a number of regulations implementing enhanced prudential requirements for large bank holding companies (BHCs) like Wells Fargo regarding risk-based capital and leverage, risk and liquidity management, single counterparty credit limits, and imposing debt-to-equity limits on any BHC that regulators determine poses a grave threat to the financial stability of the United States. The FRB and OCC have also finalized rules implementing stress testing requirements for large BHCs and national banks. In addition, the FRB has proposed a rule to establish remediation requirements for large BHCs experiencing financial distress and has proposed additional requirements regarding effective risk management practices at large BHCs, including its expectations for boards of directors and

senior management. The OCC, under separate authority, has also finalized guidelines establishing heightened governance and risk management standards for large national banks such as Wells Fargo Bank, N.A. The OCC guidelines require covered banks to establish and adhere to a written risk governance framework to manage and control their risk-taking activities. The guidelines also formalize roles and responsibilities for risk management practices within covered banks and create certain risk oversight responsibilities for their boards of directors. In addition to the authorization of enhanced supervisory and regulatory requirements for systemically important firms, the Dodd-Frank Act also established the Financial Stability Oversight Council and the Office of Financial Research, which may recommend new systemic risk management requirements and require new reporting of systemic risks.

- *Regulation of consumer financial products.* The Dodd-Frank Act established the Consumer Financial Protection Bureau (CFPB) to ensure that consumers receive clear and accurate disclosures regarding financial products and are protected from unfair, deceptive or abusive practices. The CFPB has issued a number of rules impacting consumer financial products, including rules regarding the origination, notification, disclosure and other requirements with respect to residential mortgage lending, as well as rules impacting prepaid cards, credit cards, and other financial products. In addition to these rulemaking activities, the CFPB is continuing its ongoing supervisory examination activities of the financial services industry with respect to a number of consumer businesses and products, including mortgage lending and servicing, fair lending requirements, and auto finance.
- *Regulation of swaps and other derivatives activities.* The Dodd-Frank Act established a comprehensive framework for regulating over-the-counter derivatives, and, pursuant to authority granted by the Dodd-Frank Act, the CFTC and the SEC have adopted comprehensive sets of rules regulating swaps and security-based swaps, respectively, and the OCC

and other federal regulatory agencies have adopted margin requirements for uncleared swaps and security-based swaps. Wells Fargo Bank, N.A., as a provisionally-registered swap dealer, is subject to the CFTC's swap rules and will become subject to the SEC's security-based swap rules if it registers as a security-based swap dealer, which it is currently expected to do by November 1, 2021. These rules, as well as others adopted or under consideration by regulators in the United States and other jurisdictions, may negatively impact customer demand for over-the-counter derivatives, impact our ability to offer customers new derivatives or amendments to existing derivatives, and may increase our costs for engaging in swaps, security-based swaps, and other derivatives activities.

Regulatory Capital, Leverage, and Liquidity Requirements

The Company and each of our IDIs are subject to various regulatory capital adequacy requirements administered by the FRB and the OCC. For example, the Company is subject to rules issued by federal banking regulators to implement Basel III risk-based capital requirements for U.S. banking organizations. The Company and its IDIs are also required to maintain specified leverage and supplementary leverage ratios. In addition, the Company is required to have a minimum amount of total loss absorbing capacity for purposes of resolvability and resiliency. Federal banking regulators have also issued final rules requiring a liquidity coverage ratio and a net stable funding ratio. For more information on the final risk-based capital, leverage and liquidity rules, and additional capital requirements applicable to us, see the "Capital Management" and "Risk Management – Asset/Liability Management – Liquidity Risk and Funding – Liquidity Standards" sections in this Report.

"Living Will" Requirements and Related Matters

Rules adopted by the FRB and the FDIC under the Dodd-Frank Act require large financial institutions, including Wells Fargo, to prepare and periodically submit resolution plans, also known as "living wills," that would facilitate their rapid and orderly resolution in the event of material financial distress or failure. Under the rules, rapid and orderly resolution means a reorganization or liquidation of the covered company under the U.S. Bankruptcy Code that can be accomplished in a reasonable period of time and in a manner that substantially mitigates the risk that failure would have serious adverse effects on the financial stability of the United States. In addition to the Company's resolution plan, our national bank subsidiary, Wells Fargo Bank, N.A. (the "Bank"), is also required to prepare and periodically submit a resolution plan. If the FRB and/or FDIC determine that our resolution plan has deficiencies, they may impose more stringent capital, leverage or liquidity requirements on us or restrict our growth, activities or operations until we adequately remedy the deficiencies. If the FRB and/or FDIC ultimately determine that we have been unable to remedy any deficiencies, they could require us to divest certain assets or operations. On June 27, 2019, we submitted our resolution plan to the FRB and FDIC. On December 17, 2019, the FRB and FDIC announced that the Company's 2019 resolution plan did not have any deficiencies, but they identified a specific shortcoming that would need to be addressed.

If Wells Fargo were to fail, it may be resolved in a bankruptcy proceeding or, if certain conditions are met, under the resolution regime created by the Dodd-Frank Act known as the "orderly liquidation authority." The orderly liquidation authority allows for the appointment of the FDIC as receiver for a systemically important financial institution that is in default or in danger of

default if, among other things, the resolution of the institution under the U.S. Bankruptcy Code would have serious adverse effects on financial stability in the United States. If the FDIC is appointed as receiver for Wells Fargo & Company (the "Parent"), then the orderly liquidation authority, rather than the U.S. Bankruptcy Code, would determine the powers of the receiver and the rights and obligations of our security holders. The FDIC's orderly liquidation authority requires that security holders of a company in receivership bear all losses before U.S. taxpayers are exposed to any losses, and allows the FDIC to disregard the strict priority of creditor claims under the U.S. Bankruptcy Code in certain circumstances.

The strategy described in our most recent resolution plan is a single point of entry strategy, in which the Parent would likely be the only material legal entity to enter resolution proceedings. However, we are not obligated to maintain a single point of entry strategy, and the strategy described in our resolution plan is not binding in the event of an actual resolution of Wells Fargo, whether conducted under the U.S. Bankruptcy Code or by the FDIC under the orderly liquidation authority. The FDIC has announced that a single point of entry strategy may be a desirable strategy under its implementation of the orderly liquidation authority, but not all aspects of how the FDIC might exercise this authority are known and additional rulemaking is possible.

To facilitate the orderly resolution of systemically important financial institutions in case of material distress or failure, federal banking regulations require that institutions, such as Wells Fargo, maintain a minimum amount of equity and unsecured debt to absorb losses and recapitalize operating subsidiaries. Federal banking regulators have also required measures to facilitate the continued operation of operating subsidiaries notwithstanding the failure of their parent companies, such as limitations on parent guarantees, and have issued guidance encouraging institutions to take legally binding measures to provide capital and liquidity resources to certain subsidiaries to facilitate an orderly resolution. In response to the regulators' guidance and to facilitate the orderly resolution of the Company, on June 28, 2017, the Parent entered into a support agreement, as amended and restated on June 26, 2019 (the "Support Agreement"), with WFC Holdings, LLC, an intermediate holding company and subsidiary of the Parent (the "IHC"), the Bank, Wells Fargo Securities, LLC ("WFS"), Wells Fargo Clearing Services, LLC ("WFCS"), and certain other direct and indirect subsidiaries of the Parent designated as material entities for resolution planning purposes (the "Covered Entities") or identified as related support entities in our resolution plan (the "Related Support Entities"). Pursuant to the Support Agreement, the Parent transferred a significant amount of its assets, including the majority of its cash, deposits, liquid securities and intercompany loans (but excluding its equity interests in its subsidiaries and certain other assets), to the IHC and will continue to transfer those types of assets to the IHC from time to time. In the event of our material financial distress or failure, the IHC will be obligated to use the transferred assets to provide capital and/or liquidity to the Bank, WFS, WFCS, and the Covered Entities pursuant to the Support Agreement. Under the Support Agreement, the IHC will also provide funding and liquidity to the Parent through subordinated notes and a committed line of credit, which, together with the issuance of dividends, is expected to provide the Parent, during business as usual operating conditions, with the same access to cash necessary to service its debts, pay dividends, repurchase its shares, and perform its other obligations as it would have had if it had not entered into these arrangements and transferred any assets. If certain liquidity and/or capital metrics fall below

defined triggers, or if the Parent's board of directors authorizes it to file a case under the U.S. Bankruptcy Code, the subordinated notes would be forgiven, the committed line of credit would terminate, and the IHC's ability to pay dividends to the Parent would be restricted, any of which could materially and adversely impact the Parent's liquidity and its ability to satisfy its debts and other obligations, and could result in the commencement of bankruptcy proceedings by the Parent at an earlier time than might have otherwise occurred if the Support Agreement were not implemented. The respective obligations under the Support Agreement of the Parent, the IHC, the Bank, and the Related Support Entities are secured pursuant to a related security agreement.

In addition to our resolution plans, we must also prepare and submit to the FRB a recovery plan that identifies a range of options that we may consider during times of idiosyncratic or systemic economic stress to remedy any financial weaknesses and restore market confidence without extraordinary government support. Recovery options include the possible sale, transfer or disposal of assets, securities, loan portfolios or businesses. The Bank must also prepare and submit to the OCC a recovery plan that sets forth the Bank's plan to remain a going concern when the Bank is experiencing considerable financial or operational stress, but has not yet deteriorated to the point where liquidation or resolution is imminent. If either the FRB or the OCC determines that our recovery plan is deficient, they may impose fines, restrictions on our business or ultimately require us to divest assets.

Other Regulatory Related Matters

- *Regulatory actions.* The Company is subject to a number of consent orders and regulatory agreements, which may require the Company, among other things, to undertake certain changes to its business, products and services, and risk management practices, and include the following:
 - *FRB consent order regarding governance oversight and compliance and operational risk management.* On February 2, 2018, the Company entered into a consent order with the FRB. As required by the consent order, the 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. 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 CFPB and OCC 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 CFPB and the 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 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.
- *OCC approval of director and senior executive officer appointments and certain post-termination payments.* Under the April 2018 consent order with the OCC, Wells Fargo Bank, N.A., remains subject to requirements that were originally imposed in November 2016 to provide prior written notice to, and obtain non-objection from, the OCC with respect to changes in directors and senior executive officers, and remains subject to certain regulatory limitations on post-termination payments to certain individuals and employees.
- *Regulatory Developments Related to COVID-19.* In response to the COVID-19 pandemic and related events, federal banking regulators undertook a number of measures to help stabilize the banking sector, support the broader economy, and facilitate the ability of banking organizations like Wells Fargo to continue lending to consumers and businesses. For example, in order to facilitate the Coronavirus Aid, Relief and Economic Security Act (CARES Act), federal banking regulators issued rules designed to encourage financial institutions to participate in stimulus measures, such as the Small Business Administration's Paycheck Protection Program. Similarly, the FRB launched a number of lending facilities designed to enhance liquidity and the functioning of markets, including facilities covering money market mutual funds and term asset-backed securities loans. Federal banking regulators also issued several rules amending the regulatory capital and TLAC rules and other prudential regulations to ease certain restrictions on banking organizations and encourage the use of certain FRB-established facilities in order to further promote lending to consumers and businesses.

In addition, the OCC and the FRB issued guidelines for banks and BHCs related to working with customers affected by the COVID-19 pandemic, including guidance with respect to waiving fees, offering repayment accommodations, and providing payment deferrals. Any current or future rules,

regulations, and guidance related to the COVID-19 pandemic and its impacts could require us to change certain of our business practices, reduce our revenue and earnings, impose additional costs on us, or otherwise adversely affect our business operations and/or competitive position.

Critical Accounting Policies

Our significant accounting policies (see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report) 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.

Beginning in fourth quarter 2020, goodwill impairment was designated as one of our critical accounting policies.

Management has discussed these critical accounting policies and the related estimates and judgments with the Board's Audit Committee.

Allowance for Credit Losses

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

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

Changes in the ACL and, therefore, in the related provision for credit losses can materially affect net income. In applying the judgment and review required to determine the ACL, management considerations include the evaluation of past events, historical experience, changes in economic forecasts and conditions, customer behavior, collateral values, the length of the initial loss forecast period, and other influences. From time to time, changes in economic factors or assumptions, business strategy, products or product mix, or debt security investment

strategy, may result in a corresponding increase or decrease in our ACL. While our methodology attributes portions of the ACL to specific financial asset classes (loan and debt security portfolios) or loan portfolio segments (commercial and consumer), the entire ACL is available to absorb credit losses of the Company.

Judgment is specifically applied in:

- *Economic assumptions and the length of the initial loss forecast period.* We forecast a wide range of economic variables to estimate expected credit losses. Our key economic variables include gross domestic product (GDP), unemployment rate, and collateral asset prices. While many of these economic variables are evaluated at the macro-economy level, some economic variables are forecasted at more granular levels, for example, using the metro statistical area (MSA) level for unemployment rates, home prices and commercial real estate prices. Quarterly, we assess the length of the initial loss forecast period and have currently set the period to two years. For the initial loss forecast period, we forecast multiple economic scenarios that generally include a base scenario with an optimistic (upside) and one or more pessimistic (downside) scenarios. Management exercises judgment when assigning weight to the economic scenarios that are used to estimate future credit losses.
- *Reversion to historical loss expectations.* Our long-term average loss expectations are estimated by reverting to the long-term average, on a linear basis, for each of the forecasted economic variables. These long-term averages are based on observations over multiple economic cycles. The reversion period, which may be up to two years, is assessed on a quarterly basis.
- *Credit risk ratings applied to individual commercial loans, unfunded credit commitments, and debt securities.* Individually assessed credit risk ratings are considered key credit variables in our modeled approaches to help assess probability of default and loss given default. Borrower quality ratings are aligned to the borrower's financial strength and contribute to forecasted probability of default curves. Collateral quality ratings combined with forecasted collateral prices (as applicable) contribute to the forecasted severity of loss in the event of default. These credit risk ratings are reviewed by experienced senior credit officers and subjected to reviews by an internal team of credit risk specialists.
- *Usage of credit loss estimation models.* We use internally developed models that incorporate credit attributes and economic variables to generate estimates of credit losses. Management uses a combination of judgment and quantitative analytics in the determination of segmentation, modeling approach, and variables that are leveraged in the models. These models are validated in accordance with the Company's policies by an internal model validation group. We routinely assess our model performance and apply adjustments when necessary to improve the accuracy of loss estimation. We also assess our models for limitations against the company-wide risk inventory to help ensure that

we appropriately capture known and emerging risks in our estimate of expected credit losses and apply overlays as needed.

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

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

Our sensitivity analysis does not represent management's view of expected credit losses at the balance sheet date. We applied 100% weight to the downside scenario in our sensitivity analysis to reflect the potential for further economic deterioration from a COVID-19 resurgence. The outcome of the scenario was influenced by the duration, severity, and timing of changes in economic variables within the scenario. The sensitivity analysis resulted in a hypothetical increase in the ACL for loans of approximately \$2.6 billion at December 31, 2020. The hypothetical increase in our ACL for loans does not incorporate the impact of management judgment for qualitative factors applied in the current ACL for loans, which may have a positive or negative effect on the results. It is possible that others performing similar sensitivity analyses could reach different conclusions or results.

The sensitivity analysis excludes the ACL for debt securities and other financial assets given its size relative to the overall ACL. Management believes that the estimate for the ACL for loans was appropriate at the balance sheet date.

Valuation of Residential Mortgage Servicing Rights (MSRs)

MSRs are assets that represent the rights to service mortgage loans for others. We recognize MSRs when we purchase servicing rights from third parties, or retain servicing rights in connection with the sale or securitization of loans we originate (asset transfers). We also have acquired MSRs in the past under co-issuer agreements that provide for us to service loans that were originated and securitized by third-party correspondents.

We carry our MSRs related to residential mortgage loans at fair value. Periodic changes in our residential MSRs and the economic hedges used to hedge our residential MSRs are reflected in earnings.

We use a model to estimate the fair value of our residential MSRs. The model is validated in accordance with Company policies by an internal model validation group. The model calculates the present value of estimated future net servicing income and incorporates inputs and assumptions that market participants use in estimating fair value. Certain significant inputs and assumptions generally are not observable in the market and require judgment to determine. If observable market indications do become available, these are factored into the estimates as appropriate:

- **The mortgage loan prepayment speed used to estimate future net servicing income.** The prepayment speed is the annual rate at which borrowers are forecasted to repay their mortgage loan principal; this rate also includes estimated borrower defaults. We use models to estimate prepayment speeds and borrower defaults which are influenced by changes in mortgage interest rates and borrower behavior.
- **The discount rate used to present value estimated future net servicing income.** The discount rate is the required rate of return investors in the market would expect for an asset with similar risk. To determine the discount rate, we consider the risk premium for uncertainties in the cash flow estimates such as from servicing operations (e.g., possible changes in future servicing costs, ancillary income and earnings on escrow accounts).
- **The expected cost to service loans used to estimate future net servicing income.** The cost to service loans includes estimates for unreimbursed expenses, such as delinquency and foreclosure costs, which considers the number of defaulted loans as well as changes in servicing processes associated with default and foreclosure management.

Both prepayment speed and discount rate assumptions can, and generally will, change quarterly as market conditions and mortgage interest rates change. For example, an increase in either the prepayment speed or discount rate assumption results in a decrease in the fair value of the MSRs, while a decrease in either assumption would result in an increase in the fair value of the MSRs. In recent years, there have been significant market-driven fluctuations in loan prepayment speeds and the discount rate. These fluctuations can be rapid and may be significant in the future. Additionally, while our current valuation reflects our best estimate of servicing costs, future regulatory or investor changes in servicing standards, as well as changes in individual state foreclosure legislation or additional market participant information regarding servicing cost assumptions, may have an impact on our servicing cost assumption and our MSR valuation in future periods. We periodically benchmark our MSR fair value estimate to independent appraisals.

For a description of our valuation and sensitivity of MSRs, see Note 1 (Summary of Significant Accounting Policies), Note 8 (Securitizations and Variable Interest Entities), Note 9 (Mortgage Banking Activities) and Note 17 (Fair Values of Assets and Liabilities) to Financial Statements in this Report.

Fair Value of Financial Instruments

Fair value represents the price that would be received to sell the financial asset or paid to transfer the financial liability in an orderly transaction between market participants at the measurement date.

We use fair value measurements to record fair value adjustments to certain financial instruments and to determine fair value disclosures. For example, assets and liabilities held for trading purposes, marketable equity securities, AFS debt securities, derivatives and a majority of our LHFS are carried at fair value each period. Other financial instruments, such as certain LHFS, a majority of nonmarketable equity securities, and loans held for investment, are not carried at fair value each period but may require nonrecurring fair value adjustments due to application of lower-of-cost-or-market accounting, measurement alternative accounting or write-downs of individual assets. We also disclose our estimate of fair value for financial instruments not recorded at fair value, such as loans held for investment or issuances of long-term debt.

The accounting requirements for fair value measurements include a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources, while unobservable inputs reflect our estimates about market data.

When developing fair value measurements, we maximize the use of observable inputs and minimize the use of unobservable inputs. When available, we use quoted prices in active markets to measure fair value. If quoted prices in active markets are not available, fair value measurement is based upon models that generally use market-based or independently sourced market parameters, including interest rate yield curves, prepayment speeds, option volatilities and currency rates. However, when observable market data is limited or not available, fair value estimates are typically determined using internally-developed models based on unobservable inputs. Internal models used to determine fair value are validated in accordance with Company policies by an internal model validation group. Additionally, we use third-party pricing services to obtain fair values, which are used to either record the price of an instrument or to corroborate internally-developed prices. Third-party price validation procedures are performed over the reasonableness of the fair value measurements.

When using internally-developed models based on unobservable inputs, management judgment is necessary as we are required to make judgments about significant assumptions market participants would use to estimate fair value. Determination of these assumptions includes consideration of market conditions and liquidity levels. Changes in the market conditions, such as reduced liquidity in the capital markets or changes in secondary market activities, may reduce the availability and reliability of quoted prices or observable data used to determine fair value. In such cases, it may be appropriate to adjust available quoted prices or observable market data. For example, we may adjust a price received from a third-party pricing service using internal models based on discounted cash

flows when the impact of illiquid markets has not already been incorporated in the fair value measurement. Additionally, for certain residential LHFS and certain debt and equity securities where the significant inputs have become unobservable due to illiquid markets and a third-party pricing service is not used, our discounted cash flow model uses a discount rate that reflects what we believe a market participant would require in light of the illiquid market.

We continually assess the level and volume of market activity in our debt and equity security classes in determining adjustments, if any, to price quotes. Given market conditions can change over time, our determination of which securities markets are considered active or inactive can change. If we determine a market to be inactive, the degree to which price quotes require adjustment, can also change.

Significant judgment is also required to determine whether certain assets measured at fair value are classified as Level 2 or Level 3 of the fair value hierarchy. When making this judgment, we consider available information, including observable market data, indications of market liquidity and orderliness, and our understanding of the valuation techniques and significant inputs used to estimate fair value. The classification as Level 2 or Level 3 is based upon the specific facts and circumstances of each instrument or instrument category and judgments are made regarding the significance of unobservable inputs to each instrument's fair value measurement in its entirety. If unobservable inputs are considered significant, the instrument is classified as Level 3.

Table 51 presents our (1) assets and liabilities recorded at fair value on a recurring basis and (2) Level 3 assets and liabilities recorded at fair value on a recurring basis, both presented as a percentage of our total assets and total liabilities.

Table 51: Fair Value Level 3 Summary

(\$ in billions)	December 31, 2020		December 31, 2019	
	Total balance	Level 3 (1)	Total balance	Level 3 (1)
Assets recorded at fair value on a recurring basis	\$ 380.3	21.9	428.4	24.1
As a percentage of total assets	19 %	1	22	1
Liabilities recorded at fair value on a recurring basis	\$ 39.0	2.0	26.5	1.8
As a percentage of total liabilities	2 %	*	2	*

* Less than 1%.

(1) Before derivative netting adjustments.

See Note 17 (Fair Values of Assets and Liabilities) to Financial Statements in this Report for a complete discussion on our fair value of financial instruments, our related measurement techniques and the impact to our financial statements.

Income Taxes

We file income tax returns in the jurisdictions in which we operate and evaluate income tax expense in two components: current and deferred income tax expense. Current income tax expense represents our estimated taxes to be paid or refunded for the current period and includes income tax expense related to uncertain tax positions. Uncertain tax positions that meet the more likely than not recognition threshold are measured to determine the amount of benefit to recognize. An uncertain tax position is measured at the largest amount of benefit that management believes has a greater than 50% likelihood of

realization upon settlement. Tax benefits not meeting our realization criteria represent unrecognized tax benefits.

Deferred income taxes are based on the balance sheet method and deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Under the balance sheet method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax basis of assets and liabilities, and recognizes enacted changes in tax rates and laws in the period in which they occur. Deferred tax assets are recognized subject to management's judgment that realization is more likely than not. A valuation allowance reduces deferred tax assets to the realizable amount.

The income tax laws of the jurisdictions in which we operate are complex and subject to different interpretations by management and the relevant government taxing authorities. In establishing a provision for income tax expense, we must make judgments about the application of these inherently complex tax laws. We must also make estimates about when in the future certain items will affect taxable income in the various tax jurisdictions. Our interpretations may be subjected to review during examination by taxing authorities and disputes may arise over the respective tax positions. We attempt to resolve these disputes during the tax examination and audit process and ultimately through the court systems when applicable.

We monitor relevant tax authorities and revise our estimate of accrued income taxes due to changes in income tax laws and their interpretation by the courts and regulatory authorities on a quarterly basis. Revisions of our estimate of accrued income taxes also may result from our own income tax planning and from the resolution of income tax controversies. Such revisions in our estimates may be material to our operating results for any given quarter.

See Note 23 (Income Taxes) to Financial Statements in this Report for a further description of our provision for income taxes and related income tax assets and liabilities.

Liability for Contingent Litigation Losses

The Company is involved in a number of judicial, regulatory, governmental, arbitration and other proceedings or investigations concerning matters arising from the conduct of its business activities, and many of those proceedings and investigations expose the Company to potential financial loss. We establish accruals for legal actions when potential losses associated with the actions become probable and the costs can be reasonably estimated. For such accruals, we record the amount we consider to be the best estimate within a range of potential losses that are both probable and estimable; however, if we cannot determine a best estimate, then we record the low end of the range of those potential losses. The actual costs of resolving legal actions may be substantially higher or lower than the amounts accrued for those actions.

We apply judgment when establishing an accrual for potential losses associated with legal actions and in establishing the range of reasonably possible losses in excess of the accrual. Our judgment in establishing accruals and the range of reasonably possible losses in excess of the Company's accrual for probable and estimable losses is influenced by our understanding of information currently available related to the legal evaluation and potential outcome of actions, including input and advice on these matters from our internal counsel, external counsel and senior management. These matters may be in various stages of investigation, discovery or proceedings. They may also involve a wide variety of claims across our businesses, legal entities and jurisdictions. The eventual outcome may be a scenario that was not considered or was considered remote in anticipated

occurrence. Accordingly, our estimate of potential losses will change over time and the actual losses may vary significantly.

The outcomes of legal actions are unpredictable and subject to significant uncertainties, and it is inherently difficult to determine whether any loss is probable or even possible. It is also inherently difficult to estimate the amount of any loss and there may be matters for which a loss is probable or reasonably possible but not currently estimable. Accordingly, actual losses may be in excess of the established accrual or the range of reasonably possible loss.

See Note 15 (Legal Actions) to Financial Statements in this Report for further information.

Goodwill Impairment

We test goodwill for impairment annually in the fourth quarter or more frequently as macroeconomic and other business factors warrant. These factors may include trends in short-term or long-term interest rates, negative trends from reduced revenue generating activities or increased costs, adverse actions by regulators, and company specific factors such as a decline in market capitalization. In first and second quarter 2020, we performed interim, quantitative impairment assessments of our goodwill and concluded that there was no impairment of goodwill. In third quarter 2020, we performed a qualitative assessment of goodwill impairment and concluded that it was more likely than not that the fair values of our reporting units were greater than their carrying amounts as of September 30, 2020.

In 2020, we reorganized our management reporting structure, which resulted in newly defined reportable operating segments. We identify reporting units to be assessed for goodwill impairment at the reportable operating segment level or one level below. Goodwill balances were allocated to the reporting units based on the relative fair value of realigned businesses.

For our quantitative goodwill impairment assessments, we calculate carrying amounts as net equity for each reporting unit based on allocated capital plus assigned goodwill and other intangible assets. We allocate capital to the reporting units under a risk-sensitive framework that is primarily based on aspects of our regulatory capital requirements. The estimated fair values of the reporting units are established based on a balanced weighting of fair values using both an income approach and a market approach and are intended to reflect Company performance and expectations as well as external market conditions. The methodologies for calculating carrying amounts and estimating fair values are periodically assessed by senior management and revised as necessary.

The income approach is a discounted cash flow (DCF) analysis, which uses the present value of future cash flows associated with each reporting unit to estimate fair value. There is significant judgment applied in a DCF analysis based on financial forecasts for our lines of business, which include future expectations of economic conditions and balance sheet changes, and assumptions related to future business activities. The near-term forecasts are reviewed by senior management and the Board as part of our annual budgeting process. For periods after our financial forecasts, we use a terminal value calculation based on an assumed long-term growth rate. We apply a discount rate to these forecasted cash flows using the capital asset pricing model which produces an estimated cost of equity specific to that reporting unit. The discount rates used in our fourth quarter 2020 assessment, which ranged from 10% to 12%, were intended to reflect the risks and uncertainties in the financial markets and in our internally generated business projections.

The market approach utilizes observable market data from comparable publicly traded companies, such as price-to-earnings or price-to-tangible book value ratios, to estimate a reporting unit's fair value. The market data is adjusted with a control premium that would be applied in a hypothetical acquisition of the reporting unit. Management uses judgment in the selection of comparable companies for each reporting unit based on the similarity of peer business activities to those of the applicable reporting unit.

The aggregate fair value of our reporting units exceeded our market capitalization for our fourth quarter 2020 assessment. Factors that we considered in our assessment and contributed to this difference included: (i) an overall premium that would be paid to gain control of the operating and financial decisions of the Company, (ii) synergies that we believe may not be reflected in the price of the Company's common stock, (iii) market position or opportunities that a potential buyer would take into consideration when estimating the fair value of an individual reporting unit, (iv) a higher degree of complexity and execution risk at the Company level, compared with the individual reporting unit level, and (v) risks or benefits at the Company level that may not be reflected in the fair value of the individual reporting units.

Based on our fourth quarter 2020 assessment, there was no impairment of goodwill at December 31, 2020. The fair value of

each reporting unit exceeded its carrying amount by 10% or higher based on forecasts and valuations. Although the fair value of our Commercial Banking reporting unit exceeded its carrying amount by over 20%, it was the most sensitive to adverse changes in valuation assumptions. An adverse change to valuation assumptions could result in an impairment of the goodwill allocated to the Commercial Banking reporting unit, which was \$2.9 billion at December 31, 2020.

Declines in our ability to generate revenue, significant increases in credit losses or other expenses, or adverse actions from regulators are factors that could result in material goodwill impairment in a future period. Given the uncertainty of the severity or length of the current economic downturn, we will continue to monitor our performance against our internal forecasts as well as market conditions for circumstances that could have a further negative effect on the estimated fair values of our reporting units.

For additional information on goodwill and our reportable operating segments, see Note 1 (Summary of Significant Accounting Policies), Note 10 (Intangible Assets), and Note 26 (Operating Segments) to Financial Statements in this Report.

Current Accounting Developments

Table 52 provides the significant accounting updates applicable to us that have been issued by the Financial Accounting Standards Board (FASB) but are not yet effective.

Table 52: Current Accounting Developments – Issued Standards

Description	Effective date and financial statement impact
ASU 2018-12 – Financial Services – Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts and subsequent related updates	
The Update requires all features in long-duration insurance contracts that meet the definition of a market risk benefit to be measured at fair value through earnings with changes in fair value attributable to our own credit risk recognized in other comprehensive income. The Update requires the use of a standardized discount rate and routine updates for insurance assumptions used in valuing the liability for future policy benefits for traditional long-duration contracts. The Update also simplifies the amortization of deferred acquisition costs.	ASU 2020-11, Financial Services – Insurance (Topic 944): Effective Date and Early Application, issued in fourth quarter 2020, delayed the effective date of this standard to January 1, 2023. Certain of our variable annuity reinsurance products meet the definition of market risk benefits and will require the associated insurance related reserves to be measured at fair value as of the earliest period presented, with the cumulative effect of the difference between fair value and carrying value, excluding the effect of our own credit, to be recognized in the opening balance of retained earnings. The cumulative effect on fair value for changes attributable to our own credit risk will be recognized in the beginning balance of accumulated other comprehensive income. As of December 31, 2020, we held \$1.2 billion in insurance-related reserves of which \$588 million was in scope of the Update. A total of \$531 million was associated with products that meet the definition of market risk benefits, and of this amount, \$26 million was measured at fair value under current accounting standards. The market risk benefits are primarily indexed to U.S. equity and fixed income markets. Upon adoption, we may incur periodic earnings volatility from changes in the fair value of market risk benefits generally due to the long duration of these contracts. We plan to economically hedge this volatility, where feasible. The ultimate impact of these changes will depend on the composition of our market risk benefits portfolio at the date of adoption. Changes in the accounting for the liability of future policy benefits for traditional long-duration contracts and deferred acquisition costs will be applied to all outstanding long-duration contracts on the basis of their existing carrying amounts at the beginning of the earliest period presented, and are not expected to be material.

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 2021-01 – Reference Rate Reform (Topic 848): Scope
- ASU 2020-10 – Codification Improvements
- ASU 2020-08 – Codification Improvements to Subtopic 310-20, *Receivables-Nonrefundable Fees and Other Costs*
- 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 2020-01 – Investments – Equity Securities (Topic 321), Investments – Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): *Clarifying the Interactions between Topic 321, Topic 323, and Topic 815 (a consensus of the FASB Emerging Issues Task Force)*
- ASU 2019-12 – Income Taxes (Topic 740): *Simplifying the Accounting for Income Taxes*

Forward-Looking Statements

This document contains forward-looking statements. In addition, we may make forward-looking statements in our other documents filed or furnished with the 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; and (xiii) the Company’s plans, objectives and strategies.

Forward-looking statements are not based on historical facts but instead represent our current expectations and assumptions regarding our business, the economy and other future conditions. 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, asset and wealth management businesses;
- negative effects from the retail banking sales practices matter and from other instances where customers may have experienced financial harm, including on our legal, operational and compliance costs, our ability to engage in certain business activities or offer certain products or services, our ability to keep and attract customers, our ability to attract and retain qualified 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 this Report.

In addition to the above factors, we also caution that the amount and timing of any future common stock dividends or repurchases will depend on the earnings, cash requirements and financial condition of the Company, market conditions, capital requirements (including under Basel capital standards), common stock issuance requirements, applicable law and regulations

(including federal securities laws and federal banking regulations), and other factors deemed relevant by the Company’s Board of Directors, and may be subject to regulatory approval or conditions.

For more information about factors that could cause actual results to differ materially from our expectations, refer to our reports filed with the Securities and Exchange Commission, including the discussion under “Risk Factors” in this Report as filed with the Securities and

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

under "Risk Factors" in this Report, 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.

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. We discuss below risk factors that could adversely affect our financial results and condition, and the value of, and return on, an investment in the Company.

ECONOMIC, FINANCIAL MARKETS, INTEREST RATES, AND LIQUIDITY RISKS

Our financial results have been, and will continue to be, materially affected by general economic conditions, and a deterioration in economic conditions or in the financial markets may materially adversely affect our lending and other businesses and our financial results and condition. We generate revenue from the interest and fees we charge on the loans and other products and services we sell, and a substantial amount of our revenue and earnings comes from the net interest income and fee income that we earn from our consumer and commercial lending and banking businesses, including our mortgage banking business. These businesses have been, and will continue to be, materially affected by the state of the U.S. economy, particularly unemployment levels and home prices. The negative effects and continued uncertainty stemming from U.S. fiscal and political matters, including concerns about deficit and debt levels, taxes and U.S. debt ratings, have impacted and may continue to impact the global economy. Moreover, geopolitical matters, including international political unrest or disturbances, the United Kingdom's exit from the European Union, as well as continued concerns over commodity prices, restrictions on international trade and corresponding retaliatory measures, and global economic difficulties, may impact the stability of financial markets and the global economy. In particular, the United Kingdom's exit from the European Union could increase economic barriers between the United Kingdom and the European Union, limit our ability to conduct business in the European Union, impose additional costs on us, subject us to different laws, regulations and/or regulatory authorities, or adversely impact our business, financial results and operating model. Although we have transitioned certain of our operations to countries within the European Union, there is no guarantee that we will be able to operate or conduct business in the European Union in the same manner or with the same effectiveness as before the United Kingdom's exit. A prolonged period of slow growth in the global economy, particularly in the U.S., or any deterioration in general economic conditions and/or the financial markets resulting from the above matters or any other events or factors that may disrupt or weaken the global economy, could materially adversely affect our financial results and condition.

A weakening in business or economic conditions, including higher unemployment levels or declines in home prices, can also adversely affect our borrowers' ability to repay their loans, which can negatively impact our credit performance. If unemployment levels worsen or if home prices fall we would expect to incur elevated charge-offs and provision expense from increases in our allowance for credit losses. These conditions may adversely affect not only consumer loan performance but also commercial and CRE loans, especially for those business borrowers that rely on the health of industries that may experience deteriorating economic conditions. The ability of these and other borrowers to

repay their loans may deteriorate, causing us, as one of the largest commercial and CRE lenders in the U.S., to incur significantly higher credit losses. In addition, weak or deteriorating economic conditions make it more challenging for us to increase our consumer and commercial loan portfolios by making loans to creditworthy borrowers at attractive yields. Furthermore, weak economic conditions, as well as competition and/or increases in interest rates, could soften demand for our loans resulting in our retaining a much higher amount of lower yielding liquid assets on our consolidated balance sheet. If economic conditions do not continue to improve or if the economy worsens and unemployment rises, which also would likely result in a decrease in consumer and business confidence and spending, the demand for our credit products, including our mortgages, may fall, reducing our interest and noninterest income and our earnings.

A deterioration in business and economic conditions, which may erode consumer and investor confidence levels, and/or increased volatility of financial markets, also could adversely affect financial results for our fee-based businesses, including our investment advisory, mutual fund, securities brokerage, wealth management, and investment banking businesses. For example, because investment management fees are often based on the value of assets under management, a fall in the market prices of those assets could reduce our fee income. Changes in stock market prices could affect the trading activity of investors, reducing commissions and other fees we earn from our brokerage business. In addition, adverse market conditions may negatively affect the performance of products we have provided to customers, which may expose us to legal actions or additional costs. The U.S. stock market experienced significant volatility in 2020 and there is no guarantee that high price levels will continue or that price levels will stabilize. Poor economic conditions and volatile or unstable financial markets also can negatively affect our debt and equity underwriting and advisory businesses, as well as our trading activities and venture capital businesses. Any deterioration in global financial markets and economies, including as a result of any international political unrest or disturbances, may adversely affect the revenues and earnings of our international operations, particularly our global financial institution and correspondent banking services.

For more information, refer to the "Risk Management – Asset/Liability Management" and "– Credit Risk Management" sections in this Report.

The COVID-19 pandemic has adversely impacted our business and financial results, and the ultimate impact will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities in response to the pandemic. The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains, affected equity market valuations, created significant volatility and disruption in financial markets, and increased unemployment levels. In addition, the pandemic has resulted in restrictions and closures for many businesses, as well as the institution of social distancing and sheltering in place requirements in many states and communities. As a result, the demand for our products and services may continue to be significantly impacted, which could adversely affect our revenue. Furthermore, the pandemic could continue to result in the recognition of credit losses in our loan portfolios and increases in our allowance for credit losses,

particularly for industries most directly and adversely affected by the pandemic, such as travel and entertainment, and/or if businesses remain closed, the impact on the global economy worsens, or more customers draw on their lines of credit or seek additional loans to help finance their businesses. Similarly, because of changing economic and market conditions affecting issuers, we may be required to recognize further impairments on the securities we hold, as well as reductions in other comprehensive income. Moreover, the persistence of adverse economic conditions and reduced revenue may adversely affect the fair value of our operating segments and underlying reporting units which may result in the impairment of goodwill or other long-lived assets. Our business operations may be further disrupted if significant portions of our workforce are unable to work effectively, including because of illness, quarantines, government actions, or other restrictions in connection with the pandemic, and we have already temporarily closed certain of our branches and offices.

Moreover, the pandemic has created additional operational and compliance risks, including the need to quickly implement and execute new programs and procedures for the products and services we offer our customers, provide enhanced safety measures for our employees and customers, comply with rapidly changing regulatory requirements, address any increased risk of fraudulent activity, and protect the integrity and functionality of our systems, networks and operations while a larger number of our employees and those of our third-party service providers work remotely. The pandemic could also result in or contribute to additional downgrades to our credit ratings or credit outlook. In response to the pandemic, we have temporarily suspended certain mortgage foreclosure activities, and provided fee waivers, payment deferrals, and other expanded assistance for mortgage, credit card, auto, small business, personal and commercial lending customers, and future governmental actions may require these and other types of customer-related responses. Our participation in governmental measures taken to address the economic impact from the COVID-19 pandemic could result in reputational harm, as well as continue to result in litigation and government investigations and proceedings. In addition, we reduced our common stock dividend and temporarily suspended share repurchases, and we could take, or be required to take, other capital actions in the future. The COVID-19 pandemic may also have the effect of increasing the likelihood and/or magnitude of the other risks described herein, including credit, market and operational related risks, particularly if the pandemic continues to adversely affect the global economy. The extent to which the COVID-19 pandemic impacts our business, results of operations, and financial condition, as well as our regulatory capital and liquidity ratios, will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic, the effectiveness, availability and use of vaccines, and actions taken by governmental authorities and other third parties in response to the pandemic.

Changes in interest rates and financial market values could reduce our net interest income and earnings, as well as our other comprehensive income, including as a result of recognizing losses on the debt and equity securities that we hold in our portfolio or trade for our customers. Changes in either our net interest margin or the amount or mix of earning assets we hold, including as a result of the asset cap under the February 2018 consent order with the FRB, could affect our net interest income and our earnings. Changes in interest rates can affect our net interest margin. Although the yield we earn on our

assets and our funding costs tend to move in the same direction in response to changes in interest rates, one can rise or fall faster than the other, causing our net interest margin to expand or contract. If our funding costs rise faster than the yield we earn on our assets or if the yield we earn on our assets falls faster than our funding costs, our net interest margin could contract.

The amount and type of earning assets we hold can affect our yield and net interest margin. We hold earning assets in the form of loans and debt and equity securities, among other assets. As noted above, if the economy worsens we may see lower demand for loans by creditworthy customers, reducing our net interest income and yield. In addition, our net interest income and net interest margin can be negatively affected by a prolonged low interest rate environment as it may result in us holding lower yielding loans and securities on our consolidated balance sheet, particularly if we are unable to replace the maturing higher yielding assets with similar higher yielding assets. Increases in interest rates, however, may negatively affect loan demand and could result in higher credit losses as borrowers may have more difficulty making higher interest payments. As described below, changes in interest rates also affect our mortgage business, including the value of our MSRs.

Changes in the slope of the “yield curve” – or the spread between short-term and long-term interest rates – could also reduce our net interest margin. Normally, the yield curve is upward sloping, meaning short-term rates are lower than long-term rates. When the yield curve flattens, or even inverts, our net interest margin could decrease if the cost of our short-term funding increases relative to the yield we can earn on our long-term assets. Moreover, a negative interest rate environment, in which interest rates drop below zero, could reduce our net interest margin and net interest income due to a likely decline in the interest we could earn on loans and other earning assets, while also likely requiring us to pay to maintain our deposits with the FRB.

The interest we earn on our loans may be tied to U.S.-denominated interest rates such as the federal funds rate while the interest we pay on our debt may be based on international rates such as LIBOR. If the federal funds rate were to fall without a corresponding decrease in LIBOR, we might earn less on our loans without any offsetting decrease in our funding costs. This could lower our net interest margin and our net interest income.

We assess our interest rate risk by estimating the effect on our earnings under various scenarios that differ based on assumptions about the direction, magnitude and speed of interest rate changes and the slope of the yield curve. We may hedge some of that interest rate risk with interest rate derivatives. We also rely on the “natural hedge” that our mortgage loan originations and servicing rights can provide as their revenue impact tends to move in opposite directions based on changes in interest rates.

We generally do not hedge all of our interest rate risk. There is always the risk that changes in interest rates, credit spreads or option volatility could reduce our net interest income and earnings, as well as our other comprehensive income, in material amounts, especially if actual conditions turn out to be materially different than what we assumed. For example, if interest rates rise or fall faster than we assumed or the slope of the yield curve changes, we may incur significant losses on debt securities we hold as investments. To reduce our interest rate risk, we may rebalance our portfolios of debt securities, equity securities and loans, refinance our debt and take other strategic actions. We may incur losses when we take such actions.

We hold debt and equity securities, including U.S. Treasury and federal agency securities and federal agency MBS, securities

of U.S. states and political subdivisions, residential and commercial MBS, corporate debt securities, other asset-backed securities and marketable equity securities, including securities relating to our venture capital activities. Because of changing economic and market conditions, as well as credit ratings, affecting issuers and the performance of any collateral underlying the securities, we may be required to recognize other-than-temporary impairment (OTTI) in future periods on the securities we hold. Furthermore, the value of the debt securities we hold can fluctuate due to changes in interest rates, issuer creditworthiness, and other factors. Our net income also is exposed to changes in interest rates, credit spreads, foreign exchange rates, and equity and commodity prices in connection with our trading activities, which are conducted primarily to accommodate the investment and risk management activities of our customers, as well as when we execute economic hedging to manage certain balance sheet risks. Trading debt securities and equity securities held for trading are carried at fair value with realized and unrealized gains and losses recorded in noninterest income. As part of our business to support our customers, we trade public debt and equity securities that are subject to market fluctuations with gains and losses recognized in net income. In addition, although high market volatility can increase our exposure to trading-related losses, periods of low volatility may have an adverse effect on our businesses as a result of reduced customer activity levels. Although we have processes in place to measure and monitor the risks associated with our trading activities, including stress testing and hedging strategies, there can be no assurance that our processes and strategies will be effective in avoiding losses that could have a material adverse effect on our financial results.

The value of our marketable and nonmarketable equity securities can fluctuate from quarter to quarter. Marketable equity securities are carried at fair value with unrealized gains and losses reflected in earnings. Nonmarketable equity securities are carried under the cost method, equity method, or measurement alternative, while others are carried at fair value with unrealized gains and losses reflected in earnings. Earnings from our equity securities portfolio may be volatile and hard to predict, and may have a significant effect on our earnings from period to period. When, and if, we recognize gains may depend on a number of factors, including general economic and market conditions, the prospects of the companies in which we invest, when a company goes public, the size of our position relative to the public float, and whether we are subject to any resale restrictions.

Nonmarketable equity securities include our private equity and venture capital investments that could result in significant OTTI losses for those investments carried under the measurement alternative or equity method. If we determine there is OTTI for an investment, we write-down the carrying value of the investment, resulting in a charge to earnings, which could be significant.

For more information, refer to the “Risk Management – Asset/Liability Management – Interest Rate Risk”, “– Mortgage Banking Interest Rate and Market Risk”, “– Market Risk – Trading Activities”, and “– Market Risk – Equity Securities” and the “Balance Sheet Analysis – Available-for-Sale and Held-to-Maturity Debt Securities” sections in this Report and Note 2 (Trading Activities), Note 3 (Available-for-Sale and Held-to-Maturity Debt Securities) and Note 6 (Equity Securities) to Financial Statements in this Report.

Uncertainty about the future of the London Interbank Offered Rate (LIBOR) may adversely affect our business, results of operations, and financial condition. Central banks and global

regulators have called for financial market participants to prepare for the discontinuation of LIBOR. The administrator of LIBOR published a consultation regarding its intention to cease the publication of LIBOR after December 31, 2021, with the exception of certain tenors of U.S. dollar LIBOR that it proposed would remain available for use in legacy contracts or as otherwise enumerated by financial regulators until June 30, 2023. We have a significant number of assets and liabilities referenced to LIBOR and other interbank offered rates such as commercial loans, adjustable-rate mortgage loans, derivatives, debt securities, and long-term debt. When any such benchmark rate or other referenced financial metric is significantly changed, replaced or discontinued, or ceases to be recognized as an acceptable market benchmark rate or financial metric, there may be uncertainty or differences in the calculation of the applicable interest rate or payment amount depending on the terms of the governing instrument.

This could impact the financial performance of previously booked transactions, result in losses on financial instruments we hold, require different hedging strategies or result in ineffective or increased basis risk on existing hedges, impact the overall interest rate environment and the availability or cost of floating-rate funding, affect our capital and liquidity planning and management, or have other adverse financial consequences. There can be no assurance that the transition to a new benchmark rate or other financial metric will be an adequate alternative to LIBOR or produce the economic equivalent of LIBOR. In addition, the transition to using any new benchmark rate or other financial metric may require changes to existing transaction data, products, systems, models, operations, and pricing processes, require substantial changes to existing documentation and the renegotiation of a substantial volume of previously booked transactions, and could result in significant operational, systems, or other practical challenges, increased compliance and operational costs, heightened expectations and scrutiny from regulators, litigation, reputational harm, or other adverse consequences. There can be no assurance that we will be able to modify all existing documentation or renegotiate all previously booked transactions before the discontinuation of LIBOR. Furthermore, the transition away from widely used benchmark rates like LIBOR could result in customers or other market participants challenging the determination of their interest payments, disputing the interpretation or implementation of contract “fallback” provisions and other transition related changes, or entering into fewer transactions or postponing their financing needs, which could reduce our revenue and adversely affect our business. Moreover, to the extent borrowers with loans referenced to LIBOR, such as adjustable rate mortgage loans, experience higher interest payments as a result of the transition to a new benchmark rate, our customers’ ability to repay their loans may be adversely affected, which can negatively impact our credit performance.

For additional information on the discontinuation of LIBOR and the steps we are taking to address and mitigate the risks we have identified, refer to the “Overview – Recent Developments – LIBOR Transition” section in this Report.

Effective liquidity management is essential for the operation of our business, and our financial results and condition could be materially adversely affected if we do not effectively manage our liquidity. We primarily rely on customer deposits to be a low-cost and stable source of funding for the loans we make and the operation of our business. In addition to customer deposits, our sources of liquidity include certain debt and equity securities, our ability to sell or securitize loans in secondary markets and to

pledge loans to access secured borrowing facilities through the FHLB and the FRB, and our ability to raise funds in domestic and international money through capital markets.

Our liquidity and our ability to fund and run our business could be materially adversely affected by a variety of conditions and factors, including financial and credit market disruption and volatility or a lack of market or customer confidence in financial markets in general similar to what occurred during the financial crisis in 2008 and early 2009, which may result in a loss of customer deposits or outflows of cash or collateral and/or our inability to access capital markets on favorable terms. Market disruption and volatility could impact our credit spreads, which are the amount in excess of the interest rate of U.S. Treasury securities, or other benchmark securities, of the same maturity that we need to pay to our funding providers. Increases in interest rates and our credit spreads could significantly increase our funding costs. Other conditions and factors that could materially adversely affect our liquidity and funding include a lack of market or customer confidence in the Company or negative news about the Company or the financial services industry generally which also may result in a loss of deposits and/or negatively affect our ability to access the capital markets; our inability to sell or securitize loans or other assets; disruptions or volatility in the repurchase market which also may increase our short-term funding costs; regulatory requirements or restrictions; and, as described below, reductions in one or more of our credit ratings. Many of the above conditions and factors may be caused by events over which we have little or no control. There can be no assurance that significant disruption and volatility in the financial markets will not occur in the future. For example, concerns over geopolitical issues, commodity and currency prices, as well as global economic conditions, may cause financial market volatility.

In addition, concerns regarding U.S. government debt levels and any associated downgrade of U.S. government debt ratings may cause uncertainty and volatility as well. A downgrade of the sovereign debt ratings of the U.S. government or the debt ratings of related institutions, agencies or instrumentalities, as well as other fiscal or political events could, in addition to causing economic and financial market disruptions, materially adversely affect the market value of the U.S. government securities that we hold, the availability of those securities as collateral for borrowing, and our ability to access capital markets on favorable terms, as well as have other material adverse effects on the operation of our business and our financial results and condition.

As noted above, we rely heavily on customer deposits for our funding and liquidity. We compete with banks and other financial services companies for deposits. If our competitors raise the rates they pay on deposits our funding costs may increase, either because we raise our rates to avoid losing deposits or because we lose deposits and must rely on more expensive sources of funding. Checking and savings account balances and other forms of customer deposits may decrease when customers perceive alternative investments, such as the stock market, as providing a better risk/return tradeoff. When customers move money out of bank deposits and into other investments, we may lose a relatively low-cost source of funds, increasing our funding costs and negatively affecting our liquidity.

If we are unable to continue to fund our assets through customer deposits or access capital markets on favorable terms or if we suffer an increase in our borrowing costs or otherwise fail to manage our liquidity effectively (including on an intra-day or intra-affiliate basis), our liquidity, net interest margin, financial results and condition may be materially adversely affected. As we did during the financial crisis, we may also need, or be required by

our regulators, to raise additional capital through the issuance of common stock, which could dilute the ownership of existing stockholders, or reduce or even eliminate our common stock dividend to preserve capital or to raise additional capital.

For more information, refer to the "Risk Management – Asset/Liability Management" section in this Report.

Adverse changes in our credit ratings could have a material adverse effect on our liquidity, cash flows, financial results and condition. Our borrowing costs and ability to obtain funding are influenced by our credit ratings. Reductions in one or more of our credit ratings could adversely affect our ability to borrow funds and raise the costs of our borrowings substantially and could cause creditors and business counterparties to raise collateral requirements or take other actions that could adversely affect our ability to raise funding. Credit ratings and credit ratings agencies' outlooks are based on the ratings agencies' analysis of many quantitative and qualitative factors, such as our capital adequacy, liquidity, asset quality, business mix, the level and quality of our earnings, rating agency assumptions regarding the probability and extent of federal financial assistance or support, and other rating agency specific criteria. In addition to credit ratings, our borrowing costs are affected by various other external factors, including market volatility and concerns or perceptions about the financial services industry generally. There can be no assurance that we will maintain our credit ratings and outlooks and that credit ratings downgrades in the future would not materially affect our ability to borrow funds and borrowing costs.

Downgrades in our credit ratings also may trigger additional collateral or funding obligations which could negatively affect our liquidity, including as a result of credit-related contingent features in certain of our derivative contracts. Although a one or two notch downgrade in our current credit ratings would not be expected to trigger a material increase in our collateral or funding obligations, a more severe credit rating downgrade of our long-term and short-term credit ratings could increase our collateral or funding obligations and the effect on our liquidity could be material.

For information on our credit ratings, see the "Risk Management – Asset/Liability Management – Liquidity Risk and Funding – Credit Ratings" section and for information regarding additional collateral and funding obligations required of certain derivative instruments in the event our credit ratings were to fall below investment grade, see Note 16 (Derivatives) to Financial Statements in this Report.

We rely on dividends from our subsidiaries for liquidity, and federal and state law, as well as certain contractual arrangements, can limit those dividends. Wells Fargo & Company, the parent holding company (the "Parent"), is a separate and distinct legal entity from its subsidiaries. It receives substantially all of its funding and liquidity from dividends and other distributions from its subsidiaries. We generally use these dividends and distributions, among other things, to pay dividends on our common and preferred stock and interest and principal on our debt. Federal and state laws limit the amount of dividends and distributions that our bank and some of our nonbank subsidiaries, including our broker-dealer subsidiaries, may pay to the Parent. In addition, under a Support Agreement dated June 28, 2017, as amended and restated on June 26, 2019, among the Parent, WFC Holdings, LLC, an intermediate holding company and subsidiary of the Parent (the "IHC"), Wells Fargo Bank, N.A. (the "Bank"), Wells Fargo Securities, LLC, Wells Fargo Clearing Services, LLC, and certain other direct and indirect

subsidiaries of the Parent designated as material entities for resolution planning purposes or identified as related support entities in our resolution plan, the IHC may be restricted from making dividend payments to the Parent if certain liquidity and/or capital metrics fall below defined triggers or if the Parent's board of directors authorizes it to file a case under the U.S. Bankruptcy Code. Also, our right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to the prior claims of the subsidiary's creditors.

For more information, refer to the "Regulation and Supervision – Dividend Restrictions" and "– Holding Company Structure" sections in our 2020 Form 10-K and to Note 28 (Regulatory Capital Requirements and Other Restrictions) to Financial Statements in this Report.

REGULATORY RISKS

Current and future legislation and/or regulation could require us to change certain of our business practices, reduce our revenue and earnings, impose additional costs on us or otherwise adversely affect our business operations and/or competitive position.

Our parent company, our subsidiary banks and many of our nonbank subsidiaries such as those related to our brokerage and mutual fund businesses, are subject to significant and extensive regulation under state and federal laws in the U.S., as well as the applicable laws of the various jurisdictions outside of the U.S. where they conduct business. These regulations protect depositors, federal deposit insurance funds, consumers, investors, employees, and the banking and financial system as a whole, not necessarily our security holders. Economic, market and political conditions during the past few years have led to a significant amount of legislation and regulation in the U.S. and abroad affecting the financial services industry, as well as heightened expectations and scrutiny of financial services companies from banking regulators. These laws and regulations may continue to affect the manner in which we do business and the products and services that we provide, affect or restrict our ability to compete in our current businesses or our ability to enter into or acquire new businesses, reduce or limit our revenue, affect our compliance and risk management activities, increase our capital requirements, impose additional fees, assessments or taxes on us, intensify the regulatory supervision of us and the financial services industry, and adversely affect our business operations or have other negative consequences. Our businesses and revenues in non-U.S. jurisdictions are also subject to risks from political, economic and social developments in those jurisdictions, including sanctions or business restrictions, asset freezes or confiscation, unfavorable political or diplomatic developments, or financial or social instability. In addition, greater government oversight and scrutiny of financial services companies has increased our operational and compliance costs as we must continue to devote substantial resources to enhancing our procedures and controls and meeting heightened regulatory standards and expectations. Any failure to meet regulatory requirements, standards or expectations, either in the U.S. or in non-U.S. jurisdictions, could result in fees, penalties, restrictions on our ability to engage in certain business activities, or other adverse consequences.

Our consumer businesses, including our mortgage, auto, credit card and other consumer lending and non-lending businesses, are subject to numerous and, in many cases, highly complex consumer protection laws and regulations, as well as enhanced regulatory scrutiny and more and expanded regulatory examinations and/or investigations. In particular, the CFPB's rules may continue to increase our compliance costs and require

changes in our business practices, which could limit or negatively affect the products and services that we offer our customers. If we fail to meet enhanced regulatory requirements and expectations with respect to our consumer businesses, we may be subject to increased costs, fines, penalties, restrictions on our business activities including the products and services we can provide, and/or harm to our reputation.

In addition, the Dodd-Frank Act established a comprehensive framework for regulating over-the-counter derivatives, and the CFTC, SEC, and other federal regulatory agencies have adopted rules regulating swaps, security-based swaps, and derivatives activities. These rules may continue to negatively impact customer demand for over-the-counter derivatives, impact our ability to offer customers new derivatives or amendments to existing derivatives, and increase our costs for engaging in swaps, security-based swaps, and other derivatives activities.

We are also subject to various rules and regulations related to the prevention of financial crimes and combating terrorism, including the U.S. Patriot Act of 2001. These rules and regulations require us to, among other things, implement policies and procedures related to anti-money laundering, anti-bribery and corruption, fraud, compliance, suspicious activities, currency transaction reporting and due diligence on customers. Although we have policies and procedures designed to comply with these rules and regulations, to the extent they are not fully effective or do not meet heightened regulatory standards or expectations, we may be subject to fines, penalties, restrictions on certain activities, reputational harm, or other adverse consequences.

Our businesses are also subject to laws and regulations enacted by U.S. and non-U.S. regulators and governmental authorities relating to the privacy of the information of customers, employees and others. These laws and regulations, among other things, increase our compliance obligations; have a significant impact on our businesses' collection, processing, sharing, use, and retention of personal data and reporting of data breaches; and provide for significantly increased penalties for non-compliance.

In addition, we are subject to a number of consent orders and regulatory agreements with certain of our regulators, including a February 2018 consent order with the FRB regarding the Board's governance and oversight of the Company, and the Company's compliance and operational risk management program. This consent order limits the Company's total consolidated assets as defined under the consent order to the level as of December 31, 2017, until certain conditions are met. This limitation could continue to adversely affect our results of operations or financial condition. We are also subject to April 2018 consent orders with the CFPB and OCC regarding the Company's compliance risk management program and past practices involving certain automobile collateral protection insurance policies and certain mortgage interest rate lock extensions.

Under the April 2018 consent order with the OCC, the Bank remains subject to requirements that were originally imposed in November 2016 to provide prior written notice to, and obtain non-objection from, the OCC with respect to changes in directors and senior executive officers, and remains subject to certain regulatory limitations on post-termination payments to certain individuals and employees.

The Company may be subject to further actions, including the imposition of additional consent orders, regulatory agreements or civil money penalties, by federal regulators regarding similar or other issues. Compliance with the February 2018 FRB consent order, the April 2018 CFPB and OCC consent

orders, and any other consent orders or regulatory actions, as well as the implementation of their requirements, may continue to increase the Company's costs, require the Company to reallocate resources away from growing its existing businesses, negatively impact the Company's capital and liquidity, and require the Company to undergo significant changes to its business, products and services. For more information on the February 2018 FRB consent order and the April 2018 CFPB and OCC consent orders, refer to the "Regulatory Matters" section in this Report.

Other future regulatory initiatives that could significantly affect our business include proposals to reform the housing finance market in the United States. These proposals, among other things, consider ending the conservatorships of the GSEs and reducing or eliminating over time the role of the GSEs in buying mortgage loans or guaranteeing mortgage-backed securities (MBS), as well as the implementation of reforms relating to borrowers, lenders, and investors in the mortgage market. The extent and timing of any regulatory reform or the adoption of any legislation regarding the GSEs and/or the home mortgage market, as well as any effect on the Company's business and financial results, are uncertain.

Any other future legislation and/or regulation, if adopted, also could significantly change our regulatory environment and increase our cost of doing business, limit the activities we may pursue or affect the competitive balance among banks, savings associations, credit unions, and other financial services companies, and have a material adverse effect on our financial results and condition.

For more information on the significant regulations and regulatory oversight initiatives that have affected or may affect our business, refer to the "Regulatory Matters" section in this Report and the "Regulation and Supervision" section in our 2020 Form 10-K.

We could be subject to more stringent capital, leverage or liquidity requirements or restrictions on our growth, activities or operations if regulators determine that our resolution or recovery plan is deficient. Pursuant to rules adopted by the FRB and the FDIC, Wells Fargo has prepared and submitted a resolution plan, also known as a "living will," that is designed to facilitate our rapid and orderly resolution in the event of material financial distress or failure. There can be no assurance that the FRB or FDIC will respond favorably to the Company's resolution plans. If the FRB and/or FDIC determine that our resolution plan has deficiencies, they may impose more stringent capital, leverage or liquidity requirements on us or restrict our growth, activities or operations until we adequately remedy the deficiencies. If the FRB and/or FDIC ultimately determine that we have been unable to remedy any deficiencies, they could require us to divest certain assets or operations. On December 17, 2019, the FRB and FDIC announced that the Company's 2019 resolution plan did not have any deficiencies, but they identified a specific shortcoming that would need to be addressed.

In addition to our resolution plans, we must also prepare and submit to the FRB a recovery plan that identifies a range of options that we may consider during times of idiosyncratic or systemic economic stress to remedy any financial weaknesses and restore market confidence without extraordinary government support. The Bank must also prepare and submit to the OCC a recovery plan. If either the FRB or the OCC determines that our recovery plan is deficient, they may impose fines, restrictions on our business or ultimately require us to divest assets.

Our security holders may suffer losses in a resolution of Wells Fargo even if creditors of our subsidiaries are paid in full. If Wells Fargo were to fail, it may be resolved in a bankruptcy proceeding or, if certain conditions are met, under the resolution regime created by the Dodd-Frank Act known as the "orderly liquidation authority." The orderly liquidation authority allows for the appointment of the FDIC as receiver for a systemically important financial institution that is in default or in danger of default if, among other things, the resolution of the institution under the U.S. Bankruptcy Code would have serious adverse effects on financial stability in the United States. If the FDIC is appointed as receiver for the Parent, then the orderly liquidation authority, rather than the U.S. Bankruptcy Code, would determine the powers of the receiver and the rights and obligations of our security holders. The FDIC's orderly liquidation authority requires that security holders of a company in receivership bear all losses before U.S. taxpayers are exposed to any losses, and allows the FDIC to disregard the strict priority of creditor claims under the U.S. Bankruptcy Code in certain circumstances.

The strategy described in our most recent resolution plan is a single point of entry strategy, in which the Parent would likely be the only material legal entity to enter resolution proceedings. However, we are not obligated to maintain a single point of entry strategy, and the strategy described in our resolution plan is not binding in the event of an actual resolution of Wells Fargo, whether conducted under the U.S. Bankruptcy Code or by the FDIC under the orderly liquidation authority. The FDIC has announced that a single point of entry strategy may be a desirable strategy under its implementation of the orderly liquidation authority, but not all aspects of how the FDIC might exercise this authority are known and additional rulemaking is possible.

To facilitate the orderly resolution of systemically important financial institutions in case of material distress or failure, federal banking regulations require that institutions, such as Wells Fargo, maintain a minimum amount of equity and unsecured debt to absorb losses and recapitalize operating subsidiaries. Federal banking regulators have also required measures to facilitate the continued operation of operating subsidiaries notwithstanding the failure of their parent companies, such as limitations on parent guarantees, and have issued guidance encouraging institutions to take legally binding measures to provide capital and liquidity resources to certain subsidiaries to facilitate an orderly resolution. In response to the regulators' guidance and to facilitate the orderly resolution of the Company, on June 28, 2017, the Parent entered into a support agreement, as amended and restated on June 26, 2019 (the "Support Agreement"), with WFC Holdings, LLC, an intermediate holding company and subsidiary of the Parent (the "IHC"), the Bank, and certain other direct and indirect subsidiaries of the Parent. Pursuant to the Support Agreement, the Parent transferred a significant amount of its assets to the IHC and will continue to transfer assets to the IHC from time to time. In the event of our material financial distress or failure, the IHC will be obligated to use the transferred assets to provide capital and/or liquidity to the Bank and certain other direct and indirect subsidiaries of the Parent. Under the Support Agreement, the IHC will provide funding and liquidity to the Parent through subordinated notes and a committed line of credit. If certain liquidity and/or capital metrics fall below defined triggers, or if the Parent's board of directors authorizes it to file a case under the U.S. Bankruptcy Code, the subordinated notes would be forgiven, the committed line of credit would terminate, and the IHC's ability to pay dividends to the Parent would be restricted, any of which could materially and adversely impact the

Parent's liquidity and its ability to satisfy its debts and other obligations, and could result in the commencement of bankruptcy proceedings by the Parent at an earlier time than might have otherwise occurred if the Support Agreement were not implemented.

Any resolution of the Company will likely impose losses on shareholders, unsecured debt holders and other creditors of the Parent, while the Parent's subsidiaries may continue to operate. Creditors of some or all of our subsidiaries may receive significant or full recoveries on their claims, while the Parent's security holders could face significant or complete losses. This outcome may arise whether the Company is resolved under the U.S. Bankruptcy Code or by the FDIC under the orderly liquidation authority, and whether the resolution is conducted using a single point of entry strategy or using a multiple point of entry strategy, in which the Parent and one or more of its subsidiaries would each undergo separate resolution proceedings. Furthermore, in a single point of entry or multiple point of entry strategy, losses at some or all of our subsidiaries could be transferred to the Parent and borne by the Parent's security holders. Moreover, if either resolution strategy proved to be unsuccessful, our security holders could face greater losses than if the strategy had not been implemented.

For more information, refer to the "Regulatory Matters – 'Living Will' Requirements and Related Matters" section in this Report.

Bank regulations and rules may require higher capital and liquidity levels, limiting our ability to pay common stock dividends, repurchase our common stock, invest in our business, or provide loans or other products and services to our customers.

The Company and each of our insured depository institutions are subject to various regulatory capital adequacy requirements administered by federal banking regulators. In particular, the Company is subject to rules issued by federal banking regulators to implement Basel III risk-based capital requirements for U.S. banking organizations. These capital rules, among other things, establish required minimum ratios relating capital to different categories of assets and exposures. Federal banking regulators have also finalized rules to impose a leverage ratio and a supplementary leverage ratio on large BHCs like Wells Fargo and our insured depository institutions. The FRB has also finalized rules to address the amount of equity and unsecured long-term debt a U.S. G-SIB must hold to improve its resolvability and resiliency, often referred to as total loss absorbing capacity (TLAC). Similarly, federal banking regulators have issued final rules that implement a liquidity coverage ratio and a net stable funding ratio.

In addition, as part of its obligation to impose enhanced capital and risk-management standards on large financial firms pursuant to the Dodd-Frank Act, the FRB has issued a capital plan rule that establishes capital planning and other requirements that govern capital distributions, including dividends and share repurchases, by certain BHCs, including Wells Fargo. The FRB has also finalized a number of regulations implementing enhanced prudential requirements for large BHCs like Wells Fargo regarding risk-based capital and leverage, risk and liquidity management, single counterparty credit limits, and imposing debt-to-equity limits on any BHC that regulators determine poses a grave threat to the financial stability of the United States. The FRB and OCC have also finalized rules implementing stress testing requirements for large BHCs and national banks. In addition, the FRB has proposed a rule to establish remediation requirements for large BHCs experiencing financial distress and has proposed additional requirements

regarding effective risk management practices at large BHCs, including its expectations for boards of directors and senior management. The OCC, under separate authority, has also established heightened governance and risk management standards for large national banks, such as the Bank.

The Basel standards and federal regulatory capital, leverage, liquidity, TLAC, and capital planning requirements may limit or otherwise restrict how we utilize our capital, including common stock dividends and stock repurchases, and may require us to increase our capital and/or liquidity. Any requirement that we increase our regulatory capital, regulatory capital ratios or liquidity, including as a result of business growth, acquisitions or a change in our risk profile, could require us to liquidate assets or otherwise change our business, product offerings and/or investment plans, which may negatively affect our financial results. Although not currently anticipated, proposed capital requirements and/or our regulators may require us to raise additional capital in the future. Issuing additional common stock may dilute the ownership of existing stockholders. In addition, federal banking regulations may continue to increase our compliance costs as well as limit our ability to invest in our business or provide loans or other products and services to our customers.

For more information, refer to the "Capital Management," "Risk Management – Asset/Liability Management – Liquidity Risk and Funding – Liquidity Standards," and "Regulatory Matters" sections in this Report and the "Regulation and Supervision" section in our 2020 Form 10-K.

FRB policies, including policies on interest rates, can significantly affect business and economic conditions and our financial results and condition. The FRB regulates the supply of money in the United States. Its policies determine in large part our cost of funds for lending and investing and the return we earn on those loans and investments, both of which affect our net interest income and net interest margin. The FRB's interest rate policies also can materially affect the value of financial instruments we hold, such as debt securities and MSRs. In addition, its policies can affect our borrowers, potentially increasing the risk that they may fail to repay their loans. Changes in FRB policies, including its target range for the federal funds rate or actions taken to increase or decrease the size of its balance sheet, are beyond our control and can be hard to predict. As noted above, a declining or low interest rate environment and a flattening yield curve which may result from the FRB's actions could negatively affect our net interest income and net interest margin as it may result in us holding lower yielding loans and debt securities on our consolidated balance sheet.

CREDIT RISKS

Increased credit risk, including as a result of a deterioration in economic conditions or changes in market conditions, could require us to increase our provision for credit losses and allowance for credit losses and could have a material adverse effect on our results of operations and financial condition. When we loan money or commit to loan money we incur credit risk, or the risk of losses if our borrowers do not repay their loans. As one of the largest lenders in the U.S., the credit performance of our loan portfolios significantly affects our financial results and condition. As noted above, if the current economic environment were to deteriorate, more of our customers may have difficulty in repaying their loans or other obligations which could result in a higher level of credit losses and provision for credit losses. We reserve for credit losses by establishing an

allowance through a charge to earnings. The amount of this allowance is based on our assessment of credit losses inherent in our loan portfolio (including unfunded credit commitments). The process for determining the amount of the allowance is critical to our financial results and condition. It requires difficult, subjective and complex judgments about the future, including forecasts of economic or market conditions that might impair the ability of our borrowers to repay their loans. We might increase the allowance because of changing economic conditions, including falling home prices and higher unemployment, significant loan growth, changes in consumer behavior or other market conditions that adversely affect borrowers, or other factors. Additionally, the regulatory environment or external factors, such as natural disasters, disease pandemics, political or social matters, or trade policies, also can influence recognition of credit losses in our loan portfolios and impact our allowance for credit losses.

Future allowance levels may increase or decrease based on a variety of factors, including loan balance changes, portfolio credit quality and mix changes, and changes in general economic conditions. While we believe that our allowance for credit losses was appropriate at December 31, 2020, there is no assurance that it will be sufficient to cover future credit losses, especially if housing and employment conditions worsen. In the event of significant deterioration in economic conditions or if we experience significant loan growth, we may be required to build reserves in future periods, which would reduce our earnings.

For more information, refer to the "Risk Management – Credit Risk Management" and "Critical Accounting Policies – Allowance for Credit Losses" sections in this Report.

We may have more credit risk and higher credit losses to the extent our loans are concentrated by loan type, industry segment, borrower type, or location of the borrower or collateral.

Our credit risk and credit losses can increase if our loans are concentrated to borrowers engaged in the same or similar activities or to borrowers who individually or as a group may be uniquely or disproportionately affected by economic or market conditions. Similarly, challenging economic or market conditions, or trade policies, affecting a particular industry or geography may also impact related or dependent industries or the ability of borrowers living in such affected areas or working in such industries to meet their financial obligations. We experienced the effect of concentration risk in 2009 and 2010 when we incurred greater than expected losses in our residential real estate loan portfolio due to a housing slowdown and greater than expected deterioration in residential real estate values in many markets, including the Central Valley California market and several Southern California metropolitan statistical areas. As California is our largest banking state in terms of loans and deposits, deterioration in real estate values and underlying economic conditions in those markets or elsewhere in California could result in materially higher credit losses. In addition, changes in consumer behavior or other market conditions, such as in response to climate change and other environmental and sustainability concerns, may adversely affect borrowers in certain industries or sectors, which may increase our credit risk and reduce the demand by these borrowers for our products and services. Moreover, deterioration in macro-economic conditions generally across the country could result in materially higher credit losses, including for our residential real estate loan portfolio, which includes nonconforming mortgage loans we retain on our balance sheet. We may experience higher delinquencies and higher loss rates as our consumer real estate

secured lines of credit reach their contractual end of draw period and begin to amortize.

We are currently one of the largest CRE lenders in the U.S. A deterioration in economic conditions that negatively affects the business performance of our CRE borrowers, including increases in interest rates, declines in commercial property values, and/or changes in consumer behavior or other market conditions, could result in materially higher credit losses and have a material adverse effect on our financial results and condition.

Challenges and/or changes in non-U.S. economic conditions may increase our non-U.S. credit risk. Economic difficulties in non-U.S. jurisdictions could also indirectly have a material adverse effect on our credit performance and results of operations and financial condition to the extent they negatively affect the U.S. economy and/or our borrowers who have non-U.S. operations.

Due to regulatory requirements, we must clear certain derivative transactions through central counterparty clearinghouses (CCPs), which results in credit exposure to these CCPs. Similarly, because we are a member of various CCPs, we may be required to pay a portion of any losses incurred by the CCP in the event that one or more members of the CCP defaults on its obligations. In addition, we are exposed to the risk of non-performance by our clients for which we clear transactions through CCPs to the extent such non-performance is not sufficiently covered by available collateral.

In order to reduce credit risk and obtain additional funding, from time to time we may securitize or sell similar types or categories of loans that we originate, such as mortgage loans and auto loans. The agreements under which we do this generally contain various representations and warranties regarding the origination and characteristics of the loans. We may be required to repurchase the loans, reimburse investors and others, or incur other losses, including regulatory fines and penalties, as a result of any breaches in these contractual representations and warranties. For more information about our repurchase obligations with respect to mortgage loans, refer to the "Risk Factors – Risks Related to Our Mortgage Business" section in this Report.

For more information regarding credit risk, refer to the "Risk Management – Credit Risk Management" section and Note 4 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

OPERATIONAL, STRATEGIC AND LEGAL RISKS

A failure in or breach of our operational or security systems, controls or infrastructure, or those of our third-party vendors and other service providers, could disrupt our businesses, damage our reputation, increase our costs and cause losses. As a large financial institution that serves customers through numerous physical locations, ATMs, the internet, mobile banking and other distribution channels across the U.S. and internationally, we depend on our ability to process, record and monitor a large number of customer transactions on a continuous basis. As our customer base and locations have expanded throughout the U.S. and internationally, as we have increasingly used the internet and mobile banking to provide products and services to our customers, and as customer, public, legislative and regulatory expectations regarding operational and information security have increased, our operational systems, controls and infrastructure must continue to be safeguarded and monitored for potential failures, disruptions and breakdowns. Our business, financial, accounting, data processing systems or other operating systems and facilities may stop operating

properly, become insufficient based on our evolving business needs, or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control. For example, there could be sudden increases in customer transaction volume; electrical or telecommunications outages; degradation or loss of internet, website or mobile banking availability; climate change related impacts and natural disasters such as earthquakes, tornados, and hurricanes; disease pandemics; events arising from local or larger scale political or social matters, including terrorist acts; and, as described below, cyber attacks or other information security breaches. Furthermore, enhancements and upgrades to our infrastructure or operating systems may be time-consuming, entail significant costs, and create risks associated with implementing new systems and integrating them with existing ones. Due to the complexity and interconnectedness of our systems, the process of enhancing our infrastructure and operating systems, including their security measures and controls, can itself create a risk of system disruptions and security issues. Similarly, we may not be able to timely recover critical business processes or operations that have been disrupted, which may further increase any associated costs and consequences of such disruptions. Although we have business continuity plans and other safeguards in place to help provide operational resiliency, our business operations may be adversely affected by significant and widespread disruption to our physical infrastructure or operating systems that support our businesses and customers. For example, on February 7, 2019, we experienced system issues caused by an automatic power shutdown at one of our main data center facilities. Although applications and related workloads were systematically re-routed to back-up data centers throughout the day, certain of our services, including our online and mobile banking systems, certain mortgage origination systems, and certain ATM functions, experienced disruptions that delayed service to our customers.

As a result of financial institutions and technology systems becoming more interconnected and complex, any operational incident at a third party may increase the risk of loss or material impact to us or the financial industry as a whole. Furthermore, third parties on which we rely, including those that facilitate our business activities or to which we outsource operations, such as exchanges, clearing houses, financial intermediaries or vendors that provide services or security solutions for our operations, could also be sources of operational risk to us, including from information breaches or loss, breakdowns, disruptions or failures of their own systems or infrastructure, or any deficiencies in the performance of their responsibilities. We are also exposed to the risk that a disruption or other operational incident at a common service provider to those third parties could impede their ability to provide services or perform their responsibilities for us. In addition, we must meet regulatory requirements and expectations regarding our use of third-party service providers, and any failure by our third-party service providers to meet their obligations to us or to comply with applicable laws, rules, regulations, or Wells Fargo policies could result in fines, penalties, restrictions on our business, or other negative consequences.

Disruptions or failures in the physical infrastructure, controls or operating systems that support our businesses and customers, failures of the third parties on which we rely to adequately or appropriately provide their services or perform their responsibilities, or our failure to effectively manage or oversee our third-party relationships, could result in business disruptions, loss of revenue or customers, legal or regulatory proceedings, compliance and other costs, violations of applicable privacy and other laws, reputational damage, or other adverse

consequences, any of which could materially adversely affect our results of operations or financial condition.

A cyber attack or other information security breach of our technologies, computer systems or networks, or those of our third-party vendors and other service providers, could disrupt our businesses, result in the disclosure or misuse of confidential or proprietary information, damage our reputation, increase our costs and cause losses. Information security risks for large financial institutions such as Wells Fargo have generally increased in recent years in part because of the proliferation of new technologies, the use of the internet, mobile devices, and cloud technologies to conduct financial transactions, and the increased sophistication and activities of organized crime, hackers, terrorists, activists, and other external parties, including foreign state-sponsored parties. Those parties also may continue to attempt to misrepresent personal or financial information to obtain loans or other financial products from us or attempt to fraudulently induce employees, customers, or other users of our systems to disclose confidential information in order to gain access to our data or that of our customers. As noted above, our operations rely on the secure processing, transmission and storage of confidential information in our computer systems and networks. Our banking, brokerage, investment advisory, and capital markets businesses rely on our digital technologies, computer and email systems, software, hardware, and networks to conduct their operations. In addition, to access our products and services, our customers may use personal smartphones, tablets, and other mobile devices that are beyond our control systems. Although we believe we have robust information security procedures and controls, our technologies, systems, networks, and our customers' devices may become the target of cyber attacks or other information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of Wells Fargo's or our customers' confidential, proprietary and other information, or otherwise disrupt Wells Fargo's or its customers' or other third parties' business operations. For example, various retailers have reported they were victims of cyber attacks in which large amounts of their customers' data, including debit and credit card information, was obtained. In these situations, we generally incur costs to replace compromised cards and address fraudulent transaction activity affecting our customers. We are also exposed to the risk that an employee or other person acting on behalf of the Company fails to comply with applicable policies and procedures and inappropriately circumvents controls for personal gain or other improper purposes.

Due to the increasing interconnectedness and complexity of financial institutions and technology systems, an information security incident at a third party may increase the risk of loss or material impact to us or the financial industry as a whole. In addition, third parties on which we rely, including those that facilitate our business activities or to which we outsource operations, such as internet, mobile technology, hardware, software, and cloud service providers, could be sources of information security risk to us. If those third parties fail to adequately or appropriately safeguard their technologies, systems, networks, hardware, and software, we may suffer material harm, including business disruptions, losses or remediation costs, reputational damage, legal or regulatory proceedings, or other adverse consequences.

To date we have not experienced any material losses relating to cyber attacks or other information security breaches, but there can be no assurance that we will not suffer such losses in the future. Our risk and exposure to these matters remains

heightened because of, among other things, the evolving nature of these threats, the prominent size and scale of Wells Fargo and its role in the financial services industry, our plans to continue to implement our digital and mobile banking channel strategies and develop additional remote connectivity solutions to serve our customers when and how they want to be served, our geographic footprint and international presence, the outsourcing of some of our business operations, and the current global economic and political environment. For example, Wells Fargo and other financial institutions continue to be the target of various evolving and adaptive cyber attacks, including malware, ransomware, phishing, and denial-of-service, as part of an effort to disrupt the operations of financial institutions, potentially test their cybersecurity capabilities, commit fraud, or obtain confidential, proprietary or other information. Cyber attacks have also focused on targeting online applications and services, such as online banking, as well as cloud-based and other products and services provided by third parties, and have targeted the infrastructure of the internet, causing the widespread unavailability of websites and degrading website performance. As a result, information security and the continued development and enhancement of our controls, processes and systems designed to protect our networks, computers, software and data from attack, damage or unauthorized access remain a priority for Wells Fargo. We are also proactively involved in industry cybersecurity efforts and working with other parties, including our third-party service providers and governmental agencies, to continue to enhance defenses and improve resiliency to cybersecurity and other information security threats. As these threats continue to evolve, we may continue to be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities or incidents. Because the investigation of any information security breach is inherently unpredictable and would require time to complete, we may not be able to immediately address the consequences of a breach, which may further increase any associated costs and consequences. Moreover, to the extent our insurance covers aspects of information security risk, such insurance may not be sufficient to cover all losses associated with an information security breach.

Cyber attacks or other information security breaches affecting us or third parties on which we rely, including those that facilitate our business activities or to which we outsource operations, or security breaches of the networks, systems or devices that our customers use to access our products and services, could result in business disruptions, loss of revenue or customers, legal or regulatory proceedings, compliance and other costs, violations of applicable privacy and other laws, reputational damage, or other adverse consequences, any of which could materially adversely affect our results of operations or financial condition.

Our framework for managing risks may not be fully effective in mitigating risk and loss to us. Our risk management framework seeks to mitigate risk and loss to us. We have established processes and procedures intended to identify, measure, monitor, report and analyze the types of risk to which we are subject, including liquidity risk, credit risk, market risk, interest rate risk, operational risk, legal and compliance risk, and reputational risk, among others. However, as with any risk management framework, there are inherent limitations to our risk management strategies as there may exist, or develop in the future, risks that we have not appropriately anticipated, identified or managed. Our risk management framework is also

dependent on ensuring that effective operational controls and a sound culture exist throughout the Company. The inability to develop effective operational controls or to foster the appropriate culture in each of our lines of business, including the inability to align performance management and compensation to achieve the desired culture, could adversely impact the effectiveness of our risk management framework. Similarly, if we are unable to effectively manage our business or operations, we may be exposed to increased risks or unexpected losses. We are also exposed to risks if we do not accurately or completely execute a process or transaction, whether due to human error or otherwise, or if an employee fails to comply with applicable policies and procedures or inappropriately circumvents controls. In certain instances, we rely on models to measure, monitor and predict risks, such as market, interest rate and credit risks, as well as to help inform business decisions; however, there is no assurance that these models will appropriately or sufficiently capture all relevant risks or accurately predict future events or exposures. Furthermore, certain of our models are subject to regulatory review and approval, and any failure to meet regulatory standards or expectations could result in fines, penalties, restrictions on our ability to engage in certain business activities, or other adverse consequences, and any required modifications or changes to these models can impact our capital ratios and requirements and result in increased operational and compliance costs. In addition, we rely on data to aggregate and assess our various risk exposures and business activities, and any issues with the quality or effectiveness of our data, including our aggregation, management, and validation procedures, could result in ineffective risk management practices, business decisions or customer service, inefficient use of resources, or inaccurate regulatory or other risk reporting. We also use artificial intelligence to help further inform our business decisions and risk management practices, but there is no assurance that artificial intelligence will appropriately or sufficiently replicate certain outcomes or accurately predict future events or exposures. Previous financial and credit crises and resulting regulatory reforms highlighted both the importance and some of the limitations of managing unanticipated risks, and our regulators remain focused on ensuring that financial institutions build and maintain robust risk management policies and practices. If our risk management framework proves ineffective, we could suffer unexpected losses which could materially adversely affect our results of operations or financial condition.

We may be exposed to additional legal or regulatory proceedings, costs, and other adverse consequences related to sales practices and other instances where customers may have experienced financial harm. Various government entities and offices have undertaken formal or informal inquiries, investigations or examinations arising out of certain sales practices of the Company, and various non-governmental parties have filed lawsuits against us seeking damages or other remedies related to these sales practices. The Company has entered into various settlements to resolve certain of these investigations and proceedings, as a result of which we have incurred monetary penalties, costs, and restrictions. In connection with any still pending matters, we may incur additional monetary penalties and other sanctions or be required to make admissions of wrongdoing and comply with other conditions, which can lead to restrictions on our ability to engage in certain business activities or offer certain products or services, limitations on our ability to access capital markets, limitations on capital distributions, the loss of customers, and/or other direct and indirect adverse consequences. The ultimate resolution of any of these pending

legal proceedings or government investigations, depending on the sanctions and remedy sought and granted, could materially adversely affect our results of operations and financial condition. We may continue to incur additional costs and expenses in order to address and defend these pending legal proceedings and government investigations, and we may continue to have increased compliance and other costs related to these matters. Furthermore, negative publicity or public opinion resulting from these matters may increase the risk of reputational harm to our business, which can impact our ability to keep and attract customers, affect our ability to attract and retain qualified employees, result in the loss of revenue, or have other material adverse effects on our results of operations and financial condition.

Furthermore, we may identify other areas or instances where customers may have experienced financial harm, including as a result of our continuing efforts to rebuild trust and to strengthen our risk and control infrastructure. For example, we have identified certain issues related to past practices involving certain automobile collateral protection insurance policies and certain issues related to the unused portion of guaranteed automobile protection waiver or insurance agreements. The identification of such other areas or instances where customers may have experienced financial harm could lead to, and in some cases has already resulted in, additional remediation costs, loss of revenue or customers, legal or regulatory proceedings, compliance and other costs, reputational damage, or other adverse consequences.

For more information, refer to the “Overview – Retail Sales Practices Matters” and “– Other Customer Remediation Activities” sections and Note 15 (Legal Actions) to Financial Statements in this Report.

We may incur fines, penalties and other negative consequences from regulatory violations or from any failure to meet regulatory standards or expectations. We maintain systems and procedures designed to ensure that we comply with applicable laws and regulations. However, we are subject to heightened compliance and regulatory oversight and expectations, particularly due to the evolving and increasing regulatory landscape we operate in. We are also subject to consent orders and agreements with regulators that subject us to various conditions and restrictions. In addition, a single event or issue may give rise to numerous and overlapping investigations and proceedings, either by multiple federal and state agencies in the U.S. or by multiple regulators and other governmental entities in different jurisdictions. Also, the laws and regulations in jurisdictions in which we operate may be different or even conflict with each other, such as differences between U.S. federal and state law or differences between U.S. and non-U.S. laws as to the products and services we may offer or other business activities we may engage in, which can lead to compliance difficulties or issues. Furthermore, many legal and regulatory regimes require us to report transactions and other information to regulators and other governmental authorities, self-regulatory organizations, exchanges, clearing houses and customers. We may be subject to fines, penalties, restrictions on our business, or other negative consequences if we do not timely, completely, or accurately provide regulatory reports, customer notices or disclosures. Moreover, some legal/regulatory frameworks provide for the imposition of fines or penalties for noncompliance even though the noncompliance was inadvertent or unintentional and even though there were systems and procedures in place at the time designed to ensure compliance. For example, we are subject to regulations issued by the Office of

Foreign Assets Control (OFAC) that prohibit financial institutions from participating in the transfer of property belonging to the governments of certain non-U.S. countries and designated nationals of those countries. OFAC may impose penalties or restrictions on certain activities for inadvertent or unintentional violations even if reasonable processes are in place to prevent the violations. Any violation of these or other applicable laws or regulatory requirements, even if inadvertent or unintentional, or any failure to meet regulatory standards or expectations, including any failure to satisfy the conditions of any consent orders or regulatory agreements, could result in fees, penalties, restrictions on our ability to engage in certain business activities, reputational harm, loss of customers or other negative consequences.

Reputational harm, including as a result of our actual or alleged conduct or public opinion of the financial services industry generally, could adversely affect our business, results of operations, and financial condition. Reputation risk, or the risk to our business, earnings and capital from negative public opinion, is inherent in our business and has increased substantially because of our size and profile in the financial services industry and sales practices related matters and other instances where customers may have experienced financial harm. Negative public opinion about the financial services industry generally or Wells Fargo specifically could adversely affect our reputation and our ability to keep and attract customers. Negative public opinion could result from our actual or alleged conduct in any number of activities, including sales practices; mortgage, auto or other consumer lending practices; loan origination or servicing activities; mortgage foreclosure actions; management of client accounts or investments; lending, investing or other business relationships; identification and management of potential conflicts of interest from transactions, obligations and interests with and among our customers; environmental, social and governance practices; regulatory compliance; risk management; incentive compensation practices; and disclosure, sharing or inadequate protection or improper use of customer information, and from actions taken by government regulators and community or other organizations in response to that conduct. Although we have policies and procedures in place intended to detect and prevent conduct by employees and third-party service providers that could potentially harm customers or our reputation, there is no assurance that such policies and procedures will be fully effective in preventing such conduct. Furthermore, our actual or perceived failure to address or prevent any such conduct or otherwise to effectively manage our business or operations could result in significant reputational harm. In addition, because we conduct most of our businesses under the “Wells Fargo” brand, negative public opinion about one business also could affect our other businesses. Moreover, actions by the financial services industry generally or by certain members or individuals in the industry also can adversely affect our reputation. The proliferation of social media websites utilized by Wells Fargo and other third parties, as well as the personal use of social media by our employees and others, including personal blogs and social network profiles, also may increase the risk that negative, inappropriate or unauthorized information may be posted or released publicly that could harm our reputation or have other negative consequences, including as a result of our employees interacting with our customers in an unauthorized manner in various social media outlets.

Wells Fargo and other financial institutions have been targeted from time to time by protests and demonstrations, which have included disrupting the operation of our retail

banking locations and have resulted in negative public commentary about financial institutions, including the fees charged for various products and services. Wells Fargo and other financial institutions have also been subject to negative publicity as a result of providing financial services to or making investments in industries or organizations subject to stakeholder concerns. There can be no assurance that continued protests or negative public opinion of the Company specifically or large financial institutions generally will not harm our reputation and adversely affect our business, results of operations, and financial condition.

If we are unable to develop and execute effective business plans or strategies or manage change effectively, our competitive standing and results of operations could suffer. We are subject to rapid changes in technology, regulation, and product innovation, face intense competition for customers, sources of revenue, capital, services, qualified employees, and other essential business resources, and are subject to heightened regulatory expectations particularly with respect to compliance and risk management. In order to meet these challenges, we may undertake business plans or strategies related to, among other things, our organizational structure, our compliance and risk management framework, our expenses and efficiency, the types of products and services we offer, the types of businesses we engage in, the geographies in which we operate, the manner in which we serve our clients and customers, the third parties with which we do business, and the methods and distribution channels by which we offer our products and services. Accomplishing these business plans or strategies may be complex, time intensive, require significant financial, technological, management and other resources, may divert management attention and resources away from other areas of the Company, and may impact our expenses and ability to generate revenue. There is no guarantee that any business plans or strategies, including our current efficiency initiatives, will ultimately be successful. To the extent we are unable to develop or execute effective business plans or strategies or manage change effectively, our competitive position, reputation, prospects for growth, and results of operations may be adversely affected.

In addition, from time to time, we may decide to divest certain businesses or assets. Difficulties in executing a divestiture may cause us not to realize any expected cost savings or other benefits from the divestiture, or may result in higher than expected losses of employees or harm our ability to retain customers. The divestiture or winding down of certain businesses or assets may also result in the impairment of goodwill or other long-lived assets related to those businesses or assets.

Similarly, we may explore opportunities to expand our products, services, and assets through strategic acquisitions of companies or businesses in the financial services industry. We generally must receive federal regulatory approvals before we can acquire a bank, bank holding company, or certain other financial services businesses. We cannot be certain when or if, or on what terms and conditions, any required regulatory approvals will be granted. We might be required to sell banks, branches and/or business units or assets or issue additional equity as a condition to receiving regulatory approval for an acquisition. When we do announce an acquisition, our stock price may fall depending on the size of the acquisition, the type of business to be acquired, the purchase price, and the potential dilution to existing stockholders or our earnings per share if we issue common stock in connection with the acquisition. Furthermore, difficulty in integrating an acquired company or business may cause us not to realize expected revenue increases, cost savings,

increases in geographic or product presence, and other projected benefits from the acquisition. The integration could result in higher than expected deposit attrition, loss of key employees, an increase in our compliance costs or risk profile, disruption of our business or the acquired business, or otherwise harm our ability to retain customers and employees or achieve the anticipated benefits of the acquisition. Time and resources spent on integration may also impair our ability to grow our existing businesses. Many of the foregoing risks may be increased if the acquired company or business operates internationally or in a geographic location where we do not already have significant business operations and/or employees.

We are exposed to potential financial loss or other adverse consequences from legal actions. Wells Fargo and some of its subsidiaries are involved in judicial, regulatory, governmental, arbitration, and other proceedings or investigations concerning matters arising from the conduct of our business activities, and many of those proceedings and investigations expose Wells Fargo to potential financial loss. There can be no assurance as to the ultimate outcome of any of these legal actions. We establish accruals for legal actions when potential losses associated with the actions become probable and the costs can be reasonably estimated. We may still incur costs for a legal action even if we have not established an accrual. In addition, the actual cost of resolving a legal action may be substantially higher than any amounts accrued for that action. The ultimate resolution of a pending legal proceeding or investigation, depending on the remedy sought and granted, could materially adversely affect our results of operations and financial condition.

As noted above, we are subject to heightened regulatory oversight and scrutiny, which may lead to regulatory investigations, proceedings or enforcement actions. In addition to imposing monetary penalties and other sanctions, regulatory authorities may require criminal pleas or other admissions of wrongdoing and compliance with other conditions in connection with settling such matters, which can lead to reputational harm, loss of customers, restrictions on the ability to access capital markets, limitations on capital distributions, the inability to engage in certain business activities or offer certain products or services, and/or other direct and indirect adverse effects.

For more information, refer to Note 15 (Legal Actions) to Financial Statements in this Report.

MORTGAGE BUSINESS RISKS

Our mortgage banking revenue can be volatile from quarter to quarter, including from the impact of changes in interest rates, and we rely on the GSEs to purchase our conforming loans to reduce our credit risk and provide liquidity to fund new mortgage loans. We are one of the largest mortgage originators and residential mortgage servicers in the U.S., and we earn revenue from fees we receive for originating mortgage loans and for servicing mortgage loans. As a result of our mortgage servicing business, we have a sizable portfolio of MSRMs. Changes in interest rates can affect prepayment assumptions and thus the fair value of our MSRMs. When interest rates fall, borrowers are usually more likely to prepay their mortgage loans by refinancing them at a lower rate. As the likelihood of prepayment increases, the fair value of our MSRMs can decrease. We also measure at fair value certain residential mortgage loans within LHFS and other interests we hold related to residential loan sales and securitizations. Similar to other interest-bearing securities, the value of these residential mortgage LHFS and other interests may be negatively affected by changes in interest rates. For

example, if market interest rates increase relative to the yield on these residential mortgage LHFS and other interests, their fair value may fall.

When rates rise, the demand for mortgage loans usually tends to fall, reducing the revenue we receive from loan originations. Under the same conditions, revenue from our MSR's can increase through increases in fair value. When rates fall, mortgage originations usually tend to increase and the value of our MSR's usually tends to decline, also with some offsetting revenue effect. Even though they can act as a "natural hedge," the hedge is not perfect, either in amount or timing. For example, the negative effect on revenue from a decrease in the fair value of residential MSR's is generally immediate, but any offsetting revenue benefit from more originations and the MSR's relating to the new loans would generally accrue over time. It is also possible that, because of economic conditions and/or a weak or deteriorating housing market, even if interest rates were to fall or remain low, mortgage originations may also fall or any increase in mortgage originations may not be enough to offset the decrease in the MSR's value caused by the lower rates.

We typically use derivatives and other instruments to hedge our mortgage banking interest rate risk. We may not hedge all of our risk, and we may not be successful in hedging any of the risk. Hedging is a complex process, requiring sophisticated models and constant monitoring, and is not a perfect science. We may use hedging instruments that may not perfectly correlate with the value or income being hedged. We could incur significant losses from our hedging activities. There may be periods where we elect not to use derivatives and other instruments to hedge mortgage banking interest rate risk.

We rely on the GSEs to guarantee or purchase mortgage loans that meet their conforming loan requirements and on government insuring agencies, such as the Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA), to insure or guarantee loans that meet their policy requirements. In order to meet customer needs, we also originate loans that do not conform to either the GSEs or government insuring agency standards, which are referred to as "nonconforming" loans. We generally retain these nonconforming loans on our balance sheet. When we retain a loan on our balance sheet not only do we keep the credit risk of the loan but we also do not receive any sale proceeds that could be used to generate new loans. If we were unable or unwilling to retain nonconforming loans on our balance sheet, whether due to regulatory, business or other reasons, our ability to originate new nonconforming loans may be reduced, thereby reducing the interest income we could earn from these loans. Similarly, if the GSEs or government insuring agencies were to limit or reduce their purchases, insuring or guaranteeing of loans, our ability to fund, and thus originate new mortgage loans, could also be reduced. We cannot assure that the GSEs or government insuring agencies will not materially limit their purchases, insuring or guaranteeing of conforming loans or change their criteria for what constitutes a conforming loan (e.g., maximum loan amount or borrower eligibility). Each of the GSEs is currently in conservatorship, with its primary regulator, the Federal Housing Finance Agency (FHFA) acting as conservator. While the FHFA has stated that it intends to end the conservatorship, we cannot predict if, when or precisely how the conservatorship will end, or any associated changes to the GSEs business structure and operations that could result. As noted above, there are various proposals to reform the housing finance market in the U.S., including the role of the GSEs in the housing finance market. The impact of any such regulatory reform regarding the housing finance market and the GSEs, including any changes to the GSE's

structure, capital requirements, or market presence, as well as any effect on the Company's business and financial results, are uncertain.

For more information, refer to the "Risk Management – Asset/Liability Management – Mortgage Banking Interest Rate and Market Risk," "Critical Accounting Policies – Valuation of Residential Mortgage Servicing Rights" and "Critical Accounting Policies – Fair Value of Financial Instruments" sections in this Report.

We may be required to repurchase mortgage loans or reimburse investors and others as a result of breaches in contractual representations and warranties, and we may incur other losses as a result of real or alleged violations of statutes or regulations applicable to the origination of our residential mortgage loans.

We often sell residential mortgage loans that we originate to various parties, including GSEs, SPEs that issue private label MBS, and other financial institutions that purchase mortgage loans for investment or private label securitization. We may also pool FHA-insured and VA-guaranteed mortgage loans which back securities guaranteed by GNMA. The agreements under which we sell mortgage loans and the insurance or guaranty agreements with the FHA and VA contain various representations and warranties regarding the origination and characteristics of the mortgage loans. We may be required to repurchase mortgage loans or indemnify or reimburse the securitization trust, investor or insurer for credit losses incurred on loans in the event of a breach of contractual representations or warranties. We establish a mortgage repurchase liability that reflects management's estimate of losses for loans for which we have a repurchase obligation. Because the level of mortgage loan repurchase losses depends upon economic factors, investor demand strategies and other external conditions that may change over the life of the underlying loans, the level of the liability for mortgage loan repurchase losses is difficult to estimate, requires considerable management judgment, and is subject to change. If economic conditions or the housing market worsen, we could have increased repurchase obligations and increased loss severity on repurchases, requiring significant additions to the repurchase liability.

Additionally, for residential mortgage loans that we originate, borrowers may allege that the origination of the loans did not comply with applicable laws or regulations in one or more respects and assert such violation as an affirmative defense to payment or to the exercise by us of our remedies, including foreclosure proceedings, or in an action seeking statutory and other damages in connection with such violation. If we are not successful in demonstrating that the loans in dispute were originated in accordance with applicable statutes and regulations, we could become subject to monetary damages and other civil penalties, including the loss of certain contractual payments or the inability to exercise certain remedies under the loans.

For more information, refer to the "Risk Management – Credit Risk Management – Liability for Mortgage Loan Repurchase Losses" section in this Report.

We may be terminated as a servicer or master servicer, be required to repurchase a mortgage loan or reimburse investors for credit losses on a mortgage loan, or incur costs, liabilities, fines and other sanctions if we fail to satisfy our servicing obligations, including our obligations with respect to mortgage loan foreclosure actions. We act as servicer and/or master servicer for mortgage loans included in securitizations and for unsecuritized mortgage loans owned by investors. As a servicer or master servicer for those loans we have certain

contractual obligations to the securitization trusts, investors or other third parties, including certain foreclosure obligations or, if applicable, considering alternatives to foreclosure such as loan modifications or short-sales, as well as certain servicing obligations for properties that fall within a flood zone. If we fail to satisfy our servicing obligations, we may face a number of consequences, including termination as servicer or master servicer, requirements to indemnify the securitization trustee against losses from any failure by us to perform our servicing obligations, and/or contractual obligations to repurchase a mortgage loan or reimburse investors for credit losses, any of which could significantly reduce our net servicing income.

We may incur costs, liabilities to borrowers, title insurers and/or securitization investors, legal proceedings, or other adverse consequences if we fail to meet our obligations with respect to mortgage foreclosure actions or we experience delays in the foreclosure process. Our net servicing income and the fair value of our MSRs may be negatively affected to the extent our servicing costs increase because of higher foreclosure or other servicing related costs. We may be subject to fines and other sanctions imposed by federal or state regulators as a result of actual or perceived deficiencies in our mortgage servicing practices, including with respect to our foreclosure, loan modification, or forbearance practices or our servicing of flood zone properties. Any of these actions may harm our reputation, negatively affect our residential mortgage origination or servicing business, or result in material fines, penalties, equitable remedies, or other enforcement actions.

For more information, refer to the “Risk Management – Credit Risk Management – Liability for Mortgage Loan Repurchase Losses” and “– Risks Relating to Servicing Activities,” and “Critical Accounting Policies – Valuation of Residential Mortgage Servicing Rights” sections and Note 14 (Pledged Assets and Collateral) and Note 15 (Legal Actions) to Financial Statements in this Report.

COMPETITIVE RISKS

We face significant and increasing competition in the rapidly evolving financial services industry. We compete with other financial institutions in a highly competitive industry that is undergoing significant changes as a result of financial regulatory reform, technological advances, increased public scrutiny, and current economic conditions. Our success depends on our ability to develop and maintain deep and enduring relationships with our customers based on the quality of our customer service, the wide variety of products and services that we can offer our customers and the ability of those products and services to satisfy our customers’ needs and preferences, the pricing of our products and services, the extensive distribution channels available for our customers, our innovation, and our reputation. Continued or increased competition in any one or all of these areas may negatively affect our customer relationships, market share and results of operations and/or cause us to increase our capital investment in our businesses in order to remain competitive. In addition, our ability to reposition or reprice our products and services from time to time may be limited and could be influenced significantly by the current economic, regulatory and political environment for large financial institutions as well as by the actions of our competitors. Furthermore, any changes in the types of products and services that we offer our customers and/or the pricing for those products and services could result in a loss of customer relationships and market share and could materially adversely affect our results of operations.

Continued technological advances and the growth of e-commerce have made it possible for non-depository institutions to offer products and services that traditionally were banking products, and for financial institutions and other companies to provide electronic and internet-based financial solutions, including electronic securities trading, lending and payment solutions. In addition, technological advances, including digital currencies, may diminish the importance of depository institutions and other financial intermediaries in the transfer of funds between parties. We may not respond effectively to these and other competitive threats from existing and new competitors and may be forced to sell products at lower prices, increase our investment in our business to modify or adapt our existing products and services, and/or develop new products and services to respond to our customers’ needs and preferences. To the extent we are not successful in developing and introducing new products and services or responding or adapting to the competitive landscape or to changes in customer preferences, we may lose customer relationships and our revenue growth and results of operations may be materially adversely affected.

Our ability to attract and retain qualified employees is critical to the success of our business and failure to do so could adversely affect our business performance, competitive position and future prospects.

The success of Wells Fargo is heavily dependent on the talents and efforts of our employees, including our senior leaders, and in many areas of our business, including commercial banking, brokerage, investment advisory, capital markets, risk management and technology, the competition for highly qualified personnel is intense. We also seek to retain a pipeline of employees to provide continuity of succession for our senior leadership positions. In order to attract and retain highly qualified employees, we must provide competitive compensation, effectively manage employee performance and development, and foster a diverse and inclusive environment. As a large financial institution and additionally to the extent we remain subject to consent orders we may be subject to limitations on compensation by our regulators that may adversely affect our ability to attract and retain these qualified employees, especially if some of our competitors may not be subject to these same compensation limitations. If we are unable to continue to attract and retain qualified employees, including successors for senior leadership positions, our business performance, competitive position and future prospects may be adversely affected.

FINANCIAL REPORTING RISKS

Changes in accounting policies or accounting standards, and changes in how accounting standards are interpreted or applied, could materially affect how we report our financial results and condition. Our accounting policies are fundamental to determining and understanding our financial results and condition. As described below, some of these policies require use of estimates and assumptions that may affect the value of our assets or liabilities and financial results. Any changes in our accounting policies could materially affect our financial statements.

From time to time the FASB and the SEC change the financial accounting and reporting standards that govern the preparation of our external financial statements. For example, on January 1, 2020, we adopted Accounting Standards Update 2016-13 – *Financial Instruments-Credit Losses* (Topic 326), which replaced the previous “incurred loss” model for the allowance for

credit losses with an “expected loss” model referred to as the Current Expected Credit Loss model, or CECL.

In addition, accounting standard setters and those who interpret the accounting standards (such as the FASB, SEC, banking regulators and our outside auditors) may change or even reverse their previous interpretations or positions on how these standards should be applied. Changes in financial accounting and reporting standards and changes in current interpretations may be beyond our control, can be hard to predict and could materially affect how we report our financial results and condition. We may be required to apply a new or revised standard retroactively or apply an existing standard differently, also retroactively, in each case potentially resulting in our restating prior period financial statements in material amounts.

For more information, refer to the “Current Accounting Developments” section in this Report.

Our financial statements are based in part on assumptions and estimates which, if wrong, could cause unexpected losses in the future, and our financial statements depend on our internal controls over financial reporting.

Pursuant to U.S. GAAP, we are required to use certain assumptions and estimates in preparing our financial statements, including in determining credit loss reserves, reserves for mortgage repurchases, reserves related to litigation and the fair value of certain assets and liabilities, among other items. Several of our accounting 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. For a description of these policies, refer to the “Critical Accounting Policies” section in this Report. If assumptions or estimates underlying our financial statements are incorrect, we may experience material losses.

Certain of our financial instruments, including derivative assets and liabilities, debt securities, certain loans, MSRs, private equity investments, structured notes and certain repurchase and resale agreements, among other items, require a determination of their fair value in order to prepare our financial statements. Where quoted market prices are not available, we may make fair value determinations based on internally developed models or other means which ultimately rely to some degree on management judgment, and there is no assurance that our models will capture or appropriately reflect all relevant inputs required to accurately determine fair value. Some of these and other assets and liabilities may have no direct observable price levels, making their valuation particularly subjective, being based on significant estimation and judgment. In addition, sudden illiquidity in markets or declines in prices of certain loans and securities may make it more difficult to value certain balance sheet items, which may lead to the possibility that such valuations will be subject to further change or adjustment and could lead to declines in our earnings.

The Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley) requires our management to evaluate the Company’s disclosure controls and procedures and its internal control over financial reporting and requires our auditors to issue a report on our internal control over financial reporting. We are required to disclose, in our annual report on Form 10-K, the existence of any “material weaknesses” in our internal controls. We cannot assure that we will not identify one or more material weaknesses as of the end of any given quarter or year, nor can we predict the effect on our stock price of disclosure of a material weakness. In addition, our customers may rely on the effectiveness of our internal controls as a service provider, and any deficiency in those controls could affect our customers and damage our reputation or business. Sarbanes-Oxley also limits the types of non-audit services our outside auditors may provide to us in order to preserve their independence from us. If our auditors were found not to be “independent” of us under SEC rules, we could be required to engage new auditors and re-file financial statements and audit reports with the SEC. We could be out of compliance with SEC rules until new financial statements and audit reports were filed, limiting our ability to raise capital and resulting in other adverse consequences.

* * *

Any factor described in this Report or in any of our other SEC filings could by itself, or together with other factors, adversely affect our financial results and condition. Refer to our quarterly reports on Form 10-Q filed with the SEC in 2021 for material changes to the above discussion of risk factors. There are factors not discussed above or elsewhere in this Report that could adversely affect our financial results and condition.

Controls and Procedures

Disclosure Controls and Procedures

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

Internal Control Over Financial Reporting

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

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

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

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2020, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework (2013)*. Based on this assessment, management concluded that as of December 31, 2020, the Company's internal control over financial reporting was effective.

KPMG LLP, the independent registered public accounting firm that audited the Company's financial statements included in this Annual Report, issued an audit report on the Company's internal control over financial reporting. KPMG's audit report appears on the following page.

Wells Fargo & Company

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Wells Fargo & Company:

Opinion on Internal Control Over Financial Reporting

We have audited Wells Fargo & Company and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements), and our report dated February 23, 2021 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

San Francisco, California
February 23, 2021

Financial Statements

Wells Fargo & Company and Subsidiaries
Consolidated Statement of Income

(in millions, except per share amounts)	Year ended December 31,		
	2020	2019	2018
Interest income			
Debt securities	\$ 11,234	14,955	14,406
Loans held for sale (1)	947	892	917
Loans	34,109	44,146	43,974
Equity securities	554	962	992
Other interest income	954	5,128	4,358
Total interest income	47,798	66,083	64,647
Interest expense			
Deposits	2,804	8,635	5,622
Short-term borrowings	250	2,316	1,717
Long-term debt	4,471	7,350	6,703
Other interest expense	438	551	610
Total interest expense	7,963	18,852	14,652
Net interest income	39,835	47,231	49,995
Noninterest income (2)			
Deposit and lending-related fees	6,602	7,293	7,369
Brokerage fees	9,375	9,237	9,436
Trust and investment management fees	2,872	3,038	3,316
Investment banking fees	1,865	1,797	1,757
Card fees	3,544	4,016	3,907
Mortgage banking	3,493	2,715	3,017
Net gains on trading and securities	2,710	3,976	2,225
Other	2,044	5,760	5,386
Total noninterest income	32,505	37,832	36,413
Total revenue	72,340	85,063	86,408
Provision for credit losses	14,129	2,687	1,744
Noninterest expense(3)			
Personnel	34,811	35,128	33,085
Technology, telecommunications and equipment	3,099	3,276	2,903
Occupancy	3,263	2,945	2,888
Operating losses	3,523	4,321	3,124
Professional and outside services	6,706	6,745	6,588
Advertising and promotion	600	1,076	857
Restructuring charges	1,499	—	—
Other	4,129	4,687	6,681
Total noninterest expense	57,630	58,178	56,126
Income before income tax expense (benefit)	581	24,198	28,538
Income tax expense (benefit)	(3,005)	4,157	5,662
Net income before noncontrolling interests	3,586	20,041	22,876
Less: Net income from noncontrolling interests	285	492	483
Wells Fargo net income	\$ 3,301	19,549	22,393
Less: Preferred stock dividends and other	1,591	1,611	1,704
Wells Fargo net income applicable to common stock	\$ 1,710	17,938	20,689
Per share information			
Earnings per common share	\$ 0.42	4.08	4.31
Diluted earnings per common share	0.41	4.05	4.28
Average common shares outstanding	4,118.0	4,393.1	4,799.7
Diluted average common shares outstanding	4,134.2	4,425.4	4,838.4

- (1) In 2020, interest income on mortgage loans held for sale was reclassified into loans held for sale. Prior period balances have been revised to conform with the current period presentation.
- (2) In 2020, service charges on deposit accounts service charges on deposit accounts, cash network fees, wire transfer and other remittance fees, certain other fees, and certain fees associated with lending activities were combined into a single line item for deposit and lending-related fees; insurance income, lease income and certain other fees were reclassified to other noninterest income; and net gains from trading activities, net gains on debt securities, and net gains from equity securities were combined into a single line for net gains on trading and securities. Prior period balances have been revised to conform with the current period presentation.
- (3) In 2020, personnel-related expenses were combined into a single line item, expenses for outside professional services, contract services, and outside data processing were combined into a single line item for professional and outside services expense; expenses for technology and equipment and telecommunications were combined into a single line item for technology, telecommunications and equipment expense; and certain other expenses were reclassified to other noninterest expense. Prior period balances have been revised to conform with the current period presentation.

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries

Consolidated Statement of Comprehensive Income

(in millions)	Year ended December 31,		
	2020	2019	2018
Net income before noncontrolling interests	\$ 3,586	20,041	22,876
Other comprehensive income (loss), after tax:			
Net change in debt securities	1,487	4,193	(3,206)
Net change in derivatives and hedging activities	149	207	(180)
Defined benefit plans adjustments	(181)	73	(135)
Net change in foreign currency translation adjustments	51	71	(155)
Other comprehensive income (loss), after tax	1,506	4,544	(3,676)
Total comprehensive income before noncontrolling interests	5,092	24,585	19,200
Less: Other comprehensive income (loss) from noncontrolling interests	1	—	(2)
Less: Net income from noncontrolling interests	285	492	483
Wells Fargo comprehensive income	\$ 4,806	24,093	18,719

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries

Consolidated Balance Sheet

(in millions, except shares)	Dec 31, 2020	Dec 31, 2019
Assets		
Cash and due from banks	\$ 28,236	21,757
Interest-earning deposits with banks	236,376	119,493
Total cash, cash equivalents, and restricted cash	264,612	141,250
Federal funds sold and securities purchased under resale agreements	65,672	102,140
Debt securities:		
Trading, at fair value	75,095	79,733
Available-for-sale, at fair value (includes amortized cost of \$215,533 and \$260,060, net of allowance for credit losses) (1)	220,392	263,459
Held-to-maturity, at amortized cost, net of allowance for credit losses (fair value \$212,307 and \$156,860) (1)	205,720	153,933
Loans held for sale (includes \$18,806 and \$17,578 carried at fair value) (2)	36,384	24,319
Loans	887,637	962,265
Allowance for loan losses	(18,516)	(9,551)
Net loans	869,121	952,714
Mortgage servicing rights (includes \$6,125 and \$11,517 carried at fair value) (2)	7,437	12,947
Premises and equipment, net	8,895	9,309
Goodwill	26,392	26,390
Derivative assets	25,846	14,203
Equity securities (includes \$34,009 and \$41,936 carried at fair value)	62,260	68,241
Other assets	87,337	78,917
Total assets (3)	\$ 1,955,163	1,927,555
Liabilities		
Noninterest-bearing deposits	\$ 467,068	344,496
Interest-bearing deposits	937,313	978,130
Total deposits	1,404,381	1,322,626
Short-term borrowings	58,999	104,512
Derivative liabilities	16,509	9,079
Accrued expenses and other liabilities (includes \$22,441 and \$17,430 carried at fair value)	76,404	75,163
Long-term debt	212,950	228,191
Total liabilities (4)	1,769,243	1,739,571
Equity		
Wells Fargo stockholders' equity:		
Preferred stock	21,136	21,549
Common stock – \$1-2/3 par value, authorized 9,000,000,000 shares; issued 5,481,811,474 shares	9,136	9,136
Additional paid-in capital	60,197	61,049
Retained earnings	162,890	166,697
Cumulative other comprehensive income (loss)	194	(1,311)
Treasury stock – 1,337,799,931 shares and 1,347,385,537 shares	(67,791)	(68,831)
Unearned ESOP shares	(875)	(1,143)
Total Wells Fargo stockholders' equity	184,887	187,146
Noncontrolling interests	1,033	838
Total equity	185,920	187,984
Total liabilities and equity	\$ 1,955,163	1,927,555

(1) Prior to our adoption of CECL on January 1, 2020, the allowance for credit losses (ACL) related to available-for-sale (AFS) and held-to-maturity (HTM) debt securities was not applicable. For additional information, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

- (2) In 2020, loans held for sale and mortgage loans held for sale were combined into a single line item, and mortgage servicing rights measured at fair value and at amortized cost were combined into a single line item. Prior period balances have been revised to conform with the current period presentation.
- (3) Our consolidated assets at December 31, 2020 and 2019, included the following assets of certain variable interest entities (VIEs) that can only be used to settle the liabilities of those VIEs: Debt securities, \$967 million and \$540 million; Net loans, \$10.9 billion and \$13.2 billion; All other assets, \$310 million and \$658 million; and Total assets, \$12.1 billion and \$14.4 billion, respectively. Prior period balances have been conformed to current period presentation.
- (4) Our consolidated liabilities at December 31, 2020 and 2019, include the following VIE liabilities for which the VIE creditors do not have recourse to Wells Fargo: Long-term debt, \$203 million and \$587 million; All other liabilities, \$900 million and \$639 million; and Total liabilities, \$1.1 billion and \$1.2 billion, respectively. Prior period balances have been conformed to current period presentation.

The accompanying notes are an integral part of these statements.

Wells Fargo & Company

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Wells Fargo & Company and Subsidiaries

Consolidated Statement of Changes in Equity

(\$ and shares in millions)	Wells Fargo stockholders' equity										
	Preferred stock		Common stock		Additional paid-in capital	Retained earnings	Cumulative other comprehensive income (loss)	Treasury stock	Unearned ESOP shares	Noncontrolling interests	Total equity
	Shares	Amount	Shares	Amount							
Balance December 31, 2017	11.7	\$ 25,358	4,891.6	\$ 9,136	60,893	145,263	(2,144)	(29,892)	(1,678)	1,143	208,079
Cumulative effect from change in accounting policies (1)						94	(118)				(24)
Balance January 1, 2018	11.7	25,358	4,891.6	9,136	60,893	145,357	(2,262)	(29,892)	(1,678)	1,143	208,055
Adoption of accounting standard (2)						400	(400)				—
Net income						22,393				483	22,876
Other comprehensive income (loss), net of tax							(3,674)			(2)	(3,676)
Noncontrolling interests					7					(724)	(717)
Common stock issued			41.2		(76)	(321)		2,073			1,676
Common stock repurchased			(375.5)		—			(20,633)			(20,633)
Preferred stock redeemed (3)	(2.2)	(1,995)				(155)					(2,150)
Preferred stock issued to ESOP	1.1	1,100			43				(1,143)		—
Preferred stock released by ESOP					(70)				1,319		1,249
Preferred stock converted to common shares	(1.2)	(1,249)	24.0		6			1,243			—
Common stock warrants repurchased/exercised					(325)						(325)
Preferred stock issued	—	—			—						—
Common stock dividends					66	(7,955)					(7,889)
Preferred stock dividends						(1,556)					(1,556)
Stock incentive compensation expense					1,041						1,041
Net change in deferred compensation and related plans					(900)			15			(885)
Net change	(2.3)	(2,144)	(310.3)	—	(208)	12,806	(4,074)	(17,302)	176	(243)	(10,989)
Balance December 31, 2018	9.4	\$ 23,214	4,581.3	\$ 9,136	60,685	158,163	(6,336)	(47,194)	(1,502)	900	197,066
Cumulative effect from change in accounting policies (4)						(492)	481				(11)
Balance January 1, 2019	9.4	23,214	4,581.3	9,136	60,685	157,671	(5,855)	(47,194)	(1,502)	900	197,055
Net income						19,549				492	20,041
Other comprehensive income (loss), net of tax							4,544			—	4,544
Noncontrolling interests					—					(554)	(554)
Common stock issued			48.7		9	(382)		2,530			2,157
Common stock repurchased			(502.4)		—			(24,533)			(24,533)
Preferred stock redeemed (5)	(1.6)	(1,330)				(220)					(1,550)
Preferred stock issued to ESOP	—	—			—				—		—
Preferred stock released by ESOP					(24)				359		335
Preferred stock converted to common shares	(0.3)	(335)	6.8		(16)			351			—
Common stock warrants repurchased/exercised					—						—
Preferred stock issued	—	—			—						—
Common stock dividends					86	(8,530)					(8,444)
Preferred stock dividends						(1,391)					(1,391)
Stock incentive compensation expense					1,234						1,234
Net change in deferred compensation and related plans					(925)			15			(910)
Net change	(1.9)	(1,665)	(446.9)	—	364	9,026	4,544	(21,637)	359	(62)	(9,071)
Balance December 31, 2019	7.5	\$ 21,549	4,134.4	\$ 9,136	61,049	166,697	(1,311)	(68,831)	(1,143)	838	187,984

- (1) Effective January 1, 2018, we adopted Accounting Standards Update (ASU) 2016-04 – Liabilities – Extinguishments of Liabilities (Subtopic 405-20): *Recognition of Breakage for Certain Prepaid Stored-Value Products*, ASU 2016-01 – Financial Instruments – Overall (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities*, and ASU 2014-09 – Revenue from Contracts With Customers (Topic 606) and subsequent related Updates.
- (2) Represents the reclassification from other comprehensive income to retained earnings as a result of our adoption of ASU 2018-02 – *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, in third quarter 2018.
- (3) Represents the impact of the redemption of preferred stock, Series J, in third quarter 2018.
- (4) Effective January 1, 2019, we adopted ASU 2016-02 – Leases (Topic 842) and subsequent related Updates, ASU 2017-08 – Receivables – Nonrefundable Fees and Other Costs (Subtopic 310-20): *Premium Amortization on Purchased Callable Debt Securities*.
- (5) Represents the impact of the partial redemption of preferred stock, Series K, in third quarter 2019.

The accompanying notes are an integral part of these statements.

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Wells Fargo & Company and Subsidiaries

Consolidated Statement of Changes in Equity

	Wells Fargo stockholders' equity										
	Preferred stock		Common stock								
(\$ and shares in millions)	Shares	Amount	Shares	Amount	Additional paid-in capital	Retained earnings	Cumulative other comprehensive income (loss)	Treasury stock	Unearned ESOP shares	Noncontrolling interests	Total equity
Balance December 31, 2019	7.5	\$ 21,549	4,134.4	\$ 9,136	61,049	166,697	(1,311)	(68,831)	(1,143)	838	187,984
Cumulative effect from change in accounting policies (1)						991					991
Balance January 1, 2020	7.5	21,549	4,134.4	9,136	61,049	167,688	(1,311)	(68,831)	(1,143)	838	188,975
Net income						3,301				285	3,586
Other comprehensive income (loss), net of tax							1,505			1	1,506
Noncontrolling interests										(91)	(91)
Common stock issued			75.6		207	(1,449)		3,961			2,719
Common stock repurchased			(75.7)					(3,415)			(3,415)
Preferred stock redeemed (2)	(1.9)	(3,347)			46	(301)					(3,602)
Preferred stock issued to ESOP	—	—			—				—		—
Preferred stock released by ESOP					(19)				268		249
Preferred stock converted to common shares	(0.2)	(249)	9.7		(243)			492			—
Common stock warrants repurchased/exercised					—						—
Preferred stock issued	0.1	3,183			(67)						3,116
Common stock dividends					44	(5,059)					(5,015)
Preferred stock dividends						(1,290)					(1,290)
Stock incentive compensation expense					643						643
Net change in deferred compensation and related plans					(1,463)			2			(1,461)
Net change	(2.0)	(413)	9.6	—	(852)	(4,798)	1,505	1,040	268	195	(3,055)
Balance December 31, 2020	5.5	\$ 21,136	4,144.0	\$ 9,136	60,197	162,890	194	(67,791)	(875)	1,033	185,920

(1) We adopted CECL effective January 1, 2020. For additional information, see Note 1 (Summary of Significant Accounting Policies) for more information.

(2) Represents the impact of the redemption of the remaining preferred stock, Series K, in first quarter 2020, and Series T and Series V in fourth quarter 2020.

The accompanying notes are an integral part of these statements.

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Wells Fargo & Company and Subsidiaries
Consolidated Statement of Cash Flows

(in millions)	Year ended December 31,		
	2020	2019	2018
Cash flows from operating activities:			
Net income before noncontrolling interests	\$ 3,586	20,041	22,876
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for credit losses	14,129	2,687	1,744
Changes in fair value of MSRs and LHFS carried at fair value	4,321	3,702	453
Depreciation, amortization and accretion	8,736	7,075	5,593
Other net (gains) losses (1)	5,258	(5,513)	(7,551)
Stock-based compensation	1,766	2,274	2,255
Originations and purchases of loans held for sale (1)	(181,961)	(159,309)	(154,934)
Proceeds from sales of and paydowns on loans held for sale (1)	122,592	114,155	120,160
Net change in:			
Debt and equity securities, held for trading	43,214	22,066	35,054
Deferred income taxes	(3,314)	(3,246)	1,970
Derivative assets and liabilities	(5,492)	(2,665)	1,513
Other assets	(12,304)	3,034	7,805
Other accrued expenses and liabilities	1,520	2,429	(865)
Net cash provided by operating activities	2,051	6,730	36,073
Cash flows from investing activities:			
Net change in:			
Federal funds sold and securities purchased under resale agreements	36,468	(21,933)	(1,184)
Available-for-sale debt securities:			
Proceeds from sales	48,638	9,386	7,320
Prepayments and maturities	78,174	46,542	36,725
Purchases	(91,545)	(57,015)	(60,067)
Held-to-maturity debt securities:			
Paydowns and maturities	36,641	13,684	10,934
Purchases	(46,755)	(8,649)	—
Equity securities, not held for trading:			
Proceeds from sales and capital returns	12,187	6,143	6,242
Purchases	(8,677)	(6,865)	(6,433)
Loans:			
Loans originated by banking subsidiaries, net of principal collected	53,718	(23,698)	(18,619)
Proceeds from sales (including participations) of loans held for investment	9,359	12,038	16,294
Purchases (including participations) of loans	(1,313)	(2,033)	(2,088)
Principal collected on nonbank entities' loans	7,927	3,912	6,791
Loans originated by nonbank entities	(13,052)	(5,274)	(6,482)
Proceeds from sales of foreclosed assets and short sales	1,147	2,666	3,592
Other, net	(363)	1,465	(779)
Net cash provided (used) by investing activities	122,554	(29,631)	(7,754)
Cash flows from financing activities:			
Net change in:			
Deposits	81,755	36,137	(48,034)
Short-term borrowings	(45,513)	(1,275)	2,531
Long-term debt:			
Proceeds from issuance	38,136	53,381	47,595
Repayment	(65,347)	(60,996)	(40,565)
Preferred stock:			
Proceeds from issuance	3,116	—	—
Redeemed	(3,602)	(1,550)	(2,150)
Cash dividends paid	(1,290)	(1,391)	(1,622)
Common stock:			
Proceeds from issuance	571	380	632
Stock tendered for payment of withholding taxes	(340)	(302)	(331)
Repurchased	(3,415)	(24,533)	(20,633)
Cash dividends paid	(4,852)	(8,198)	(7,692)
Net change in noncontrolling interests	(102)	(513)	(462)
Other, net	(360)	(276)	(248)
Net cash used by financing activities	(1,243)	(9,136)	(70,979)
Net change in cash, cash equivalents, and restricted cash	123,362	(32,037)	(42,660)
Cash, cash equivalents, and restricted cash at beginning of year	141,250	173,287	215,947
Cash, cash equivalents, and restricted cash at end of year	\$ 264,612	141,250	173,287
Supplemental cash flow disclosures:			
Cash paid for interest	\$ 8,414	18,834	14,366
Cash paid for income taxes, net (2)	1,175	7,493	(135)

- (1) Prior periods have been revised to conform to the current period presentation.
(2) In 2020, we presented cash paid for income taxes on a net basis with a reduction for cash received for refunds of income taxes paid. Prior period balances have been revised to conform with the current period presentation.

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

Note 1: Summary of Significant Accounting Policies

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

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

- allowance for credit losses (Note 4 (Loans and Related Allowance for Credit Losses));
- valuations of residential mortgage servicing rights (MSRs) (Note 8 (Securitizations and Variable Interest Entities) and Note 9 (Mortgage Banking Activities));
- valuations of financial instruments (Note 16 (Derivatives) and Note 17 (Fair Values of Assets and Liabilities));
- liabilities for contingent litigation losses (Note 15 (Legal Actions));
- income taxes (Note 23 (Income Taxes)); and
- goodwill impairment (Note 10 (Intangible Assets)).

Actual results could differ from those estimates.

Accounting Standards Adopted in 2020

In 2020, we adopted the following new accounting guidance:

- Accounting Standards Update (ASU or Update) 2020-04 – Reference Rate Reform (Topic 848): *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*
- ASU 2019-04 – Codification Improvements to Topic 326, *Financial Instruments – Credit Losses*, Topic 815, *Derivatives and Hedging*, and Topic 825, *Financial Instruments*. This Update includes guidance on recoveries of financial assets, which is included in the discussion for ASU 2016-13 below.
- ASU 2018-17 – Consolidation (Topic 810): *Targeted Improvements to Related Party Guidance for Variable Interest Entities*
- ASU 2018-15 – Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (a consensus of the*

Financial Accounting Standards Board (FASB) Emerging Issues Task Force)

- ASU 2018-13 – Fair Value Measurement (Topic 820): *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*.
- ASU 2017-04 – Intangibles – Goodwill and Other (Topic 350): *Simplifying the Test for Goodwill Impairment*
- ASU 2016-13 – Financial Instruments – Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments* and related subsequent Updates

ASU 2020-04 provides optional, temporary relief to ease the burden of accounting for reference rate reform activities that affect contractual modifications of floating rate financial instruments indexed to interbank offering rates (IBORs) and hedge accounting relationships. Modifications of qualifying contracts are accounted for as the continuation of an existing contract rather than as a new contract. Modifications of qualifying hedging relationships will not require discontinuation of the existing hedge accounting relationships. The application of the relief for qualifying existing hedging relationships may be made on a hedge-by-hedge basis and across multiple reporting periods.

We adopted ASU 2020-04 in second quarter 2020, and the guidance will be followed until the Update terminates on December 31, 2022. This guidance is applied on a prospective basis. The Update did not have a material impact on our consolidated financial statements.

ASU 2018-17 updates the guidance used by decision-makers of VIEs. Indirect interests held through related parties in common control arrangements are to be considered on a proportional basis for determining whether fees paid to decision-makers and service providers are variable interests. This is consistent with how indirect interests held through related parties under common control are considered for determining whether a reporting entity must consolidate a VIE. We adopted the guidance in first quarter 2020. The Update did not have a material impact on our consolidated financial statements.

ASU 2018-15 clarifies the accounting for implementation costs related to a cloud computing arrangement that is a service contract and enhances disclosures around implementation costs for internal-use software and cloud computing arrangements. The guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). It also requires the expense related to the capitalized implementation costs be presented in the same line item in the statement of income as the fees associated with the hosting element of the arrangement and capitalized implementation costs be presented in the balance sheet in the same line item that a prepayment for the fees of the associated hosting arrangement are presented. We adopted the guidance in first quarter 2020. The Update did not have a material impact on our consolidated financial statements.

ASU 2018-13 clarifies, eliminates and adds certain fair value measurement disclosure requirements for assets and liabilities, which affects our disclosures in Note 17 (Fair Values of Assets and Liabilities). Although the ASU became effective on January 1, 2020, it permitted early adoption of individual requirements without causing others to be early adopted and, as such, we partially adopted the Update during third quarter 2018 and the remainder of the requirements in first quarter 2020. The Update did not have a material impact on our consolidated financial statements.

ASU 2017-04 simplifies the goodwill impairment test by eliminating the requirement to assign the fair value of a reporting unit to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination. The Update requires that a goodwill impairment loss is recognized if the fair value of the reporting unit is less than the carrying amount, including goodwill. The goodwill impairment loss is limited to the amount of goodwill allocated to the reporting unit. The guidance did not change the qualitative assessment of goodwill. We adopted the guidance in first quarter 2020. This guidance is applied on a prospective basis, and accordingly, the Update did not have a material impact on our consolidated financial statements.

ASU 2016-13 changes the accounting for the measurement of credit losses on loans and debt securities. For loans and held-to-maturity (HTM) debt securities, the Update requires a current

expected credit loss (CECL) measurement to estimate the allowance for credit losses (ACL) for the remaining contractual term, adjusted for prepayments, of the financial asset (including off-balance sheet credit exposures) using historical experience, current conditions, and reasonable and supportable forecasts. Also, the Update eliminates the existing guidance for purchased credit-impaired (PCI) loans, but requires an allowance for purchased financial assets with more than an insignificant deterioration of credit since origination. In addition, the Update modifies the other-than-temporary impairment (OTTI) model for available-for-sale (AFS) debt securities to require an allowance for credit impairment instead of a direct write-down, which allows for reversal of credit impairments in future periods based on improvements in credit. Upon adoption in first quarter 2020, we recognized an overall decrease in our ACL of approximately \$1.3 billion (pre-tax) as a cumulative effect adjustment from a change in accounting policies, which increased our retained earnings and regulatory capital amounts and ratios. Loans previously classified as PCI were automatically transitioned to purchased credit-deteriorated (PCD) classification. We recognized an ACL for these new PCD loans and made a corresponding adjustment to the loan balance, with no impact to net income or transition adjustment to retained earnings. For more information on the impact of CECL by type of financial asset, see Table 1.1. Prior to adopting this Update, we recorded an allowance for loan losses based on management's estimate of probable credit losses inherent in the loan portfolio referred to as the incurred credit loss methodology.

Table 1.1: ASU 2016-13 Adoption Impact to Allowance for Credit Losses (1)

(in billions)	Dec 31, 2019			ASU 2016-13 Adoption Impact	Jan 1, 2020	
	Balance Outstanding	ACL Balance	Coverage		ACL Balance	Coverage
Total commercial (2)	\$ 515.7	6.2	1.2 %	\$ (2.9)	3.4	0.7 %
Residential mortgage (3)	323.4	0.9	0.3	—	0.9	0.3
Credit card (4)	41.0	2.3	5.5	0.7	2.9	7.1
Auto (4)	47.9	0.5	1.0	0.3	0.7	1.5
Other consumer (4)	34.3	0.6	1.6	0.6	1.2	3.5
Total consumer	446.5	4.2	0.9	1.5	5.7	1.3
Total loans	962.3	10.5	1.1	(1.3)	9.1	0.9
Available-for-sale and held-to-maturity debt securities and other assets (5)	420.0	0.1	NM	—	0.1	NM
Total	\$ 1,382.3	10.6	NM	\$ (1.3)	9.3	NM

NM – Not meaningful

(1) Amounts presented in this table may not equal the sum of its components due to rounding.

(2) Decrease reflecting shorter contractual maturities given limitation to contractual terms.

(3) Impact reflects an increase due to longer contractual terms, offset by expectation of recoveries in collateral value on mortgage loans previously written down significantly below current recovery value.

(4) Increase due to longer contractual terms or indeterminate maturities.

(5) Excludes other financial assets in the scope of CECL that do not have an ACL based on the nature of the asset.

Table 1.2 summarizes financial assets and liabilities by form and measurement accounting model.

Table 1.2: Accounting Model for Financial Assets and Financial Liabilities

Balance sheet caption	Measurement model(s)	Financial statement Note reference
Cash and due from banks	Amortized cost	Note 28: Regulatory Capital Requirements and Other Restrictions
Interest-earning deposits with banks	Amortized cost	Note 28: Regulatory Capital Requirements and Other Restrictions
Federal funds sold and securities purchased under resale agreements	Amortized cost	N/A
Debt securities:		
Trading	FV-NI (1)	Note 2: Trading Activities Note 17: Fair Values of Assets and Liabilities
Available-for-sale	FV-OCI (2)	Note 3: Available-for-Sale and Held-to-Maturity Debt Securities Note 17: Fair Values of Assets and Liabilities
Held-to-maturity	Amortized cost	Note 3: Available-for-Sale and Held-to-Maturity Debt Securities
Loans held for sale	FV-NI (1) LOCOM (3)	Note 17: Fair Values of Assets and Liabilities
Loans	Amortized cost FV-NI (1)	Note 4: Loans and Related Allowance for Credit Losses Note 17: Fair Values of Assets and Liabilities
Derivative assets and liabilities	FV-NI (1) FV-OCI (2)	Note 2: Trading Activities Note 16: Derivatives Note 17: Fair Values of Assets and Liabilities
Equity securities:		
Marketable	FV-NI (1)	Note 2: Trading Activities Note 6: Equity Securities Note 17: Fair Values of Assets and Liabilities
Nonmarketable	FV-NI (1) Cost method Equity method MA (4)	Note 2: Trading Activities Note 6: Equity Securities Note 17: Fair Values of Assets and Liabilities
Other assets	Amortized cost (5)	Note 7: Premises, Equipment, and Other Assets
Deposits	Amortized cost	Note 11: Deposits
Short-term borrowings	Amortized cost	N/A
Accrued expenses and other liabilities	Amortized cost (6)	Note 2: Trading Activities Note 5: Leasing Activity Note 17: Fair Values of Assets and Liabilities
Long-term debt	Amortized cost	Note 12: Long-Term Debt

(1) FV-NI represents the fair value through net income accounting model.

(2) FV-OCI represents the fair value through other comprehensive income accounting model.

(3) LOCOM represents the lower of cost or fair value accounting model.

(4) MA represents the measurement alternative accounting model.

(5) Other assets are generally measured at amortized cost, except for bank-owned life insurance which is measured at cash surrender value.

(6) Accrued expenses and other liabilities are generally measured at amortized cost, except for trading short-sale liabilities which are measured at FV-NI.

Consolidation

Our consolidated financial statements include the accounts of the Parent and our subsidiaries in which we have a controlling financial interest. When our consolidated subsidiaries follow specialized industry accounting, that accounting is retained in consolidation.

We are also a variable interest holder in certain entities in which equity investors do not have the characteristics of a controlling financial interest or where the entity does not have enough equity at risk to finance its activities without additional subordinated financial support from other parties (collectively referred to as variable interest entities (VIEs)). Our variable interest arises from contractual, ownership or other monetary interests in the entity, which change with fluctuations in the fair value of the entity's net assets. We consolidate a VIE if we are the primary beneficiary, which is when we have both the power to direct the activities that most significantly impact the VIE and a variable interest that could potentially be significant to the VIE. To determine whether or not a variable interest we hold could potentially be significant to the VIE, we consider both qualitative and quantitative factors regarding the nature, size and form of our involvement with the VIE. We assess whether or not we are the primary beneficiary of a VIE on an ongoing basis.

Significant intercompany accounts and transactions are eliminated in consolidation. When we have significant influence

over operating and financing decisions for a company but do not own a majority of the voting equity interests, we account for the investment using the equity method of accounting, which requires us to recognize our proportionate share of the company's earnings. If we do not have significant influence, we account for the equity security under the fair value method, cost method or measurement alternative.

Cash, Cash Equivalents, and Restricted Cash

Cash, cash equivalents and restricted cash include cash on hand, cash items in transit, and amounts due from or held with other depository institutions. See Note 28 (Regulatory Capital Requirements and Other Restrictions) for more information on the restrictions on cash and cash equivalents.

Trading Activities

We engage in trading activities to accommodate the investment and risk management activities of our customers. These activities predominantly occur in our Corporate and Investment Banking reportable operating segment. Trading assets and liabilities include debt securities, equity securities, loans, derivatives and short sales, which are reported within our consolidated balance sheet based on the accounting classification of the instrument. In addition, debt securities that

Note 1: Summary of Significant Accounting Policies (continued)

are held for investment purposes that we have elected to account for under the fair value method, are classified as trading.

Our trading assets and liabilities are carried on our consolidated balance sheet at fair value with changes in fair value recognized in net gains from trading activities and interest income and interest expense recognized in net interest income.

Customer accommodation trading activities include our actions as an intermediary to buy and sell financial instruments and market-making activities. We also take positions to manage our exposure to customer accommodation activities. We hold financial instruments for trading in long positions, as well as short positions, to facilitate our trading activities. As an intermediary, we interact with market buyers and sellers to facilitate the purchase and sale of financial instruments to meet the anticipated or current needs of our customers. For example, we may purchase or sell a derivative to a customer who wants to manage interest rate risk exposure. We typically enter into an offsetting derivative or security position to manage our exposure to the customer transaction. We earn income based on the transaction price difference between the customer transaction and the offsetting position, which is reflected in earnings where the fair value changes and related interest income and expense of the positions are recorded.

Our market-making activities include taking long and short trading positions to facilitate customer order flow. These activities are typically executed on a short-term basis. As a market-maker we earn income due to: (1) the difference between the price paid or received for the purchase and sale of the security (bid-ask spread), (2) the net interest income of the positions, and (3) the changes in fair value of the trading positions held on our consolidated balance sheet. Additionally, we may enter into separate derivative or security positions to manage our exposure related to our long and short trading positions taken in our market-making activities. Income earned on these market-making activities are reflected in earnings where the fair value changes and related interest income and expense of the positions are recorded.

Debt Securities

Our investments in debt securities that are not held for trading purposes are classified as either debt securities AFS or HTM.

Investments in debt securities for which the Company does not have the positive intent and ability to hold to maturity are classified as AFS. AFS debt securities are measured at fair value, with unrealized gains and losses reported in cumulative other comprehensive income (OCI). The amount reported in OCI is net of the ACL and applicable income taxes. Investments in debt securities for which the Company has the positive intent and ability to hold to maturity are classified as HTM. HTM debt securities are measured at amortized cost, net of ACL.

INTEREST INCOME AND GAIN/LOSS RECOGNITION Unamortized premiums and discounts are recognized in interest income over the contractual life of the security using the effective interest method, except for purchased callable debt securities carried at a premium. For purchased callable debt securities carried at a premium, the premium is amortized into interest income to the next call date using the effective interest method. As principal repayments are received on securities (e.g., mortgage-backed securities (MBS)), a proportionate amount of the related premium or discount is recognized in income so that the effective interest rate on the remaining portion of the security continues unchanged.

We recognize realized gains and losses on the sale of debt securities in net gains on trading and securities within noninterest income using the specific identification method.

IMPAIRMENT AND CREDIT LOSSES Unrealized losses on AFS debt securities are driven by a number of factors, including changes in interest rates and credit spreads which impact most types of debt securities, and prepayment rates which impact MBS and collateralized loan obligations (CLO). Additional considerations for certain types of AFS debt securities include:

- Debt securities of U.S. Treasury and federal agencies, including federal agency MBS, are not impacted by credit movements given the explicit or implicit guarantees provided by the U.S. government.
- Debt securities of U.S. states and political subdivisions are most impacted by changes in the relationship between municipal and term funding credit curves rather than by changes in the credit quality of the underlying securities.
- Structured securities, such as MBS and CLO, are also impacted by changes in projected collateral losses of assets underlying the security.

For AFS debt securities where fair value is less than amortized cost basis, we recognize impairment in earnings if we have the intent to sell the security or if it is more likely than not that we will be required to sell the security before recovery of its amortized cost basis. Impairment is recognized in net gains on trading and securities within noninterest income equal to the entire difference between the amortized cost basis, net of ACL, and the fair value of the AFS debt security. Following the recognition of this impairment, the AFS debt security's new amortized cost basis is fair value.

For AFS debt securities where fair value is less than amortized cost basis where we did not recognize impairment in earnings, we record an ACL as of the balance sheet date to the extent unrealized loss is due to credit losses. See the "Allowance for Credit Losses" section in this Note for our accounting policies relating to the ACL for debt securities, which also includes debt securities classified as HTM.

TRANSFERS BETWEEN CATEGORIES OF DEBT SECURITIES Upon transfer of a debt security from the AFS to HTM classification, the amortized cost is reset to fair value adjusted for any ACL previously recorded under the AFS debt security model. Unrealized gains or losses at the transfer date continue to be reported in cumulative OCI. The cumulative OCI balance is amortized into earnings over the same period as the unamortized premiums and discounts using the effective interest method. Any ACL previously recorded under the AFS debt security model is reversed and an ACL under the HTM debt security model is re-established. The reversal and re-establishment of the ACL are recorded to provision for credit losses.

NONACCRUAL AND PAST DUE, AND CHARGE-OFF POLICIES We generally place debt securities on nonaccrual status using factors similar to those described for loans. When we place a debt security on nonaccrual status, we reverse the accrued unpaid interest receivable against interest income and suspend the amortization of premiums and accretion of discounts. If the ultimate collectability of the principal is in doubt on a nonaccrual debt security, any cash collected is first applied to reduce the security's amortized cost basis to zero, followed by recovery of amounts previously charged off, and subsequently to interest income. Generally, we return a debt security to accrual status when all delinquent interest and principal become current under

the contractual terms of the security and collectability of remaining principal and interest is no longer doubtful.

Our debt securities are considered past due when contractually required principal or interest payments have not been made on the due dates.

Our charge-off policy for debt securities are similar to those described for loans. Subsequent to charge-off, the debt security will be designated as nonaccrual and follow the process described above for any cash received.

Securities Purchased and Sold Agreements

Securities purchased under resale agreements and securities sold under repurchase agreements are accounted for as collateralized financing transactions and are recorded at the acquisition or sale price plus accrued interest. We monitor the fair value of securities purchased and sold as well as the collateral pledged and received. Additional collateral is pledged or returned to maintain the appropriate collateral position for the transactions. These financing transactions do not create material credit risk given the collateral provided and the related monitoring process. We include securities sold under repurchase agreements in short-term borrowings on our consolidated balance sheet. At December 31, 2020, and 2019, short-term borrowings were primarily comprised of securities sold under repurchase agreements.

Loans Held for Sale

Loans held for sale (LHFS) generally includes commercial and residential mortgages originated for sale in the securitization or whole loan market. We have elected the fair value option for a majority of residential LHFS (see Note 17 (Fair Values of Assets and Liabilities)). The remaining residential LHFS are held at the lower of cost or fair value (LOCOM) and are measured on a pool level basis.

Commercial LHFS are generally held at LOCOM and are measured on an individual loan basis. We have elected the fair value option for certain commercial loans included in LHFS that are used in market-making activities for our trading business.

Gains and losses on residential LHFS are generally recorded in mortgage banking noninterest income. Gains and losses on trading LHFS are recognized in net gains from trading activities. Gains and losses on other LHFS are recognized in other noninterest income. Direct loan origination costs and fees for LHFS under the fair value option are recognized in earnings at origination. For LHFS recorded at LOCOM, loan costs and fees are deferred at origination and are recognized in earnings at time of sale. Interest income on LHFS is calculated based upon the note rate of the loan and is recorded in interest income.

When a determination is made at the time of commitment to originate loans as held for investment, it is our intent to hold these loans to maturity or for the foreseeable future, subject to periodic review under our management evaluation processes, including corporate asset/liability management. If subsequent changes occur, including changes in interest rates, our business strategy, or other market conditions, we may change our intent to hold these loans. When management makes this determination, we immediately transfer these loans to the LHFS portfolio at LOCOM.

Loans

Loans are reported at their outstanding principal balances net of any unearned income, cumulative charge-offs, unamortized deferred fees and costs on originated loans and unamortized premiums or discounts on purchased loans.

Unearned income, deferred fees and costs, and discounts and premiums are amortized to interest income over the contractual life of the loan using the effective interest method. Loan commitment fees are generally deferred and amortized into noninterest income on a straight-line basis over the commitment period.

Loans also include financing leases where we are the lessor. See the "Leasing Activity" section in this Note for our accounting policy for leases.

NONACCRUAL AND PAST DUE LOANS We generally place loans on nonaccrual status when:

- the full and timely collection of interest or principal becomes uncertain (generally based on an assessment of the borrower's financial condition and the adequacy of collateral, if any), such as in bankruptcy or other circumstances;
- they are 90 days (120 days with respect to residential mortgages) past due for interest or principal, unless the loan is both well-secured and in the process of collection or the loan is in an active payment deferral as a result of the COVID-19 pandemic;
- part of the principal balance has been charged off; or
- for junior lien mortgages, we have evidence that the related first lien mortgage may be 120 days past due or in the process of foreclosure regardless of the junior lien delinquency status.

Credit card loans are not placed on nonaccrual status, but are generally fully charged off when the loan reaches 180 days past due.

When we place a loan on nonaccrual status, we reverse the accrued unpaid interest receivable against interest income and suspend amortization of any net deferred fees. If the ultimate collectability of the recorded loan balance is in doubt on a nonaccrual loan, the cost recovery method is used and cash collected is applied to first reduce the carrying value of the loan. Otherwise, interest income may be recognized to the extent cash is received. Generally, we return a loan to accrual status when all delinquent interest and principal become current under the terms of the loan agreement and collectability of remaining principal and interest is no longer doubtful.

We typically re-underwrite modified loans at the time of a restructuring to determine if there is sufficient evidence of sustained repayment capacity based on the borrower's financial strength, including documented income, debt to income ratios and other factors. If the borrower has demonstrated performance under the previous terms and the underwriting process shows the capacity to continue to perform under the restructured terms, the loan will generally remain in accruing status. When a loan classified as a troubled debt restructuring (TDR) performs in accordance with its modified terms, the loan either continues to accrue interest (for performing loans) or will return to accrual status after the borrower demonstrates a sustained period of performance (generally six consecutive months of payments, or equivalent, inclusive of consecutive payments made prior to the modification). Loans will be placed on nonaccrual status and a corresponding charge-off is recorded if we believe it is probable that principal and interest contractually due under the modified terms of the agreement will not be collectible.

Our loans are considered past due when contractually required principal or interest payments have not been made on the due dates.

LOAN CHARGE-OFF POLICIES For commercial loans, we generally fully charge off or charge down to net realizable value (fair value of collateral, less estimated costs to sell) for loans secured by collateral when:

- management judges the loan to be uncollectible;
- repayment is deemed to be protracted beyond reasonable time frames;
- the loan has been classified as a loss by either our internal loan review process or our banking regulatory agencies;
- the customer has filed bankruptcy and the loss becomes evident owing to a lack of assets; or
- the loan is 180 days past due unless both well-secured and in the process of collection.

For consumer loans, we fully charge off or charge down to net realizable value when deemed uncollectible due to bankruptcy or other factors, or no later than reaching a defined number of days past due, as follows:

- Residential mortgages – We generally charge down to net realizable value when the loan is 180 days past due.
- Auto loans – We generally fully charge off when the loan is 120 days past due.
- Credit card loans – We generally fully charge off when the loan is 180 days past due.
- Unsecured loans (closed end) – We generally fully charge off when the loan is 120 days past due.
- Unsecured loans (open end) – We generally fully charge off when the loan is 180 days past due.
- Other secured loans – We generally fully or partially charge down to net realizable value when the loan is 120 days past due.

TROUBLED DEBT RESTRUCTURINGS In situations where, for economic or legal reasons related to a borrower's financial difficulties, we grant a concession for other than an insignificant period of time to the borrower that we would not otherwise consider, the related loan is classified as a TDR. These modified terms may include interest rate reductions, principal forgiveness, term extensions, payment forbearance and other actions intended to minimize our economic loss and to avoid foreclosure or repossession of the collateral, if applicable. For modifications where we forgive principal, the entire amount of such principal forgiveness is immediately charged off. Loans classified as TDRs, including loans in trial payment periods (trial modifications), are considered impaired loans. Other than resolutions such as foreclosures, sales and transfers to held-for-sale, we may remove loans held for investment from TDR classification, but only if they have been refinanced or restructured at market terms and qualify as a new loan.

TROUBLED DEBT RESTRUCTURINGS AND OTHER RELIEF RELATED TO COVID-19 On March 25, 2020, the U.S. Senate approved the *Coronavirus, Aid, Relief, and Economic Security Act* (the CARES Act) providing optional, temporary relief from accounting for certain loan modifications as troubled debt restructurings (TDRs). Under the CARES Act, TDR relief is available to banks for loan modifications related to the adverse effects of Coronavirus Disease 2019 (COVID-19) (COVID-related modifications) granted to borrowers that are current as of December 31, 2019. TDR relief applies to COVID-related modifications made from March 1, 2020, until the earlier of December 31, 2020, or 60 days following the termination of the national emergency declared by the President of the United States. In first quarter 2020, we elected to apply the TDR relief provided by the CARES Act. On December 27, 2020, the Consolidated Appropriations Act, 2021

(CAA) was signed into law which extended the expiration of the TDR relief to no later than January 1, 2022.

On April 7, 2020, federal banking regulators issued the *Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus (Revised)* (the Interagency Statement). The guidance in the Interagency Statement provides additional TDR relief as it clarifies that it is not necessary to consider the impact of the COVID-19 pandemic on the financial condition of a borrower in connection with a short-term (e.g., six months or less) COVID-related modification provided the borrower is current at the date the modification program is implemented.

For COVID-related modifications in the form of payment deferrals or payment forbearance, delinquency status will not advance and loans that were accruing at the time the relief is provided will generally not be placed on nonaccrual status during the deferral period. Interest accrued during payment deferrals or payment forbearance may be included in the principal balance of the loans and charge-offs will generally be based on delinquency status after the loan exits the deferral or forbearance period. COVID-related modifications that do not meet the provisions of the CARES Act or the Interagency Statement will be assessed for TDR classification.

On April 10, 2020, the FASB Staff issued *Accounting for Lease Concessions Related to the Effects of the COVID-19 Pandemic*, a question and answer guide (the guide). The guide provided an election for leases accounted for under Accounting Standards Codification (ASC) 842, *Leases*, that were modified due to COVID-19 and met certain criteria so as to not require a new lease classification test upon modification. In second quarter 2020, we elected to apply the lease modification relief provided by the guide.

FORECLOSED ASSETS Foreclosed assets obtained through our lending activities primarily include real estate. Generally, loans have been written down to their net realizable value prior to foreclosure. Any further reduction to their net realizable value is recorded with a charge to the ACL at foreclosure. We allow up to 90 days after foreclosure to finalize determination of net realizable value. Thereafter, changes in net realizable value are recorded to noninterest expense. The net realizable value of these assets is reviewed and updated periodically depending on the type of property. Certain government-guaranteed mortgage loans upon foreclosure are included in accounts receivable, not foreclosed assets. These receivables were loans insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA) and are measured based on the balance expected to be recovered from the FHA or VA.

Allowance for Credit Losses

The ACL is management's estimate of the current expected credit losses in the loan portfolio and unfunded credit commitments, at the balance sheet date, excluding loans and unfunded credit commitments carried at fair value or held for sale. Additionally, we maintain an ACL for AFS and HTM debt securities, other financing receivables measured at amortized cost, and other off-balance sheet credit exposures. While we attribute portions of the allowance to specific financial asset classes (loan and debt security portfolios), loan portfolio segments (commercial and consumer) or major security type, the entire ACL is available to absorb credit losses of the Company.

Our ACL process involves procedures to appropriately consider the unique risk characteristics of our financial asset classes, portfolio segments, and major security types. For each loan portfolio segment and each major HTM debt security type,

losses are estimated collectively for groups of loans or securities with similar risk characteristics. For loans and securities that do not share similar risk characteristics with other financial assets, the losses are estimated individually, which primarily includes our impaired large commercial loans and non-accruing HTM debt securities. For AFS debt securities, losses are estimated at the individual security level.

Table 1.3: Key Economic Variables

Loan Portfolio	Key economic variables
Total commercial	• Gross domestic product • Commercial real estate asset prices, where applicable • Unemployment rate
Residential mortgage	• Home price index • Unemployment rate
Other consumer (including credit card, auto, and other consumer)	• Unemployment rate

Our approach for estimating expected life-time credit losses for loans and debt securities includes the following key components:

- An initial loss forecast period of two years for all portfolio segments and classes of financing receivables and off-balance-sheet credit exposures. This period reflects management's expectation of losses based on forward-looking economic scenarios over that time. We forecast multiple economic scenarios that generally include a base scenario with an optimistic (upside) and one or more pessimistic (downside) scenarios, which are weighted by management to estimate future credit losses.
- Long-term average loss expectations estimated by reverting to the long-term average, on a linear basis, for each of the economic variables forecasted during the initial loss forecast period. These long-term averages are based on observations over multiple economic cycles. The reversion period, which may be up to two years, is assessed on a quarterly basis.
- The remaining contractual term of a loan is adjusted for expected prepayments and certain expected extensions, renewals, or modifications. We extend the contractual term when we are not able to unconditionally cancel contractual renewals or extension options. We also incorporate any scenarios where we reasonably expect to provide an extension through a TDR. Credit card loans have indeterminate maturities, which requires that we determine a contractual life by estimating the application of future payments to the outstanding loan amount.
- Utilization of discounted cash flow (DCF) methods to measure credit impairment for loans modified in a troubled debt restructuring, unless they are collateral dependent and measured at the fair value of the collateral. The DCF methods obtain estimated life-time credit losses using the initial and historical mean loss forecast periods described above.
- For AFS debt securities and certain beneficial interests classified as HTM, we utilize DCF methods to measure the ACL, which incorporate expected credit losses using the conceptual components described above. For most HTM debt securities, the ACL is measured using an expected loss model, similar to the methodology used for loans.

The ACL for financial assets held at amortized cost is a valuation account that is deducted from, or added to, the amortized cost basis of the financial assets to present the net amount expected to be collected. When credit expectations change, the valuation account is adjusted with changes reported in provision for credit losses. If amounts previously charged off are subsequently expected to be collected, we may recognize a

negative allowance, which is limited to the amount that was previously charged off. For financial assets with an ACL estimated using DCF methods, changes in the ACL due to the passage of time are recorded in interest income. The ACL for AFS debt securities reflects the amount of unrealized loss related to expected credit losses, limited by the amount that fair value is less than the amortized cost basis (fair value floor) and cannot have an associated negative allowance.

Our ACL amounts are influenced by a variety of factors, including changes in loan and debt security volumes, portfolio credit quality, and general economic conditions. General economic conditions are forecasted using economic variables which will create volatility as those variables change over time. See Table 1.3 for key economic variables used for our loan portfolios.

For certain financial assets, such as residential real estate loans guaranteed by the Government National Mortgage Association (GNMA), an agency of the federal government, U. S. Treasury and Agency mortgage backed debt securities, as well as certain sovereign debt securities, the Company has not recognized an ACL as our expectation of nonpayment of the amortized cost basis, based on historical losses, adjusted for current and forecasted conditions, is zero.

A financial asset is collateral-dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the sale or operation of the collateral. When a collateral-dependent financial asset is probable of foreclosure, we will measure the ACL based on the fair value of the collateral. If we intend to sell the underlying collateral, we will measure the ACL based on the collateral's net realizable value (fair value of collateral, less estimated costs to sell). In most situations, based on our charge-off policies, we will immediately write-down the financial asset to the fair value of the collateral or net realizable value. For consumer loans, collateral-dependent financial assets may have collateral in the form of residential real estate, autos or other personal assets. For commercial loans, collateral-dependent financial assets may have collateral in the form of commercial real estate or other business assets.

We do not generally record an ACL for accrued interest receivables because uncollectible accrued interest is reversed through interest income in a timely manner in line with our non-accrual and past due policies for loans and debt securities. For consumer credit card and certain consumer lines of credit, we include an ACL for accrued interest and fees since these loans are neither placed on nonaccrual status nor written off until the loan is 180 days past due. Accrued interest receivables are included in other assets, except for certain revolving loans, such as credit card loans.

COMMERCIAL LOAN PORTFOLIO SEGMENT ACL METHODOLOGY

Generally, commercial loans, which include net investments in lease financing, are assessed for estimated losses by grading each loan using various risk factors as identified through periodic reviews. Our estimation approach for the commercial portfolio

reflects the estimated probability of default in accordance with the borrower's financial strength and the severity of loss in the event of default, considering the quality of any underlying collateral. Probability of default, loss severity at the time of default, and exposure at default are statistically derived through historical observations of default and losses after default within each credit risk rating. These estimates are adjusted as appropriate for risks identified from current and forecasted economic conditions and credit quality trends. Unfunded credit commitments are evaluated based on a conversion factor to derive a funded loan equivalent amount. The estimated probability of default and loss severity at the time of default are applied to the funded loan equivalent amount to estimate losses for unfunded credit commitments.

CONSUMER LOAN PORTFOLIO SEGMENT ACL METHODOLOGY For consumer loans, we determine the allowance using a pooled approach based on the individual risk characteristics of the loans within those pools. Quantitative modeling methodologies that estimate probability of default, loss severity at the time of default and exposure at default are typically leveraged to estimate expected loss. These methodologies pool loans, generally by product types with similar risk characteristics, such as residential real estate mortgages, auto loans and credit cards. As appropriate and to achieve greater accuracy, we may further stratify selected portfolios by sub-product, risk pool, loss type, geographic location and other predictive characteristics. We use attributes such as delinquency status, Fair Isaac Corporation (FICO) scores, and loan-to-value ratios (where applicable) in the development of our consumer loan models, in addition to home price trends, unemployment trends, and other economic variables that may influence the frequency and severity of losses in the consumer portfolio.

OTHER QUALITATIVE FACTORS The ACL includes amounts for qualitative factors which may not be adequately reflected in our loss models. These amounts represent management's judgment of risks in the processes and assumptions used in establishing the ACL. Generally, these amounts are established at a granular level below our loan portfolio segments. We also consider economic environmental factors, modeling assumptions and performance, process risk, and other subjective factors, including industry trends and emerging risk assessments.

OFF-BALANCE SHEET CREDIT EXPOSURES Our off-balance sheet credit exposures include unfunded loan commitments (generally in the form of revolving lines of credit), financial guarantees not accounted for as insurance contracts or derivatives, including standby letters of credit, and other similar instruments. For off-balance sheet credit exposures, we recognize an ACL associated with the unfunded amounts. We do not recognize an ACL for commitments that are unconditionally cancelable at our discretion. Additionally, we recognize an ACL for financial guarantees that create off-balance sheet credit exposure, such as loans sold with credit recourse and factoring guarantees. ACL for off-balance sheet credit exposures are reported as a liability in accrued expenses and other liabilities on our consolidated balance sheet.

OTHER FINANCIAL ASSETS Other financial assets are evaluated for expected credit losses. These other financial assets include accounts receivable for fees, receivables from government-sponsored entities, such as Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC), and GNMA, and other accounts receivable

from high-credit quality counterparties, such as central clearing counterparties. Many of these financial assets are generally not expected to have an ACL as there is a zero loss expectation (for example, government guarantee) or no historical credit losses. Some financial assets, such as loans to employees, maintain an ACL that is presented on a net basis with the related amortized cost amounts in other assets on our consolidated balance sheet. Given the nature of these financial assets, provision for credit losses is not recognized separately from the regular income or expense associated with these financial assets.

Securities purchased under resale agreements are generally over-collateralized by securities or cash and are generally short-term in nature. We have elected the practical expedient for these financial assets given collateral maintenance provisions. These provisions require that we monitor the collateral value and customers are required to replenish collateral, if needed. Accordingly, we generally do not maintain an ACL for these financial assets.

Purchased Credit Deteriorated Financial Assets

Financial assets acquired that are of poor credit quality and with more than an insignificant evidence of credit deterioration since their origination or issuance are PCD assets. PCD assets include HTM and AFS debt securities and loans. PCD assets are recorded at their purchase price plus an ACL estimated at the time of acquisition. Under this approach, there is no provision for credit losses recognized at acquisition; rather, there is a gross-up of the purchase price of the financial asset for the estimate of expected credit losses and a corresponding ACL recorded. Changes in estimates of expected credit losses after acquisition are recognized as provision for credit losses in subsequent periods. In general, interest income recognition for PCD financial assets is consistent with interest income recognition for the similar non-PCD financial asset.

Leasing Activity

AS LESSOR We lease equipment to our customers under financing or operating leases. Financing leases are presented in loans and are recorded at the discounted amounts of lease payments receivable plus the estimated residual value of the leased asset. Leveraged leases, which are a form of financing leases, are reduced by related non-recourse debt from third-party investors. Lease payments receivable reflect contractual lease payments adjusted for renewal or termination options that we believe the customer is reasonably certain to exercise. The residual value reflects our best estimate of the expected sales price for the equipment at lease termination based on sales history adjusted for recent trends in the expected exit markets. Many of our leases allow the customer to extend the lease at prevailing market terms or purchase the asset for fair value at lease termination.

Our allowance for loan losses for financing leases considers both the collectability of the lease payments receivable as well as the estimated residual value of the leased asset. We typically purchase residual value insurance on our financing leases so that our risk of loss at lease termination will be less than 10% of the initial value of the lease. In addition, we have several channels for re-leasing or marketing those assets.

In connection with a lease, we may finance the customer's purchase of other products or services from the equipment vendor and allocate the contract consideration between the use of the asset and the purchase of those products or services based on information obtained from the vendor. Amounts allocated to financing of vendor products or services are reported in loans as commercial and industrial loans, rather than as lease financing.

Our primary income from financing leases is interest income recognized using the effective interest method. Variable lease revenues, such as reimbursement for property taxes associated with the leased asset, are included in lease income within noninterest income.

Operating lease assets are presented in other assets, net of accumulated depreciation. Periodic depreciation expense is recorded on a straight-line basis to the estimated residual value over the estimated useful life of the leased asset. On a periodic basis, operating lease assets are reviewed for impairment and impairment loss is recognized if the carrying amount of operating lease assets exceeds fair value and is not recoverable. The carrying amount of leased assets is deemed not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the lease payments and the estimated residual value upon the eventual disposition of the equipment. Depreciation of leased assets and impairment loss are presented in operating leases expense within other noninterest expense.

Operating lease rental income for leased assets is recognized in lease income within noninterest income on a straight-line basis over the lease term. Variable revenues on operating leases include reimbursements of costs, including property taxes, which fluctuate over time, as well as rental revenue based on usage. For leases of railcars, revenue for maintenance services provided under the lease is recognized in lease income.

We elected to exclude from revenues and expenses any sales tax incurred on lease payments which are reimbursed by the lessee. Substantially all of our leased assets are protected against casualty loss through third-party insurance.

AS LESSEE We enter into lease agreements to obtain the right to use assets for our business operations, substantially all of which are real estate. Lease liabilities and right-of-use (ROU) assets are recognized when we enter into operating or financing leases and represent our obligations and rights to use these assets over the period of the leases and may be re-measured for certain modifications, resolution of certain contingencies involving variable consideration, or our exercise of options (renewal, extension, or termination) under the lease.

Operating lease liabilities include fixed and in-substance fixed payments for the contractual duration of the lease, adjusted for renewals or terminations which were considered probable of exercise when measured. The lease payments are discounted using a rate determined when the lease is recognized. As we typically do not know the discount rate implicit in the lease, we estimate a discount rate that we believe approximates a collateralized borrowing rate for the estimated duration of the lease. The discount rate is updated when re-measurement events occur. The related operating lease ROU assets may differ from operating lease liabilities due to initial direct costs, deferred or prepaid lease payments and lease incentives.

We present operating lease liabilities in accrued expenses and other liabilities and the related operating lease ROU assets in other assets. The amortization of operating lease ROU assets and the accretion of operating lease liabilities are reported together as fixed lease expense and are included in net occupancy expense within noninterest expense. The fixed lease expense is recognized on a straight-line basis over the life of the lease.

Some of our operating leases include variable lease payments which are periodic adjustments of our payments for the use of the asset based on changes in factors such as consumer price indices, fair market value rents, tax rates imposed by taxing authorities, or lessor cost of insurance. To the extent not included in operating lease liabilities and operating lease ROU

assets, these variable lease payments are recognized as incurred in net occupancy expense within noninterest expense.

For substantially all of our leased assets, we account for consideration paid under the contract for maintenance or other services as lease payments. In addition, for certain asset classes, we have elected to exclude leases with original terms of less than one year from the operating lease ROU assets and lease liabilities. The related short-term lease expense is included in net occupancy expense.

Finance lease (formerly capital lease) liabilities are presented in long-term debt and the associated finance ROU assets are presented in premises and equipment.

Securitizations and Beneficial Interests

Securitizations are transactions in which financial assets are sold to a Special Purpose Entity (SPE), which then issues beneficial interests in the form of senior and subordinated interests collateralized by the transferred financial assets. In some cases, we may obtain beneficial interests issued by the SPE. Additionally, from time to time, we may re-securitize certain financial assets in a new securitization transaction.

The assets and liabilities transferred to a SPE are excluded from our consolidated balance sheet if the transfer qualifies as a sale and we are not required to consolidate the SPE.

For transfers of financial assets recorded as sales, we recognize and initially measure at fair value all assets obtained (including beneficial interests or mortgage servicing rights) and all liabilities incurred. We record a gain or loss in noninterest income for the difference between assets obtained (net of liabilities incurred) and the carrying amount of the assets sold. Interests obtained from, and liabilities incurred in, securitizations with off-balance sheet entities may include debt and equity securities, loans, MSRs, derivative assets and liabilities, other assets, and other obligations such as liabilities for mortgage repurchase losses or long-term debt and are accounted for as described within this Note.

Mortgage Servicing Rights

We recognize MSRs resulting from a sale or securitization of loans that we originate (asset transfers) or through a direct purchase of such rights. We initially record all of our MSRs at fair value. Subsequently, residential loan MSRs are carried at fair value. All of our MSRs related to our commercial mortgage loans are subsequently measured at LOCOM. The valuation and sensitivity of MSRs is discussed further in Note 8 (Securitizations and Variable Interest Entities), Note 9 (Mortgage Banking Activities) and Note 17 (Fair Values of Assets and Liabilities).

For MSRs carried at fair value, changes in fair value are reported in mortgage banking noninterest income in the period in which the change occurs. MSRs subsequently measured at LOCOM are amortized in proportion to, and over the period of, estimated net servicing income. The amortization of MSRs is reported in mortgage banking noninterest income, analyzed monthly and adjusted to reflect changes in prepayment speeds, as well as other factors.

MSRs accounted for at LOCOM are periodically evaluated for impairment based on the fair value of those assets. For purposes of impairment evaluation and measurement, we stratify MSRs based on the predominant risk characteristics of the underlying loans, including investor and product type. If, by individual stratum, the carrying amount of these MSRs exceeds fair value, a valuation allowance is established. The valuation allowance is adjusted as the fair value changes.

Premises and Equipment

Premises and equipment are carried at cost less accumulated depreciation and amortization. We use the straight-line method of depreciation and amortization. Estimated useful lives range up to 40 years for buildings, up to 10 years for furniture and equipment, and the shorter of the estimated useful life (up to 8 years) or the lease term for leasehold improvements.

Goodwill and Identifiable Intangible Assets

Goodwill is recorded for business combinations when the purchase price is higher than the fair value of the acquired net assets, including identifiable intangible assets.

We assess goodwill for impairment at a reporting unit level on an annual basis or more frequently in certain circumstances. We have determined that our reporting units are at the reportable operating segment level or one level below. We identify the reporting units based on how the segments and reporting units are managed, taking into consideration the economic characteristics, nature of the products and services, and customers of the segments and reporting units. We allocate goodwill to applicable reporting units based on their relative fair value at the time we acquire a business and when we have a significant business reorganization. If we sell a business, a portion of goodwill is included with the carrying amount of the divested business.

We have the option of performing a qualitative assessment of goodwill. We may also elect to bypass the qualitative test and proceed directly to a quantitative test. If we perform a qualitative assessment of goodwill to test for impairment and conclude it is more likely than not that a reporting unit's fair value is greater than its carrying amount, quantitative tests are not required. However, if we determine it is more likely than not that a reporting unit's fair value is less than its carrying amount, we complete a quantitative assessment to determine if there is goodwill impairment. We apply various quantitative valuation methodologies, including discounted cash flow and earnings multiple approaches, to determine the estimated fair value, which is compared with the carrying value of each reporting unit. A goodwill impairment loss is recognized if the fair value is less than the carrying amount, including goodwill. The goodwill impairment loss is limited to the amount of goodwill allocated to the reporting unit. We recognize impairment losses as a charge to other noninterest expense and a reduction to the carrying value of goodwill. Subsequent reversals of goodwill impairment are prohibited.

We amortize customer relationship intangible assets on an accelerated basis over useful lives not exceeding 10 years. We review intangible assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Impairment is indicated if the sum of undiscounted estimated future net cash flows is less than the carrying value of the asset. Impairment is permanently recognized by writing down the asset to the extent that the carrying value exceeds the estimated fair value.

Derivatives and Hedging Activities

DERIVATIVES We recognize all derivatives on our consolidated balance sheet at fair value. On the date we enter into a derivative contract, we categorize the derivative as either an accounting hedge, economic hedge or part of our customer accommodation trading and other portfolio.

Accounting hedges are either fair value or cash flow hedges. Fair value hedges represent the hedge of the fair value of a recognized asset or liability or an unrecognized firm commitment, including hedges of foreign currency exposure.

Cash flow hedges represent the hedge of a forecasted transaction or the variability of cash flows to be paid or received related to a recognized asset or liability.

Economic hedges and customer accommodation trading and other derivatives do not qualify for, or we have elected not to apply, hedge accounting. Economic hedges are derivatives we use to manage interest rate, foreign currency and certain other risks associated with our non-trading activities. Customer accommodation trading and other derivatives primarily represents derivatives related to our trading business activities. We report changes in the fair values of these derivatives in noninterest income.

FAIR VALUE HEDGES We record changes in the fair value of the derivative in income, except for certain derivatives in which a portion is recorded to OCI. We record basis adjustments to the amortized cost of the hedged asset or liability due to the changes in fair value related to the hedged risk with the offset recorded in earnings. We present derivative gains or losses in the same income statement category as the hedged asset or liability, as follows:

- For fair value hedges of interest rate risk, amounts are reflected in net interest income;
- For hedges of foreign currency risk, amounts representing the fair value changes less the accrual for periodic cash flow settlements are reflected in noninterest income. The periodic cash flow settlements are reflected in net interest income;
- For hedges of both interest rate risk and foreign currency risk, amounts representing the fair value change less the accrual for periodic cash flow settlements is attributed to both net interest income and noninterest income. The periodic cash flow settlements are reflected in net interest income.

The entire derivative gain or loss is included in the assessment of hedge effectiveness for all fair value hedge relationships, except for hedges of foreign-currency denominated AFS debt securities and long-term debt liabilities hedged with cross-currency swaps. The change in fair value of these swaps attributable to cross-currency basis spread changes is excluded from the assessment of hedge effectiveness. The initial fair value of the excluded component is amortized to net interest income and the difference between changes in fair value of the excluded component and the amount recorded in earnings is recorded in OCI.

CASH FLOW HEDGES We record changes in the fair value of the derivative in OCI. We subsequently reclassify gains and losses from these changes in fair value from OCI to earnings in the same period(s) that the hedged transaction affects earnings and in the same income statement category as the hedged item. For cash flow hedges of interest rate risk associated with floating-rate commercial loans and long-term debt, these amounts are reflected in net interest income. For cash flow hedges of foreign currency risk associated with fixed-rate long-term debt, these amounts are reflected in net interest income. The entire gain or loss on these derivatives is included in the assessment of hedge effectiveness.

DOCUMENTATION AND EFFECTIVENESS ASSESSMENT FOR ACCOUNTING HEDGES For fair value and cash flow hedges qualifying for hedge accounting, we formally document at inception the relationship between hedging instruments and hedged items, our risk management objective, strategy and our

evaluation of effectiveness for our hedge transactions. This process includes linking all derivatives designated as fair value or cash flow hedges to specific assets and liabilities on our consolidated balance sheet or to specific forecasted transactions. We assess hedge effectiveness using regression analysis, both at inception of the hedging relationship and on an ongoing basis. For fair value hedges, the regression analysis involves regressing the periodic change in fair value of the hedging instrument against the periodic changes in fair value of the asset or liability being hedged due to changes in the hedged risk(s). For cash flow hedges, the regression analysis involves regressing the periodic changes in fair value of the hedging instrument against the periodic changes in fair value of a hypothetical derivative. The hypothetical derivative has terms that identically match and offset the cash flows of the forecasted transaction being hedged due to changes in the hedged risk(s). The initial assessment for fair value and cash flow hedges includes an evaluation of the quantitative measures of the regression results used to validate the conclusion of high effectiveness. Periodically, as required, we also formally assess whether the derivative we designated in each hedging relationship is expected to be and has been highly effective in offsetting changes in fair values or cash flows of the hedged item using the regression analysis method.

DISCONTINUING HEDGE ACCOUNTING We discontinue hedge accounting prospectively when (1) a derivative is no longer highly effective in offsetting changes in the fair value or cash flows of a hedged item, (2) a derivative expires or is sold, terminated or exercised, (3) we elect to discontinue the designation of a derivative as a hedge, or (4) in a cash flow hedge, a derivative is de-designated because it is no longer probable that a forecasted transaction will occur.

When we discontinue fair value hedge accounting, we no longer adjust the previously hedged asset or liability for changes in fair value. The remaining cumulative adjustments to the hedged item and accumulated amounts reported in OCI are accounted for in the same manner as other components of the carrying amount of the asset or liability. For example, for financial debt instruments such as AFS debt securities, loans or long-term debt, these amounts are amortized into net interest income over the remaining life of the asset or liability similar to other amortized cost basis adjustments. If the hedged item is derecognized, the accumulated amounts reported in OCI are immediately reclassified to net interest income. If the derivative continues to be held after fair value hedge accounting ceases, we carry the derivative on the consolidated balance sheet at its fair value with changes in fair value included in noninterest income.

When we discontinue cash flow hedge accounting and it is probable that the forecasted transaction will occur, the accumulated amount reported in OCI at the de-designation date continues to be reported in OCI until the forecasted transaction affects earnings at which point the related OCI amount is reclassified to net interest income. If cash flow hedge accounting is discontinued and it is probable the forecasted transaction will no longer occur, the accumulated gains and losses reported in OCI at the de-designation date is immediately reclassified to noninterest income. If the derivative continues to be held after cash flow hedge accounting ceases, we carry the derivative on our consolidated balance sheet at its fair value with changes in fair value included in noninterest income.

EMBEDDED DERIVATIVES We may purchase or originate financial instruments that contain an embedded derivative. At inception of the financial instrument, we assess (1) if the economic characteristics of the embedded derivative are not clearly and

closely related to the economic characteristics of the host contract, (2) if the financial instrument that embodies both the embedded derivative and the host contract is not measured at fair value with changes in fair value reported in earnings, and (3) if a separate instrument with the same terms as the embedded instrument would meet the definition of a derivative. If the embedded derivative meets all of these conditions, we separate it from the hybrid contract by recording the bifurcated derivative at fair value and the remaining host contract at the difference between the basis of the hybrid instrument and the fair value of the bifurcated derivative. The bifurcated derivative is carried at fair value with changes recorded in noninterest income and reported within our consolidated balance sheet as a derivative asset or liability. The accounting for the remaining host contract is the same as other assets and liabilities of a similar type and reported within our consolidated balance sheet based upon the accounting classification of the instrument.

COUNTERPARTY CREDIT RISK AND NETTING By using derivatives, we are exposed to counterparty credit risk, which is the risk that counterparties to the derivative contracts do not perform as expected. If a counterparty fails to perform, our counterparty credit risk is equal to the amount reported as a derivative asset on our consolidated balance sheet. The amounts reported as a derivative asset are derivative contracts in a gain position, and to the extent subject to legally enforceable master netting arrangements, net of derivatives in a loss position with the same counterparty and cash collateral received. We minimize counterparty credit risk through credit approvals, limits, monitoring procedures, executing master netting arrangements and obtaining collateral, where appropriate. Counterparty credit risk related to derivatives is considered in determining fair value and our assessment of hedge effectiveness. To the extent derivatives subject to master netting arrangements meet the applicable requirements, including determining the legal enforceability of the arrangement, it is our policy to present derivative balances and related cash collateral amounts net on our consolidated balance sheet. We incorporate adjustments to reflect counterparty credit risk (credit valuation adjustments (CVA)) in determining the fair value of our derivatives. CVA, which considers the effects of enforceable master netting agreements and collateral arrangements, reflects market-based views of the credit quality of each counterparty. We estimate CVA based on observed credit spreads in the credit default swap market and indices indicative of the credit quality of the counterparties to our derivatives.

Cash collateral exchanged related to our interest rate derivatives, and certain commodity and equity derivatives, with centrally cleared counterparties is recorded as a reduction of the derivative fair value asset and liability balances, as opposed to separate non-derivative receivables or payables. This cash collateral, also referred to as variation margin, is exchanged based upon derivative fair value changes, typically on a one-day lag. For additional information on our derivatives and hedging activities, see Note 16 (Derivatives).

Equity Securities

Equity securities exclude investments that represent a controlling interest in the investee. Marketable equity securities have readily determinable fair values and include, but are not limited to securities used in our trading activities. Marketable equity securities are recorded at fair value with realized and unrealized gains and losses recognized in net gains on trading and securities in noninterest income. Dividend income from marketable equity securities is recognized in interest income.

Nonmarketable equity securities do not have readily determinable fair values. These securities are accounted for under one of the following accounting methods:

- Fair value: This method is an election. The securities are recorded at fair value with unrealized gains or losses reflected in noninterest income;
- Equity method: This method is applied when we have the ability to exert significant influence over the investee. These securities are carried at cost and adjusted for our share of the investee's earnings or losses, less any dividends received and/or impairments;
- Cost method: This method is required for specific securities, such as Federal Reserve Bank stock and Federal Home Loan Bank stock. These investments are held at amortized cost less any impairments. If impaired, the carrying value is written down to the fair value of the security;
- Measurement alternative: This method is followed by all remaining nonmarketable equity securities. These securities are initially carried at amortized cost and are remeasured to fair value as of the date of an orderly observable transaction of the same or similar security of the same issuer. These securities are also adjusted for any impairments.

Equity method adjustments for our share of the investee's earnings or losses are recognized in other noninterest income. All other realized and unrealized gains and losses, including impairment losses, from nonmarketable equity securities are recognized in net gains on trading and securities in noninterest income. Dividends from equity method securities are recognized as a reduction of the investment carrying value. Dividend income from all other nonmarketable equity securities is recognized in interest income.

Our review for impairment for equity method, cost method and measurement alternative securities includes an analysis of the facts and circumstances of each security, the intent or requirement to sell the security, the expectations of cash flows, capital needs and the viability of its business model. For equity method and cost method investments, we reduce the asset's carrying value when we consider declines in value to be other than temporary. For securities accounted for under the measurement alternative, we reduce the asset's carrying value when the fair value is less than carrying value, without the consideration of recovery.

Pension Accounting

We sponsor a frozen noncontributory qualified defined benefit retirement plan, the Wells Fargo & Company Cash Balance Plan (Cash Balance Plan), which covers eligible employees of Wells Fargo. We also sponsor nonqualified defined benefit plans that provide supplemental defined benefit pension benefits to certain eligible employees. We account for our defined benefit pension plans using an actuarial model. Principal assumptions used in determining the net periodic pension cost and the pension obligation include the discount rate, the expected long-term rate of return on plan assets and projected mortality rates.

A discount rate is used to estimate the present value of our future pension benefit obligations. We use a consistent methodology to determine the discount rate using a yield curve with maturity dates that closely match the estimated timing of the expected benefit payments for our plans. The yield curve is derived from a broad-based universe of high-quality corporate bonds as of the measurement date.

Our determination of the reasonableness of our expected long-term rate of return on plan assets is highly quantitative by nature. We evaluate the current asset allocations and expected

returns under two sets of conditions: (1) projected returns using several forward-looking capital market assumptions, and (2) historical returns for the main asset classes dating back to 1970 or the earliest period for which historical data was readily available for the asset classes included. Using long-term historical data allows us to capture multiple economic environments, which we believe is relevant when using historical returns. We place greater emphasis on the forward-looking return and risk assumptions than on historical results. We use the resulting projections to derive a base line expected rate of return and risk level for the Cash Balance Plan's prescribed asset mix. We evaluate the portfolio based on: (1) the established target asset allocations over short term (one-year) and longer term (ten-year) investment horizons, and (2) the range of potential outcomes over these horizons within specific standard deviations. We perform the above analyses to assess the reasonableness of our expected long-term rate of return on plan assets. We consider the expected rate of return to be a long-term average view of expected returns.

Mortality rate assumptions are based on mortality tables published by the Society of Actuaries adjusted to reflect our specific experience.

At year end, we re-measure our defined benefit plan liabilities and related plan assets and recognize any resulting actuarial gain or loss in other comprehensive income. We generally amortize net actuarial gain or loss in excess of a 5% corridor from accumulated OCI into net periodic pension cost over the estimated average remaining participation period, which at December 31, 2020, is 19 years. See Note 21 (Employee Benefits and Other Expenses) for additional information on our pension accounting.

Income Taxes

We file income tax returns in the jurisdictions in which we operate and evaluate income tax expense in two components: current and deferred income tax expense. Current income tax expense represents our estimated taxes to be paid or refunded for the current period and includes income tax expense related to uncertain tax positions. Uncertain tax positions that meet the more likely than not recognition threshold are measured to determine the amount of benefit to recognize. An uncertain tax position is measured at the largest amount of benefit that management believes has a greater than 50% likelihood of realization upon settlement. Tax benefits not meeting our realization criteria represent unrecognized tax benefits.

Deferred income taxes are based on the balance sheet method and deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Under the balance sheet method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax basis of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred tax assets are recognized subject to management's judgment that realization is more likely than not. A valuation allowance reduces deferred tax assets to the realizable amount.

See Note 23 (Income Taxes) to Financial Statements in this Report for a further description of our provision for income taxes and related income tax assets and liabilities.

Stock-Based Compensation

We have stock-based employee compensation plans as more fully discussed in Note 19 (Common Stock and Stock Plans). Our Long-Term Incentive Compensation Plan provides awards for employee services in the form of incentive and nonqualified stock options, stock appreciation rights, restricted shares,

restricted share rights (RSRs), performance share awards (PSAs) and stock awards without restrictions. Stock options have not been issued in the last three years and no stock options were outstanding at December 31, 2020. Stock-based awards are measured at fair value on the grant date. The cost is recognized in personnel expense, net of actual forfeitures, in our consolidated statement of income normally over the vesting period of the award; awards with graded vesting are expensed on a straight-line method. Awards to employees who are retirement eligible at the grant date are subject to immediate expensing upon grant. Awards to employees who become retirement eligible before the final vesting date are expensed between the grant date and the date the employee becomes retirement eligible. Except for retirement and other limited circumstances, RSRs are canceled when employment ends.

Beginning in 2013, certain RSRs and all PSAs granted include discretionary conditions that can result in forfeiture and are measured at fair value initially and subsequently until the discretionary conditions end. For these awards, the associated compensation expense fluctuates with changes in our stock price. For PSAs, compensation expense also fluctuates based on the estimated outcome of meeting the performance conditions. The total expense that will be recognized on these awards is finalized upon the completion of the performance period (the determination of which awards will vest is a combination of performance conditions and discretion).

Earnings Per Common Share

We compute earnings per common share by dividing net income applicable to common stock (net income less dividends on preferred stock and the excess of consideration transferred over carrying value of preferred stock redeemed, if any) by the average number of common shares outstanding during the period. We compute diluted earnings per common share using net income applicable to common stock and adding the effect of common stock equivalents (e.g., restricted share rights) that are dilutive to the average number of common shares outstanding during the period.

Fair Value of Assets and Liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is based on an exit price notion that maximizes the use of observable inputs and minimizes the use of unobservable inputs.

We measure our assets and liabilities at fair value when we are required to record them at fair value, when we have elected the fair value option, and to fulfill fair value disclosure requirements. Assets and liabilities are recorded at fair value on a recurring or nonrecurring basis. Assets and liabilities that are recorded at fair value on a recurring basis require a fair value measurement at each reporting period. Those that are recorded at fair value on a nonrecurring basis are adjusted to fair value only as required through the application of an accounting method such as LOCOM, the measurement alternative, or write-downs of individual assets.

We classify our assets and liabilities measured at fair value based upon a three-level hierarchy that assigns the highest priority to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs. The three levels are as follows:

- Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuation is generated from techniques that use significant assumptions that are not observable in the market. These unobservable assumptions reflect our estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of discounted cash flow models, market comparable pricing, option pricing models, and similar techniques.

We monitor the availability of observable market data to assess the appropriate classification of financial instruments within the fair value hierarchy and transfers between Level 1, Level 2, and Level 3 accordingly. Observable market data includes but is not limited to quoted prices and market transactions. Changes in economic conditions or market liquidity generally will drive changes in availability of observable market data. Changes in availability of observable market data, which also may result in changing the valuation technique used, are generally the cause of transfers between Level 1, Level 2, and Level 3. The amounts reported as transfers represent the fair value as of the beginning of the quarter in which the transfer occurred.

See Note 17 (Fair Values of Assets and Liabilities) for a more detailed discussion of the valuation methodologies that we apply to our assets and liabilities.

Note 1: Summary of Significant Accounting Policies (continued)

Supplemental Cash Flow Information

Significant noncash activities are presented in Table 1.4.

Table 1.4: Supplemental Cash Flow Information

(in millions)	Year ended December 31,		
	2020	2019	2018
Available-for-sale debt securities purchased from securitization of LHFS (1)	\$ 21,768	—	—
Held-to-maturity debt securities purchased from securitization of LHFS (1)	9,912	289	149
Transfers from loans to LHFS (2)	19,975	6,453	7,984
Transfers from available-for-sale debt securities to held-to-maturity debt securities	31,815	13,833	16,479
Operating lease ROU assets acquired with operating lease liabilities (3)	658	5,804	—

- (1) For the year ended December 31, 2020, predominantly represents agency mortgage-backed securities purchased upon settlement of the sale and securitization of our conforming residential mortgage loans. See Note 8 (Securitizations and Variable Interest Entities) for additional information.
- (2) Prior periods have been revised to conform to the current period presentation.
- (3) Includes amounts attributable to new leases and changes from modified leases. The year ended December 31, 2019, balance also includes \$4.9 billion from adoption of ASU 2016-02 – Leases (Topic 842).

Subsequent Events

We have evaluated the effects of events that have occurred subsequent to December 31, 2020, and, except as disclosed in Note 15 (Legal Actions) and Note 18 (Preferred Stock), there have been no material events that would require recognition in our 2020 consolidated financial statements or disclosure in the Notes to the consolidated financial statements.

Note 2: Trading Activities

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

Table 2.1: Trading Assets and Liabilities

(in millions)	Dec 31, 2020	Dec 31, 2019
Trading assets:		
Debt securities	\$ 75,095	79,733
Equity securities	23,032	27,440
Loans held for sale	1,015	972
Gross trading derivative assets	58,767	34,825
Netting (1)	(34,301)	(21,463)
Total trading derivative assets	24,466	13,362
Total trading assets	123,608	121,507
Trading liabilities:		
Short sale	22,441	17,430
Gross trading derivative liabilities	53,285	33,861
Netting (1)	(39,444)	(26,074)
Total trading derivative liabilities	13,841	7,787
Total trading liabilities	\$ 36,282	25,217

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

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

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

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

(in millions)	Year ended December 31,		
	2020	2019	2018
Interest income:			
Debt securities	\$ 2,530	3,130	2,831
Equity securities	366	579	587
Loans held for sale	30	78	62
Total interest income	2,926	3,787	3,480
Less: Interest expense	442	525	587
Net interest income	2,484	3,262	2,893
Net gains (losses) from trading activities (1):			
Debt securities	2,697	1,053	(824)
Equity securities	(630)	4,795	(4,240)
Loans held for sale	28	12	(1)
Derivatives (2)	(923)	(4,867)	5,667
Total net gains from trading activities	1,172	993	602
Total trading-related net interest and noninterest income	\$ 3,656	4,255	3,495

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

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

Table 3.1 provides the amortized cost, net of the ACL for debt securities, and fair value by major categories of AFS debt securities, which are carried at fair value, and HTM debt securities, which are carried at amortized cost, net of the ACL. The net unrealized gains (losses) for AFS debt securities are reported as a component of cumulative OCI, net of the ACL and applicable income taxes. Information on debt securities held for trading is included in Note 2 (Trading Activities).

Outstanding balances exclude accrued interest receivable on AFS and HTM debt securities which are included in other assets. During 2020, we reversed accrued interest receivable on our AFS and HTM debt securities by reversing interest income. The interest income reversed was insignificant. See Note 7 (Premises, Equipment and Other Assets) for additional information on accrued interest receivable.

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

(in millions)	Amortized cost net (1)	Gross unrealized gains	Gross unrealized losses	Fair value
December 31, 2020				
Available-for-sale debt securities:				
Securities of U.S. Treasury and federal agencies	\$ 21,954	205	—	22,159
Non-U.S. government securities	16,816	—	(3)	16,813
Securities of U.S. states and political subdivisions (2)	19,263	224	(81)	19,406
Federal agency mortgage-backed securities	134,838	4,260	(28)	139,070
Non-agency mortgage-backed securities (3)	3,745	30	(46)	3,729
Collateralized loan obligations	9,058	4	(44)	9,018
Other debt securities	9,859	399	(61)	10,197
Total available-for-sale debt securities	215,533	5,122	(263)	220,392
Held-to-maturity debt securities:				
Securities of U.S. Treasury and federal agencies	47,295	1,472	(170)	48,597
Securities of U.S. states and political subdivisions	25,860	938	(5)	26,793
Federal agency mortgage-backed securities	115,437	4,182	(21)	119,598
Non-agency mortgage-backed securities	890	51	(8)	933
Collateralized loan obligations	16,238	148	—	16,386
Total held-to-maturity debt securities	205,720	6,791	(204)	212,307
Total (4)	\$ 421,253	11,913	(467)	432,699
December 31, 2019				
Available-for-sale debt securities:				
Securities of U.S. Treasury and federal agencies	\$ 14,948	13	(1)	14,960
Non-U.S. government securities	—	—	—	—
Securities of U.S. states and political subdivisions (2)	39,381	992	(36)	40,337
Federal agency mortgage-backed securities	160,318	2,299	(164)	162,453
Non-agency mortgage-backed securities (3)	4,713	55	(7)	4,761
Collateralized loan obligations	29,153	25	(123)	29,055
Other debt securities	11,547	402	(56)	11,893
Total available-for-sale debt securities	260,060	3,786	(387)	263,459
Held-to-maturity debt securities:				
Securities of U.S. Treasury and federal agencies	45,541	617	(19)	46,139
Securities of U.S. states and political subdivisions	13,486	286	(13)	13,759
Federal agency mortgage-backed securities	94,078	2,083	(25)	96,136
Non-agency mortgage-backed securities	791	10	(12)	789
Collateralized loan obligations	37	—	—	37
Total held-to-maturity debt securities	153,933	2,996	(69)	156,860
Total (4)	\$ 413,993	6,782	(456)	420,319

- (1) Represents amortized cost of the securities, net of the ACL of \$28 million related to AFS debt securities and \$41 million related to HTM debt securities at December 31, 2020. Prior to our adoption of CECL on January 1, 2020, the allowance for credit losses related to AFS and HTM debt securities was not applicable and is therefore presented as \$0 at December 31, 2019. For additional information, see Note 1 (Summary of Significant Accounting Policies).
- (2) Includes investments in tax-exempt preferred debt securities issued by investment funds or trusts that predominantly invest in tax-exempt municipal securities. The amortized cost net of allowance for credit losses and fair value of these types of securities was \$5.0 billion at December 31, 2020, and \$5.8 billion at December 31, 2019.
- (3) Predominantly consists of commercial mortgage-backed securities at both December 31, 2020 and 2019.
- (4) We held AFS and HTM debt securities from Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) that each exceeded 10% of stockholders' equity, with an amortized cost of \$99.8 billion and \$88.7 billion and a fair value of \$103.2 billion and \$91.5 billion at December 31, 2020, and an amortized cost of \$98.5 billion and \$84.1 billion and a fair value of \$100.3 billion and \$85.5 billion at December 31, 2019, respectively.

Table 3.2 details the breakout of purchases of and transfers to HTM debt securities by major category of security.

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

(in millions)	Year ended December 31,		
	2020	2019	2018
Purchases of held-to-maturity debt securities (1):			
Securities of U.S. Treasury and federal agencies	\$ 3,016	757	—
Securities of U.S. states and political subdivisions	1,906	1,583	—
Federal agency mortgage-backed securities	51,320	6,610	—
Non-agency mortgage-backed securities	126	288	149
Collateralized loan obligations	688	—	—
Total purchases of held-to-maturity debt securities	57,056	9,238	149
Transfers from available-for-sale debt securities to held-to-maturity debt securities:			
Securities of U.S. states and political subdivisions	10,721	5,912	—
Federal agency mortgage-backed securities	5,522	7,921	16,479
Collateralized loan obligations	15,572	—	—
Total transfers from available-for-sale debt securities to held-to-maturity debt securities	\$ 31,815	13,833	16,479

(1) Inclusive of securities purchased but not yet settled and noncash purchases from securitization of LHFS.

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

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

(in millions)	Year ended December 31,		
	2020	2019	2018
Interest income (1):			
Available-for-sale	\$ 4,992	8,092	8,146
Held-to-maturity	3,712	3,733	3,429
Total interest income	8,704	11,825	11,575
Provision for credit losses (2):			
Available-for-sale	89	—	—
Held-to-maturity	35	—	—
Total provision for credit losses	124	—	—
Realized gains and losses (3):			
Gross realized gains	931	227	155
Gross realized losses	(43)	(24)	(19)
Impairment write-downs included in earnings:			
Credit-related (4)	—	(27)	(27)
Intent-to-sell	(15)	(36)	(1)
Total impairment write-downs included in earnings	(15)	(63)	(28)
Net realized gains	\$ 873	140	108

(1) Excludes interest income from trading debt securities, which is disclosed in Note 2 (Trading Activities).

(2) Prior to our adoption of CECL on January 1, 2020, the provision for credit losses from debt securities was not applicable and is therefore presented as \$0 for prior periods. For additional information, see Note 1 (Summary of Significant Accounting Policies).

(3) Realized gains and losses relate to AFS debt securities. There were no realized gains or losses from HTM debt securities in all periods presented.

(4) For the year ended December 31, 2020, credit-related impairment recognized in earnings is classified as provision for credit losses due to our adoption of CECL on January 1, 2020. For additional information, see Note 1 (Summary of Significant Accounting Policies).

Credit Quality

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

CREDIT RATINGS Credit ratings express opinions about the credit quality of a debt security. We determine the credit rating of a security according to the lowest credit rating made available by

national recognized statistical rating organizations (NRSROs). Debt securities rated investment grade, that is those with ratings similar to BBB-/Baa3 or above, as defined by NRSROs, are generally considered by the rating agencies and market participants to be low credit risk. Conversely, debt securities rated below investment grade, labeled as “speculative grade” by the rating agencies, are considered to be distinctively higher credit risk than investment grade debt securities. For debt securities not rated by NRSROs, we determine an internal credit grade of the debt securities (used for credit risk management purposes) equivalent to the credit ratings assigned by major

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

credit agencies. Substantially all of our debt securities were rated by NRSROs at December 31, 2020, and December 31, 2019.

Table 3.4 shows the percentage of fair value of AFS debt securities and amortized cost of HTM debt securities determined

to be rated investment grade, inclusive of securities rated based on internal credit grades.

Table 3.4: Investment Grade Debt Securities

(\$ in millions)	Available-for-Sale		Held-to-Maturity	
	Fair value	% investment grade	Amortized cost	% investment grade
December 31, 2020				
Total portfolio (1)	\$ 220,392	99 %	205,761	99 %
Breakdown by category:				
Securities of U.S. Treasury and federal agencies (2)	\$ 161,229	100 %	162,732	100 %
Securities of U.S. states and political subdivisions	19,406	99	25,870	100
Collateralized loan obligations (3)	9,018	100	16,255	100
All other debt securities (4)	30,739	93	904	6
December 31, 2019				
Total portfolio (1)	\$ 263,459	99 %	153,933	99 %
Breakdown by category:				
Securities of U.S. Treasury and federal agencies (2)	\$ 177,413	100 %	139,619	100 %
Securities of U.S. states and political subdivisions	40,337	99	13,486	100
Collateralized loan obligations (3)	29,055	100	37	100
All other debt securities (4)	16,654	82	791	4

- (1) 92% and 95% were rated AA- and above at December 31, 2020 and 2019, respectively.
(2) Includes federal agency mortgage-backed securities.
(3) 98% were rated AA- and above at both December 31, 2020 and 2019.
(4) Includes non-U.S. government, non-agency mortgage-backed, and all other debt securities.

DELINQUENCY STATUS AND NONACCRUAL DEBT SECURITIES

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

Debt securities that are past due and still accruing were insignificant at both December 31, 2020 and 2019. The carrying value of debt securities in nonaccrual status was insignificant at both December 31, 2020 and 2019. Charge-offs on debt securities were insignificant for the year ended December 31, 2020. Purchased debt securities with credit deterioration (PCD) are not considered to be in nonaccrual status, as payments from issuers of these securities remain current. PCD securities were insignificant during the year ended December 31, 2020.

Unrealized Losses of Available-for-Sale Debt Securities

Table 3.5 shows the gross unrealized losses and fair value of AFS debt securities by length of time those individual securities in each category have been in a continuous loss position. Debt securities on which we have recorded credit impairment are categorized as being "less than 12 months" or "12 months or more"

more" in a continuous loss position based on the point in time that the fair value declined to below the (1) for the current period presented, amortized cost basis net of allowance for credit losses, or the (2) for the prior period presented, amortized cost basis.

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

(in millions)	Less than 12 months		12 months or more		Total	
	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value
December 31, 2020						
Available-for-sale debt securities:						
Securities of U.S. Treasury and federal agencies	\$ —	—	—	—	—	—
Non-U.S. government securities	(3)	16,812	—	—	(3)	16,812
Securities of U.S. states and political subdivisions	(51)	3,681	(30)	1,101	(81)	4,782
Federal agency mortgage-backed securities	(27)	11,310	(1)	316	(28)	11,626
Non-agency mortgage-backed securities	(28)	1,366	(18)	534	(46)	1,900
Collateralized loan obligations	(27)	5,082	(17)	1,798	(44)	6,880
Other debt securities	(16)	647	(45)	1,604	(61)	2,251
Total available-for-sale debt securities	\$ (152)	38,898	(111)	5,353	(263)	44,251
December 31, 2019						
Available-for-sale debt securities:						
Securities of U.S. Treasury and federal agencies	\$ —	—	(1)	2,423	(1)	2,423
Non-U.S. government securities	—	—	—	—	—	—
Securities of U.S. states and political subdivisions	(10)	2,776	(26)	2,418	(36)	5,194
Federal agency mortgage-backed securities	(50)	16,807	(114)	10,641	(164)	27,448
Non-agency mortgage-backed securities	(4)	1,147	(3)	244	(7)	1,391
Collateralized loan obligations	(13)	5,001	(110)	16,789	(123)	21,790
Other debt securities	(21)	1,959	(35)	708	(56)	2,667
Total available-for-sale debt securities	\$ (98)	27,690	(289)	33,223	(387)	60,913

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

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

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

Contractual Maturities

Table 3.6 and Table 3.7 show the remaining contractual maturities, amortized cost net of the ACL, fair value and weighted average effective yields of AFS and HTM debt securities, respectively. The remaining contractual principal

maturities for MBS do not consider prepayments. Remaining expected maturities will differ from contractual maturities because borrowers may have the right to prepay obligations before the underlying mortgages mature.

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

By remaining contractual maturity (\$ in millions)	Total	Within one year	After one year through five years	After five years through ten years	After ten years
December 31, 2020					
Available-for-sale debt securities (1):					
Securities of U.S. Treasury and federal agencies					
Amortized cost, net	\$ 21,954	1,512	14,272	4,037	2,133
Fair value	22,159	1,512	14,306	4,042	2,299
Weighted average yield	0.47 %	0.11	0.33	0.61	1.44
Non-U.S. government securities					
Amortized cost, net	\$ 16,816	16,816	—	—	—
Fair value	16,813	16,813	—	—	—
Weighted average yield	(0.14 %)	(0.14)	—	—	—
Securities of U.S. states and political subdivisions					
Amortized cost, net	\$ 19,263	1,501	2,373	4,594	10,795
Fair value	19,406	1,494	2,420	4,630	10,862
Weighted average yield	2.09 %	1.49	1.64	1.23	2.65
Federal agency mortgage-backed securities					
Amortized cost, net	\$ 134,838	8	239	3,312	131,279
Fair value	139,070	8	247	3,413	135,402
Weighted average yield	2.74 %	2.36	2.07	2.12	2.76
Non-agency mortgage-backed securities					
Amortized cost, net	\$ 3,745	—	—	266	3,479
Fair value	3,729	—	—	266	3,463
Weighted average yield	2.17 %	—	—	1.90	2.19
Collateralized loan obligations					
Amortized cost, net	\$ 9,058	—	195	7,023	1,840
Fair value	9,018	—	194	6,996	1,828
Weighted average yield	1.75 %	—	2.44	1.80	1.51
Other debt securities					
Amortized cost, net	\$ 9,859	381	2,762	3,202	3,514
Fair value	10,197	380	2,907	3,263	3,647
Weighted average yield	3.29 %	3.89	4.46	3.22	2.37
Total available-for-sale debt securities					
Amortized cost, net	\$ 215,533	20,218	19,841	22,434	153,040
Fair value	\$ 220,392	20,207	20,074	22,610	157,501
Weighted average yield	2.21 %	0.19	1.10	1.72	2.69

(1) Weighted average yields displayed by maturity bucket are weighted based on amortized cost without effect for any related hedging derivatives and are shown pre-tax.

Table 3.7: Contractual Maturities – Held-to-Maturity Debt Securities

By remaining contractual maturity (\$ in millions)	Total	Within one year	After one year through five years	After five years through ten years	After ten years
December 31, 2020					
Held-to-maturity debt securities (1):					
Securities of U.S. Treasury and federal agencies					
Amortized cost, net	\$ 47,295	30,759	12,755	—	3,781
Fair value	48,597	31,063	13,735	—	3,799
Weighted average yield	2.14 %	2.13	2.34	—	1.57
Securities of U.S. states and political subdivisions					
Amortized cost, net	\$ 25,860	478	2,083	2,124	21,175
Fair value	26,793	481	2,154	2,228	21,930
Weighted average yield	2.16 %	1.84	1.78	2.72	2.15
Federal agency mortgage-backed securities					
Amortized cost, net	\$ 115,437	—	—	700	114,737
Fair value	119,598	—	—	751	118,847
Weighted average yield	2.51 %	—	—	1.41	2.52
Non-agency mortgage-backed securities					
Amortized cost, net	\$ 890	—	15	—	875
Fair value	933	—	14	—	919
Weighted average yield	3.16 %	—	1.48	—	3.19
Collateralized loan obligations					
Amortized cost, net	\$ 16,238	—	29	8,441	7,768
Fair value	16,386	—	29	8,492	7,865
Weighted average yield	1.75 %	—	2.31	1.72	1.78
Total held-to-maturity debt securities					
Amortized cost, net	\$ 205,720	31,237	14,882	11,265	148,336
Fair value	212,307	31,544	15,932	11,471	153,360
Weighted average yield	2.33 %	2.13	2.26	1.89	2.41

(1) Weighted average yields displayed by maturity bucket are weighted based on amortized cost and are shown pre-tax.

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Note 4: Loans and Related Allowance for Credit Losses

Table 4.1 presents total loans outstanding by portfolio segment and class of financing receivable. Outstanding balances include unearned income, net deferred loan fees or costs, and unamortized discounts and premiums. These amounts were less than 1% of our total loans outstanding at December 31, 2020, and December 31, 2019.

Outstanding balances exclude accrued interest receivable on loans, except for certain revolving loans, such as credit card loans.

During 2020, we reversed accrued interest receivable of \$43 million for our commercial portfolio segment and \$195 million for our consumer portfolio segment. See Note 7 (Premises, Equipment and Other Assets) for additional information on accrued interest receivable.

Table 4.1: Loans Outstanding

(in millions)	December 31,				
	2020	2019	2018	2017	2016
Commercial:					
Commercial and industrial	\$ 318,805	354,125	350,199	333,125	330,840
Real estate mortgage	121,720	121,824	121,014	126,599	132,491
Real estate construction	21,805	19,939	22,496	24,279	23,916
Lease financing	16,087	19,831	19,696	19,385	19,289
Total commercial	478,417	515,719	513,405	503,388	506,536
Consumer:					
Residential mortgage – first lien	276,674	293,847	285,065	284,054	275,579
Residential mortgage – junior lien	23,286	29,509	34,398	39,713	46,237
Credit card	36,664	41,013	39,025	37,976	36,700
Auto	48,187	47,873	45,069	53,371	62,286
Other consumer	24,409	34,304	36,148	38,268	40,266
Total consumer	409,220	446,546	439,705	453,382	461,068
Total loans	\$ 887,637	962,265	953,110	956,770	967,604

Our non-U.S. loans are reported by respective class of financing receivable in the table above. Substantially all of our non-U.S. loan portfolio is commercial loans. Table 4.2 presents total non-U.S. commercial loans outstanding by class of financing receivable.

Table 4.2: Non-U.S. Commercial Loans Outstanding

(in millions)	December 31,				
	2020	2019	2018	2017	2016
Non-U.S. commercial loans:					
Commercial and industrial	\$ 63,128	70,494	62,564	60,106	55,396
Real estate mortgage	7,278	7,004	6,731	8,033	8,541
Real estate construction	1,603	1,434	1,011	655	375
Lease financing	629	1,220	1,159	1,126	972
Total non-U.S. commercial loans	\$ 72,638	80,152	71,465	69,920	65,284

Loan Concentrations

Loan concentrations may exist when there are amounts loaned to borrowers engaged in similar activities or similar types of loans extended to a diverse group of borrowers that would cause them to be similarly impacted by economic or other conditions. Commercial and industrial loans and lease financing to borrowers in the financial institutions except banks industry represented 13% and 12% of total loans at December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, we did not have concentrations representing 10% or more of our total loan portfolio in the commercial real estate (CRE) portfolios (real estate mortgage and real estate construction) by state or property type. Residential mortgage loans to borrowers in the state of California represented 12% and 13% of total loans at December 31, 2020 and 2019, respectively. These California loans are generally diversified among the larger metropolitan areas in California, with no single area consisting of more than 4% of total loans. We continuously 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.

Some of our residential mortgage loans include an interest-only feature as part of the loan terms. These interest-only loans were approximately 3% of total loans at both December 31, 2020 and 2019. Substantially all of these interest-only loans at origination were considered to be prime or near prime. We do not offer option adjustable-rate mortgage (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.

Our first and junior lien lines of credit products generally have draw periods of 10, 15 or 20 years, with variable interest rate and payment options during the draw period of (1) interest only or (2) 1.5% of total outstanding balance plus accrued interest. 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. At December 31, 2020, our lines of credit portfolio had an outstanding balance of \$30.7 billion, of which \$7.3 billion, or 24%, is in its amortization period, another \$4.8 billion, or 16%, of our total outstanding balance, will reach their end of draw period during 2021 through 2022, \$8.6 billion, or 28%, during 2023 through 2025, and \$10.0 billion, or 32%, will convert in subsequent years. This portfolio had unfunded credit commitments of \$53.6 billion at December 31, 2020. The lines that enter their amortization period may experience higher delinquencies and higher loss rates than the lines in their draw period. At December 31, 2020, \$378 million, or 5%, of outstanding lines of credit that are in their amortization period were 30 or more days past due, compared with \$381 million, or 2%, for lines in their draw period. We have considered this increased inherent risk in our ACL estimate. In anticipation of our borrowers reaching the end of their contractual commitment, we have created a program to inform, educate and help these borrowers transition from interest-only to fully-amortizing payments or full repayment. We monitor the performance of the borrowers moving through the program in an effort to refine our ongoing program strategy.

Loan Purchases, Sales, and Transfers

Table 4.3 presents the proceeds paid or received for purchases and sales of loans and transfers from loans held for investment to mortgages/loans held for sale. The table excludes loans for which we have elected the fair value option and government insured/guaranteed residential mortgage – first lien loans because their loan activity normally does not impact the ACL. In 2020, we sold \$1.2 billion of residential mortgage – first lien loans for a gain of \$751 million, which is included in other noninterest income on our consolidated statement of income. These whole loans were designated as residential LHFS in 2019. In connection with the announced sale of our student loan portfolio, we transferred \$9.8 billion of student loans to LHFS in fourth quarter 2020.

Table 4.3: Loan Purchases, Sales, and Transfers

(in millions)	Year ended December 31,					
	2020			2019		
	Commercial	Consumer	Total	Commercial	Consumer	Total
Purchases	\$ 1,310	6	1,316	2,028	3,126	5,154
Sales	(4,141)	(114)	(4,255)	(1,797)	(530)	(2,327)
Transfers to LHFS	(1,294)	(11,198)	(12,492)	(123)	(1,889)	(2,012)

Note 4: Loans and Related Allowance for Credit Losses (continued)

Commitments to Lend

A commitment to lend is a legally binding agreement to lend to a customer, usually at a stated interest rate, if funded, and for specific purposes and time periods. We generally require a fee to extend such commitments. Certain commitments are subject to loan agreements with covenants regarding the financial performance of the customer or borrowing base formulas on an ongoing basis that must be met before we are required to fund the commitment. We may reduce or cancel consumer commitments, including home equity lines and credit card lines, in accordance with the contracts and applicable law. For unconditionally cancelable commitments at our discretion, we do not recognize an ACL.

We may, as a representative for other lenders, advance funds or provide for the issuance of letters of credit under syndicated loan or letter of credit agreements. Any advances are generally repaid in less than a week and would normally require default of both the customer and another lender to expose us to loss. The unfunded amount of these temporary advance arrangements totaled approximately \$79.2 billion at December 31, 2020.

We issue commercial letters of credit to assist customers in purchasing goods or services, typically for international trade. At December 31, 2020 and 2019, we had \$1.3 billion and \$862 million, respectively, of outstanding issued commercial letters of credit. We also originate multipurpose lending commitments under which borrowers have the option to draw on the facility for different purposes in one of several forms, including a standby letter of credit. See Note 13 (Guarantees and Other Commitments) for additional information on standby letters of credit.

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. We manage the potential risk in commitments to lend by limiting the total amount of commitments, both by individual customer and in total, by monitoring the size and maturity structure of these commitments and by applying the same credit standards for these commitments as for all of our credit activities.

For loans and commitments to lend, we generally require collateral or a guarantee. We may require various types of collateral, including commercial and consumer real estate, autos, other short-term liquid assets such as accounts receivable or inventory and long-lived assets, such as equipment and other business assets. Collateral requirements for each loan or commitment may vary based on the loan product and our assessment of a customer's credit risk according to the specific credit underwriting, including credit terms and structure.

The contractual amount of our unfunded credit commitments, including unissued standby and commercial letters of credit, is summarized by portfolio segment and class of financing receivable in Table 4.4. The table excludes the issued standby and commercial letters of credit and temporary advance arrangements described above.

Table 4.4: Unfunded Credit Commitments

(in millions)	Dec 31, 2020	Dec 31, 2019
Commercial:		
Commercial and industrial	\$ 378,167	346,991
Real estate mortgage	7,993	8,206
Real estate construction	15,650	17,729
Total commercial	401,810	372,926
Consumer:		
Residential mortgage – first lien	31,530	34,391
Residential mortgage – junior lien	32,820	36,916
Credit card	121,096	114,933
Other consumer	49,179	25,898
Total consumer	234,625	212,138
Total unfunded credit commitments	\$ 636,435	585,064

Allowance for Credit Losses

Table 4.5 presents the allowance for credit losses (ACL) for loans, which consists of the allowance for loan losses and the allowance for unfunded credit commitments. On January 1, 2020, we adopted CECL. Additional information regarding our adoption of CECL is included in Note 1 (Summary of Significant Accounting

Policies). The ACL for loans increased \$9.3 billion from December 31, 2019, driven by a \$10.6 billion increase in the ACL for loans during 2020 reflecting current and forecasted economic conditions due to the COVID-19 pandemic, partially offset by a \$1.3 billion decrease as a result of adopting CECL.

Table 4.5: Allowance for Credit Losses for Loans

	Year ended December 31,				
(\$ in millions)	2020	2019	2018	2017	2016
Balance, beginning of year	\$ 10,456	10,707	11,960	12,540	12,512
Cumulative effect from change in accounting policies (1)	(1,337)	—	—	—	—
Allowance for purchased credit-deteriorated (PCD) loans (2)	8	—	—	—	—
Balance, beginning of year, adjusted	9,127	10,707	11,960	12,540	12,512
Provision for credit losses	14,005	2,687	1,744	2,528	3,770
Interest income on certain impaired loans (3)	(153)	(147)	(166)	(186)	(205)
Loan charge-offs:					
Commercial:					
Commercial and industrial	(1,440)	(802)	(727)	(789)	(1,419)
Real estate mortgage	(302)	(38)	(42)	(38)	(27)
Real estate construction	—	(1)	—	—	(1)
Lease financing	(107)	(70)	(70)	(45)	(41)
Total commercial	(1,849)	(911)	(839)	(872)	(1,488)
Consumer:					
Residential mortgage – first lien	(90)	(129)	(179)	(240)	(452)
Residential mortgage – junior lien	(88)	(118)	(179)	(279)	(495)
Credit card	(1,504)	(1,714)	(1,599)	(1,481)	(1,259)
Auto	(536)	(647)	(947)	(1,002)	(845)
Other consumer	(458)	(674)	(685)	(713)	(708)
Total consumer	(2,676)	(3,282)	(3,589)	(3,715)	(3,759)
Total loan charge-offs	(4,525)	(4,193)	(4,428)	(4,587)	(5,247)
Loan recoveries:					
Commercial:					
Commercial and industrial	201	195	304	297	263
Real estate mortgage	19	32	70	82	116
Real estate construction	19	13	13	30	38
Lease financing	20	19	23	17	11
Total commercial	259	259	410	426	428
Consumer:					
Residential mortgage – first lien	95	179	267	288	373
Residential mortgage – junior lien	143	184	219	266	266
Credit card	365	344	307	239	207
Auto	266	341	363	319	325
Other consumer	108	124	118	121	128
Total consumer	977	1,172	1,274	1,233	1,299
Total loan recoveries	1,236	1,431	1,684	1,659	1,727
Net loan charge-offs	(3,289)	(2,762)	(2,744)	(2,928)	(3,520)
Other	23	(29)	(87)	6	(17)
Balance, end of year	\$ 19,713	10,456	10,707	11,960	12,540
Components:					
Allowance for loan losses	\$ 18,516	9,551	9,775	11,004	11,419
Allowance for unfunded credit commitments	1,197	905	932	956	1,121
Allowance for credit losses	\$ 19,713	10,456	10,707	11,960	12,540
Net loan charge-offs as a percentage of average total loans	0.35 %	0.29	0.29	0.31	0.37
Allowance for loan losses as a percentage of total loans	2.09	0.99	1.03	1.15	1.18
Allowance for credit losses for loans as a percentage of total loans	2.22	1.09	1.12	1.25	1.30

(1) Represents the overall decrease in our allowance for credit losses for loans as a result of our adoption of CECL on January 1, 2020.

(2) Represents the allowance estimated for PCI loans that automatically became PCD loans with the adoption of CECL. For additional information, see Note 1 (Summary of Significant Accounting Policies).

(3) Loans with an allowance measured by discounting expected cash flows using the loan's effective interest rate over the remaining life of the loan recognize changes in allowance attributable to the passage of time as interest income.

Note 4: Loans and Related Allowance for Credit Losses (continued)

Table 4.6 summarizes the activity in the ACL by our commercial and consumer portfolio segments.

Table 4.6: Allowance for Credit Losses for Loans Activity by Portfolio Segment

(in millions)	Year ended December 31,					
	2020			2019		
	Commercial	Consumer	Total	Commercial	Consumer	Total
Balance, beginning of year	\$ 6,245	4,211	10,456	6,417	4,290	10,707
Cumulative effect from change in accounting policies (1)	(2,861)	1,524	(1,337)	—	—	—
Allowance for purchased credit-deteriorated (PCD) loans (2)	—	8	8	—	—	—
Balance, beginning of year, adjusted	3,384	5,743	9,127	6,417	4,290	10,707
Provision for credit losses	9,770	4,235	14,005	518	2,169	2,687
Interest income on certain impaired loans (3)	(61)	(92)	(153)	(46)	(101)	(147)
Loan charge-offs	(1,849)	(2,676)	(4,525)	(911)	(3,282)	(4,193)
Loan recoveries	259	977	1,236	259	1,172	1,431
Net loan charge-offs	(1,590)	(1,699)	(3,289)	(652)	(2,110)	(2,762)
Other	13	10	23	8	(37)	(29)
Balance, end of year	\$ 11,516	8,197	19,713	6,245	4,211	10,456

(1) Represents the overall decrease in our allowance for credit losses for loans as a result of our adoption of CECL on January 1, 2020.

(2) Represents the allowance estimated for PCI loans that automatically became PCD loans with the adoption of CECL. For additional information, see Note 1 (Summary of Significant Accounting Policies).

(3) Loans with an allowance measured by discounting expected cash flows using the loan's effective interest rate over the remaining life of the loan recognize changes in allowance attributable to the passage of time as interest income.

Table 4.7 disaggregates our ACL and recorded investment in loans by impairment methodology. This information is no longer relevant after December 31, 2019 given our adoption of CECL on January 1, 2020, which has a single impairment model.

Table 4.7: Allowance for Credit Losses for Loans by Impairment Methodology

(in millions)	Allowance for credit losses			Recorded investment in loans		
	Commercial	Consumer	Total	Commercial	Consumer	Total
December 31, 2019						
Collectively evaluated (1)	\$ 5,778	3,364	9,142	512,586	436,081	948,667
Individually evaluated (2)	467	847	1,314	3,133	9,897	13,030
PCI (3)	—	—	—	—	568	568
Total	\$ 6,245	4,211	10,456	515,719	446,546	962,265

(1) Represents non-impaired loans evaluated collectively for impairment.

(2) Represents impaired loans evaluated individually for impairment.

(3) Represents the allowance for loan losses and related loan carrying value for PCI loans.

Credit Quality

We monitor credit quality by evaluating various attributes and utilize such information in our evaluation of the appropriateness of the ACL for loans. The following sections provide the credit quality indicators we most closely monitor. The credit quality indicators are generally based on information as of our financial statement date, with the exception of updated FICO scores and updated loan-to-value (LTV)/combined LTV (CLTV). We obtain FICO scores at loan origination and the scores are generally updated at least quarterly, except in limited circumstances, including compliance with the Fair Credit Reporting Act (FCRA). Generally, the LTV and CLTV indicators are updated in the second month of each quarter, with updates no older than September 30, 2020. Amounts disclosed in the credit quality tables that follow are not comparative between reported periods due to our adoption of CECL on January 1, 2020. For additional information, see Note 1 (Summary of Significant Accounting Policies).

Table 4.8: Commercial Loan Categories by Risk Categories and Vintage (1)

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

Table 4.8 provides the outstanding balances of our commercial loan portfolio by risk category. In connection with our adoption of CECL, credit quality information is provided with the year of origination for term loans. Revolving loans may convert to term loans as a result of a contractual provision in the original loan agreement or if modified in a TDR. At December 31, 2020, we had \$445.6 billion and \$32.8 billion of pass and criticized commercial loans, respectively.

(in millions)	Term loans by origination year						Revolving loans	Revolving loans converted to term loans	Total
	2020	2019	2018	2017	2016	Prior			
December 31, 2020									
Commercial and industrial									
Pass	\$ 56,915	34,040	15,936	7,274	4,048	4,738	177,107	997	301,055
Criticized	1,404	1,327	1,357	972	672	333	11,534	151	17,750
Total commercial and industrial	58,319	35,367	17,293	8,246	4,720	5,071	188,641	1,148	318,805
Real estate mortgage									
Pass	22,444	26,114	18,679	11,113	11,582	14,663	5,152	6	109,753
Criticized	2,133	2,544	1,817	1,287	1,625	2,082	479	—	11,967
Total real estate mortgage	24,577	28,658	20,496	12,400	13,207	16,745	5,631	6	121,720
Real estate construction									
Pass	5,242	6,574	4,771	1,736	477	235	1,212	3	20,250
Criticized	449	452	527	4	113	10	—	—	1,555
Total real estate construction	5,691	7,026	5,298	1,740	590	245	1,212	3	21,805
Lease financing									
Pass	3,970	3,851	2,176	1,464	1,199	1,924	—	—	14,584
Criticized	308	433	372	197	108	85	—	—	1,503
Total lease financing	4,278	4,284	2,548	1,661	1,307	2,009	—	—	16,087
Total commercial loans	\$ 92,865	75,335	45,635	24,047	19,824	24,070	195,484	1,157	478,417
					Commercial and industrial	Real estate mortgage	Real estate construction	Lease financing	Total
December 31, 2019									
By risk category:									
Pass				\$ 338,740	118,054	19,752	18,655	495,201	
Criticized				15,385	3,770	187	1,176	20,518	
Total commercial loans				\$ 354,125	121,824	19,939	19,831	515,719	

(1) Disclosure is not comparative due to our adoption of CECL on January 1, 2020. For additional information, see Note 1 (Summary of Significant Accounting Policies).

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Note 4: Loans and Related Allowance for Credit Losses (continued)

Table 4.9 provides past due information for commercial loans, which we monitor as part of our credit risk management practices; however, delinquency is not a primary credit quality indicator for commercial loans. Payment deferral activities

instituted in response to the COVID-19 pandemic could continue to delay the recognition of delinquencies for customers who otherwise would have moved into past due status.

Table 4.9: Commercial Loan Categories by Delinquency Status

(in millions)	Commercial and industrial	Real estate mortgage	Real estate construction	Lease financing	Total
December 31, 2020					
By delinquency status:					
Current-29 days past due (DPD) and still accruing	\$ 315,493	119,561	21,532	15,595	472,181
30-89 DPD and still accruing	575	347	224	233	1,379
90+ DPD and still accruing	39	38	1	—	78
Nonaccrual loans	2,698	1,774	48	259	4,779
Total commercial loans	\$ 318,805	121,720	21,805	16,087	478,417
December 31, 2019					
By delinquency status:					
Current-29 DPD and still accruing	\$ 352,110	120,967	19,845	19,484	512,406
30-89 DPD and still accruing	423	253	53	252	981
90+ DPD and still accruing	47	31	—	—	78
Nonaccrual loans	1,545	573	41	95	2,254
Total commercial loans	\$ 354,125	121,824	19,939	19,831	515,719

CONSUMER CREDIT QUALITY INDICATORS We have various classes of consumer loans that present unique credit risks. Loan delinquency, FICO credit scores and LTV for residential mortgage loans are the primary credit quality indicators that we monitor and utilize in our evaluation of the appropriateness of the ACL for the consumer loan portfolio segment.

Many of our loss estimation techniques used for the ACL for loans rely on delinquency-based models; therefore, delinquency is an important indicator of credit quality in the establishment of our ACL for loans.

Table 4.10 provides the outstanding balances of our consumer loan portfolio by delinquency status. Payment deferral activities instituted in response to the COVID-19 pandemic could continue to delay the recognition of delinquencies for customers who otherwise would have moved into past due status.

In connection with our adoption of CECL, credit quality information is provided with the year of origination for term loans. Revolving loans may convert to term loans as a result of a contractual provision in the original loan agreement or if modified in a TDR. The revolving loans converted to term loans in the credit card loan category represent credit card loans with modified terms that require payment over a specific term.

Table 4.10: Consumer Loan Categories by Delinquency Status and Vintage (1)

(in millions)	Term loans by origination year						Revolving loans	Revolving loans converted to term loans	Total	
	2020	2019	2018	2017	2016	Prior				
December 31, 2020										
Residential mortgage – first lien										
By delinquency status:										
Current-29 DPD	\$ 53,298	43,297	14,761	24,619	30,533	67,960	6,762	1,719	242,949	
30-59 DPD	111	76	36	67	79	750	52	66	1,237	
60-89 DPD	88	10	6	12	13	305	56	68	558	
90-119 DPD	232	11	5	8	7	197	26	33	519	
120-179 DPD	3	4	1	3	5	151	17	29	213	
180+ DPD	3	1	4	11	15	758	21	145	958	
Government insured/guaranteed loans (2)	215	639	904	1,076	2,367	25,039	—	—	30,240	
Total residential mortgage – first lien	53,950	44,038	15,717	25,796	33,019	95,160	6,934	2,060	276,674	
Residential mortgage – junior lien										
By delinquency status:										
Current-29 DPD	22	39	39	37	31	1,115	15,366	5,434	22,083	
30-59 DPD	—	—	1	1	—	22	113	160	297	
60-89 DPD	—	—	1	—	—	11	154	271	437	
90-119 DPD	—	—	—	1	—	7	45	84	137	
120-179 DPD	—	—	—	—	—	9	36	77	122	
180+ DPD	—	—	—	—	1	25	29	155	210	
Total residential mortgage – junior lien	22	39	41	39	32	1,189	15,743	6,181	23,286	
Credit cards										
By delinquency status:										
Current-29 DPD	—	—	—	—	—	—	35,612	255	35,867	
30-59 DPD	—	—	—	—	—	—	243	12	255	
60-89 DPD	—	—	—	—	—	—	167	10	177	
90-119 DPD	—	—	—	—	—	—	144	10	154	
120-179 DPD	—	—	—	—	—	—	208	3	211	
180+ DPD	—	—	—	—	—	—	—	—	—	
Total credit cards	—	—	—	—	—	—	36,374	290	36,664	
Auto										
By delinquency status:										
Current-29 DPD	19,625	14,561	6,307	3,459	2,603	697	—	—	47,252	
30-59 DPD	120	183	114	80	107	46	—	—	650	
60-89 DPD	32	60	36	25	35	16	—	—	204	
90-119 DPD	13	26	14	9	12	6	—	—	80	
120-179 DPD	—	1	—	—	—	—	—	—	1	
180+ DPD	—	—	—	—	—	—	—	—	—	
Total auto	19,790	14,831	6,471	3,573	2,757	765	—	—	48,187	
Other consumer										
By delinquency status:										
Current-29 DPD	1,406	1,383	577	261	59	193	20,246	162	24,287	
30-59 DPD	2	7	5	2	1	3	19	10	49	
60-89 DPD	1	5	3	1	1	1	10	6	28	
90-119 DPD	1	4	2	1	—	1	8	3	20	
120-179 DPD	—	—	—	—	—	—	10	4	14	
180+ DPD	—	—	—	—	—	2	3	6	11	
Total other consumer	1,410	1,399	587	265	61	200	20,296	191	24,409	
Total consumer loans	\$ 75,172	60,307	22,816	29,673	35,869	97,314	79,347	8,722	409,220	

(continued on following page)

Note 4: Loans and Related Allowance for Credit Losses (continued)

(continued from previous page)

	Residential mortgage – first lien	Residential mortgage – junior lien	Credit card	Auto	Other consumer	Total
December 31, 2019						
By delinquency status:						
Current-29 DPD	\$ 279,722	28,870	39,935	46,650	33,981	429,158
30-59 DPD	1,136	216	311	882	140	2,685
60-89 DPD	404	115	221	263	81	1,084
90-119 DPD	197	69	202	77	74	619
120-179 DPD	160	71	343	1	18	593
180+ DPD	503	155	1	—	10	669
Government insured/guaranteed loans (2)	11,170	—	—	—	—	11,170
Total consumer loans (excluding PCI)	293,292	29,496	41,013	47,873	34,304	445,978
Total consumer PCI loans (carrying value) (3)	555	13	—	—	—	568
Total consumer loans	\$ 293,847	29,509	41,013	47,873	34,304	446,546

(1) Disclosure is not comparative due to our adoption of CECL on January 1, 2020. For additional information, see Note 1 (Summary of Significant Accounting Policies).

(2) Represents loans whose repayments are predominantly insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA). Loans insured/guaranteed by the FHA/VA and 90+ DPD totaled \$11.1 billion and \$6.4 billion at December 31, 2020 and 2019, respectively.

(3) 26% of the adjusted unpaid principal balance for consumer PCI loans was 30+ DPD at December 31, 2019.

Of the \$2.7 billion of consumer loans not government insured/guaranteed that are 90 days or more past due at December 31, 2020, \$612 million was accruing, compared with \$1.9 billion past due and \$855 million accruing at December 31, 2019.

Table 4.11 provides the outstanding balances of our consumer loan portfolio by FICO score. Substantially all of the scored consumer portfolio has an updated FICO score of 680 and above, reflecting a strong current borrower credit profile. FICO

scores are not available for certain loan types or may not be required if we deem it unnecessary due to strong collateral and other borrower attributes. Loans not requiring a FICO score totaled \$13.2 billion and \$9.1 billion at December 31, 2020 and 2019, respectively.

Substantially all loans not requiring a FICO score are securities-based loans originated through retail brokerage.

Table 4.11: Consumer Loan Categories by FICO and Vintage (1)

(in millions)	Term loans by origination year						Revolving loans	Revolving loans converted to term loans	Total
	2020	2019	2018	2017	2016	Prior			
December 31, 2020									
By FICO:									
Residential mortgage – first lien									
800+	\$ 29,365	28,652	9,911	17,416	22,215	40,440	3,391	493	151,883
760-799	17,154	9,866	2,908	4,380	4,955	10,843	1,361	274	51,741
720-759	5,274	3,290	1,189	1,829	2,106	7,001	879	265	21,833
680-719	1,361	1,084	490	678	831	4,403	520	221	9,588
640-679	376	287	148	192	226	2,385	241	154	4,009
600-639	55	56	44	56	92	1,429	127	106	1,965
< 600	14	29	36	44	66	1,789	162	175	2,315
No FICO available	136	135	87	125	161	1,831	253	372	3,100
Government insured/guaranteed loans (2)	215	639	904	1,076	2,367	25,039	—	—	30,240
Total residential mortgage – first lien	53,950	44,038	15,717	25,796	33,019	95,160	6,934	2,060	276,674
Residential mortgage – junior lien									
800+	—	—	—	—	—	293	7,973	1,819	10,085
760-799	—	—	—	—	—	177	3,005	1,032	4,214
720-759	—	—	—	—	—	207	2,093	1,034	3,334
680-719	—	—	—	—	—	183	1,233	854	2,270
640-679	—	—	—	—	—	103	503	493	1,099
600-639	—	—	—	—	—	67	241	299	607
< 600	—	—	—	—	—	76	254	374	704
No FICO available	22	39	41	39	32	83	441	276	973
Total residential mortgage – junior lien	22	39	41	39	32	1,189	15,743	6,181	23,286
Credit card									
800+	—	—	—	—	—	—	3,860	1	3,861
760-799	—	—	—	—	—	—	5,438	7	5,445
720-759	—	—	—	—	—	—	7,897	29	7,926
680-719	—	—	—	—	—	—	8,854	60	8,914
640-679	—	—	—	—	—	—	5,657	64	5,721
600-639	—	—	—	—	—	—	2,242	46	2,288
< 600	—	—	—	—	—	—	2,416	82	2,498
No FICO available	—	—	—	—	—	—	10	1	11
Total credit card	—	—	—	—	—	—	36,374	290	36,664
Auto									
800+	2,875	2,606	1,211	731	452	104	—	—	7,979
760-799	3,036	2,662	1,122	579	349	81	—	—	7,829
720-759	3,162	2,514	1,095	576	395	98	—	—	7,840
680-719	3,534	2,542	1,066	545	400	105	—	—	8,192
640-679	3,381	1,948	763	395	334	94	—	—	6,915
600-639	2,208	1,165	479	274	276	87	—	—	4,489
< 600	1,581	1,357	730	463	533	186	—	—	4,850
No FICO available	13	37	5	10	18	10	—	—	93
Total auto	19,790	14,831	6,471	3,573	2,757	765	—	—	48,187
Other consumer									
800+	353	287	94	35	10	71	2,249	21	3,120
760-799	342	279	93	29	10	34	1,110	16	1,913
720-759	262	258	107	35	11	30	915	26	1,644
680-719	156	213	99	36	11	24	798	31	1,368
640-679	71	112	59	21	7	10	415	23	718
600-639	18	36	22	9	4	8	151	13	261
< 600	13	41	30	12	5	7	161	18	287
No FICO available	195	173	83	88	3	16	1,248	43	1,849
FICO not required	—	—	—	—	—	—	13,249	—	13,249
Total other consumer	1,410	1,399	587	265	61	200	20,296	191	24,409
Total consumer loans	\$ 75,172	60,307	22,816	29,673	35,869	97,314	79,347	8,722	409,220

(continued on following page)

Note 4: Loans and Related Allowance for Credit Losses (continued)

(continued from previous page)

	Residential mortgage – first lien	Residential mortgage – junior lien	Credit card	Auto	Other consumer	Total
December 31, 2019						
By FICO:						
800+	\$ 165,460	11,851	4,037	7,900	7,585	196,833
760-799	61,559	5,483	5,648	7,624	4,915	85,229
720-759	27,879	4,407	8,376	7,839	4,097	52,598
680-719	12,844	3,192	9,732	7,871	3,212	36,851
640-679	5,068	1,499	6,626	6,324	1,730	21,247
600-639	2,392	782	2,853	4,230	670	10,927
< 600	3,264	1,164	3,373	6,041	704	14,546
No FICO available	3,656	1,118	368	44	2,316	7,502
FICO not required	—	—	—	—	9,075	9,075
Government insured/guaranteed loans (2)	11,170	—	—	—	—	11,170
Total consumer loans (excluding PCI)	293,292	29,496	41,013	47,873	34,304	445,978
Total consumer PCI loans (carrying value) (3)	555	13	—	—	—	568
Total consumer loans	\$ 293,847	29,509	41,013	47,873	34,304	446,546

(1) Disclosure is not comparative due to our adoption of CECL on January 1, 2020. For additional information, see Note 1 (Summary of Significant Accounting Policies).

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

(3) 41% of the adjusted unpaid principal balance for consumer PCI loans had FICO scores less than 680 and 19% where no FICO was available to us at December 31, 2019.

LTV refers to the ratio comparing the loan's unpaid principal balance to the property's collateral value. CLTV refers to the combination of first lien mortgage and junior lien mortgage (including unused line amounts for credit line products) ratios. LTVs and CLTVs are updated quarterly using a cascade approach which first uses values provided by automated valuation models (AVMs) for the property. If an AVM is not available, then the value is estimated using the original appraised value adjusted by the change in Home Price Index (HPI) for the property location. If an HPI is not available, the original appraised value is used. The HPI value is normally the only method considered for high value properties, generally with an original value of \$1 million or more, as the AVM values have proven less accurate for these properties.

Table 4.12 shows the most updated LTV and CLTV distribution of the residential mortgage – first lien and residential mortgage – junior lien loan portfolios. We consider the trends in residential real estate markets as we monitor credit risk and establish our ACL. In the event of a default, any loss should be limited to the portion of the loan amount in excess of the net realizable value of the underlying real estate collateral value. Certain loans do not have an LTV or CLTV due to industry data availability and portfolios acquired from or serviced by other institutions.

Table 4.12: Consumer Loan Categories by LTV/CLTV and Vintage (1)

(in millions)	Term loans by origination year						Revolving loans	Revolving loans converted to term loans	Total
	2020	2019	2018	2017	2016	Prior			
December 31, 2020									
Residential mortgage – first lien									
By LTV:									
0-60%	\$ 16,582	15,449	6,065	13,190	21,097	59,291	4,971	1,587	138,232
60.01-80%	34,639	24,736	7,724	10,745	8,970	9,333	1,323	326	97,796
80.01-100%	2,332	2,975	900	654	441	1,003	425	100	8,830
100.01-120% (2)	41	106	45	40	41	168	117	26	584
> 120% (2)	31	41	16	19	16	78	44	8	253
No LTV available	110	92	63	72	87	248	54	13	739
Government insured/guaranteed loans (3)	215	639	904	1,076	2,367	25,039	—	—	30,240
Total residential mortgage – first lien	53,950	44,038	15,717	25,796	33,019	95,160	6,934	2,060	276,674
Residential mortgage – junior lien									
By CLTV:									
0-60%	—	—	—	—	—	548	8,626	3,742	12,916
60.01-80%	—	—	—	—	—	335	5,081	1,554	6,970
80.01-100%	—	—	—	—	—	187	1,507	641	2,335
100.01-120% (2)	—	—	—	—	—	59	376	156	591
> 120% (2)	—	—	—	—	—	15	128	50	193
No CLTV available	22	39	41	39	32	45	25	38	281
Total residential mortgage – junior lien	22	39	41	39	32	1,189	15,743	6,181	23,286
Total	\$ 53,972	44,077	15,758	25,835	33,051	96,349	22,677	8,241	299,960

December 31, 2019							Residential mortgage – first lien by LTV	Residential mortgage – junior lien by CLTV	Total
By LTV/CLTV:									
0-60%							\$ 151,478	14,603	166,081
60.01-80%							114,795	9,663	124,458
80.01-100%							13,867	3,574	17,441
100.01-120% (2)							860	978	1,838
> 120% (2)							338	336	674
No LTV/CLTV available							784	342	1,126
Government insured/guaranteed loans (3)							11,170	—	11,170
Total consumer loans (excluding PCI)							293,292	29,496	322,788
Total consumer PCI loans (carrying value) (4)							555	13	568
Total consumer loans							\$ 293,847	29,509	323,356

- (1) Disclosure is not comparative due to our adoption of CECL on January 1, 2020. For additional information, see Note 1 (Summary of Significant Accounting Policies).
- (2) Reflects total loan balances with LTV/CLTV amounts in excess of 100%. In the event of default, the loss content would generally be limited to only the amount in excess of 100% LTV/CLTV.
- (3) Represents loans whose repayments are predominantly insured by the FHA or guaranteed by the VA.
- (4) 9% of the adjusted unpaid principal balance for consumer PCI loans have LTV/CLTV amounts greater than 80% at December 31, 2019.

Note 4: Loans and Related Allowance for Credit Losses (continued)

NONACCRUAL LOANS Table 4.13 provides loans on nonaccrual status. In connection with our adoption of CECL, nonaccrual loans may have an ACL or a negative allowance for credit losses from expected recoveries of amounts previously written off. Payment

deferral activities instituted in response to the COVID-19 pandemic could continue to delay the recognition of delinquencies for customers who otherwise would have moved into nonaccrual status.

Table 4.13: Nonaccrual Loans (1)

		Amortized cost Nonaccrual loans without related allowance for credit losses (2)	Year ended December 31, 2020 Recognized interest income
(in millions)	Nonaccrual loans		
December 31, 2020			
Commercial:			
Commercial and industrial	\$ 2,698	382	78
Real estate mortgage	1,774	93	31
Real estate construction	48	15	6
Lease financing	259	16	—
Total commercial	4,779	506	115
Consumer:			
Residential mortgage- first lien	2,957	1,908	151
Residential mortgage- junior lien	754	461	52
Auto	202	—	20
Other consumer	36	—	3
Total consumer	3,949	2,369	226
Total nonaccrual loans	\$ 8,728	2,875	341
December 31, 2019 (1)			
Commercial:			
Commercial and industrial	\$ 1,545		
Real estate mortgage	573		
Real estate construction	41		
Lease financing	95		
Total commercial	2,254		
Consumer:			
Residential mortgage- first lien	2,150		
Residential mortgage- junior lien	796		
Auto	106		
Other consumer	40		
Total consumer	3,092		
Total nonaccrual loans (excluding PCI)	\$ 5,346		

(1) Disclosure is not comparative due to our adoption of CECL on January 1, 2020. For additional information, see Note 1 (Summary of Significant Accounting Policies).

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

LOANS IN PROCESS OF FORECLOSURE Our recorded investment in consumer mortgage loans collateralized by residential real estate property that are in process of foreclosure was \$2.1 billion and \$3.5 billion at December 31, 2020, and December 31, 2019, respectively, which included \$1.7 billion and \$2.8 billion, respectively, of loans that are government insured/guaranteed. Under the Consumer Financial Protection Bureau guidelines, we do not commence the foreclosure process on residential mortgage loans until after the loan is 120 days delinquent. Foreclosure procedures and timelines vary depending on whether the property address resides in a judicial or non-judicial state. Judicial states require the foreclosure to be processed through the state's courts while non-judicial states are processed without court intervention. Foreclosure timelines vary according to state law. In connection with our actions to support customers during the COVID-19 pandemic, we have suspended certain mortgage foreclosure activities.

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

Table 4.14 shows loans 90 days or more past due and still accruing by class for loans not government insured/guaranteed.

Table 4.14: Loans 90 Days or More Past Due and Still Accruing

(in millions)	Dec 31, 2020	Dec 31, 2019
Total:	\$ 7,041	7,285
Less: FHA insured/VA guaranteed (1)	6,351	6,352
Total, not government insured/guaranteed	\$ 690	933
By segment and class, not government insured/guaranteed:		
Commercial:		
Commercial and industrial	\$ 39	47
Real estate mortgage	38	31
Real estate construction	1	—
Total commercial	78	78
Consumer:		
Residential mortgage – first lien	135	112
Residential mortgage – junior lien	19	32
Credit card	365	546
Auto	65	78
Other consumer	28	87
Total consumer	612	855
Total, not government insured/guaranteed	\$ 690	933

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

IMPAIRED LOANS In connection with our adoption of CECL, we no longer provide information on impaired loans. We have retained impaired loans information for the period ended December 31, 2019. Table 4.15 summarizes key information for impaired loans. Our impaired loans at December 31, 2019, predominantly included loans on nonaccrual status in the commercial portfolio segment and loans modified in a TDR, whether on accrual or nonaccrual status. Impaired loans generally had estimated losses which are included in the ACL for loans. We did have impaired loans with no ACL for loans when the loss content has been previously recognized through charge-offs, such as collateral dependent loans, or when loans are currently performing in accordance with their terms and no loss has been estimated. Impaired loans excluded PCI loans and loans that had been fully charged off or otherwise had zero recorded investment. Table 4.15 included trial modifications that totaled \$115 million at December 31, 2019.

Table 4.15: Impaired Loans Summary

(in millions)	Unpaid principal balance	Recorded investment		
		Impaired loans	Impaired loans with related allowance for credit losses	Related allowance for credit losses
December 31, 2019				
Commercial:				
Commercial and industrial	\$ 2,792	2,003	1,903	311
Real estate mortgage	1,137	974	803	110
Real estate construction	81	51	41	11
Lease financing	131	105	105	35
Total commercial	4,141	3,133	2,852	467
Consumer:				
Residential mortgage – first lien	8,107	7,674	4,433	437
Residential mortgage – junior lien	1,586	1,451	925	144
Credit card	520	520	520	209
Auto	138	81	42	8
Other consumer	178	171	155	49
Total consumer (1)	10,529	9,897	6,075	847
Total impaired loans (excluding PCI)	\$ 14,670	13,030	8,927	1,314

(1) Includes the recorded investment of \$1.2 billion at December 31, 2019 of government insured/guaranteed loans that are predominantly insured by the FHA or guaranteed by the VA and generally do not have an ACL. Impaired loans may also have limited, if any, ACL when the recorded investment of the loan approximates estimated net realizable value as a result of charge-offs prior to a TDR modification.

Note 4: Loans and Related Allowance for Credit Losses (continued)

Table 4.16 provides the average recorded investment in impaired loans and the amount of interest income recognized on impaired loans by portfolio segment and class.

Table 4.16: Average Recorded Investment in Impaired Loans

	Year ended December 31,			
	2019		2018	
(in millions)	Average recorded investment	Recognized interest income	Average recorded investment	Recognized interest income
Commercial:				
Commercial and industrial	2,150	129	2,287	173
Real estate mortgage	1,067	59	1,193	89
Real estate construction	52	6	60	7
Lease financing	93	1	125	1
Total commercial	3,362	195	3,665	270
Consumer:				
Residential mortgage – first lien	9,031	506	11,522	664
Residential mortgage – junior lien	1,586	99	1,804	116
Credit card	488	64	407	50
Auto	84	12	86	11
Other consumer	162	13	142	10
Total consumer	11,351	694	13,961	851
Total impaired loans (excluding PCI)	14,713	889	17,626	1,121
Interest income:				
Cash basis of accounting		241		338
Other (1)		648		783
Total interest income		889		1,121

(1) Includes interest recognized on accruing TDRs, interest recognized related to certain impaired loans which have an ACL calculated using discounting, and amortization of purchase accounting adjustments related to certain impaired loans.

TROUBLED DEBT RESTRUCTURINGS (TDRs) When, for economic or legal reasons related to a borrower's financial difficulties, we grant a concession for other than an insignificant period of time to a borrower that we would not otherwise consider, the related loan is classified as a TDR, the balance of which totaled \$14.5 billion and \$11.8 billion at December 31, 2020 and 2019, respectively. We do not consider loan resolutions such as foreclosure or short sale to be a TDR. In addition, COVID-related modifications are generally not classified as TDRs due to the relief under the CARES Act and the Interagency Statement. For additional information on the TDR relief, see Note 1 (Summary of Significant Accounting Policies).

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

Commitments to lend additional funds on loans whose terms have been modified in a TDR amounted to \$489 million and \$500 million at December 31, 2020 and 2019, respectively.

Table 4.17 summarizes our TDR modifications for the periods presented by primary modification type and includes the financial effects of these modifications. For those loans that modify more than once, the table reflects each modification that occurred during the period. Loans that both modify and are paid off or written-off within the period, as well as changes in recorded investment during the period for loans modified in prior periods, are not included in the table.

Table 4.17: TDR Modifications

(in millions)	Primary modification type (1)				Financial effects of modifications		
	Principal (2)	Interest rate reduction	Other concessions (3)	Total	Charge-offs (4)	Weighted average interest rate reduction	Recorded investment related to interest rate reduction (5)
Year ended December 31, 2020							
Commercial:							
Commercial and industrial	\$ 24	47	2,971	3,042	162	0.74 %	\$ 48
Real estate mortgage	—	34	677	711	5	1.00	34
Real estate construction	10	1	7	18	—	4.29	1
Lease financing	—	—	1	1	—	—	—
Total commercial	34	82	3,656	3,772	167	0.90	83
Consumer:							
Residential mortgage – first lien	41	14	4,115	4,170	4	1.76	39
Residential mortgage – junior lien	4	11	117	132	3	2.45	12
Credit card	—	272	—	272	—	14.12	272
Auto	4	6	166	176	93	4.65	6
Other consumer	—	23	34	57	1	8.28	23
Trial modifications (6)	—	—	3	3	—	—	—
Total consumer	49	326	4,435	4,810	101	11.80	352
Total	\$ 83	408	8,091	8,582	268	9.73 %	\$ 435
Year ended December 31, 2019							
Commercial:							
Commercial and industrial	\$ 13	90	1,286	1,389	104	0.40 %	\$ 90
Real estate mortgage	—	38	417	455	—	0.69	38
Real estate construction	13	1	32	46	—	1.00	1
Lease financing	—	—	2	2	—	—	—
Total commercial	26	129	1,737	1,892	104	0.49	129
Consumer:							
Residential mortgage – first lien	110	13	868	991	2	2.04	68
Residential mortgage – junior lien	5	37	82	124	3	2.35	39
Credit card	—	376	—	376	—	12.91	376
Auto	8	9	51	68	29	4.86	9
Other consumer	1	51	7	59	—	8.07	52
Trial modifications (6)	—	—	13	13	—	—	—
Total consumer	124	486	1,021	1,631	34	10.19	544
Total	\$ 150	615	2,758	3,523	138	8.33 %	\$ 673
Year ended December 31, 2018							
Commercial:							
Commercial and industrial	\$ 13	29	2,310	2,352	58	1.18 %	\$ 29
Real estate mortgage	—	44	375	419	—	0.88	44
Real estate construction	—	—	25	25	—	—	—
Lease financing	—	—	63	63	—	—	—
Total commercial	13	73	2,773	2,859	58	1.00	73
Consumer:							
Residential mortgage – first lien	209	26	1,042	1,277	4	2.25	119
Residential mortgage – junior lien	7	41	113	161	5	2.14	45
Credit card	—	336	—	336	—	12.54	336
Auto	13	16	55	84	30	6.21	16
Other consumer	—	49	12	61	—	7.95	49
Trial modifications (6)	—	—	8	8	—	—	—
Total consumer	229	468	1,230	1,927	39	8.96	565
Total	\$ 242	541	4,003	4,786	97	8.06 %	\$ 638

- Amounts represent the recorded investment in loans after recognizing the effects of the TDR, if any. TDRs may have multiple types of concessions, but are presented only once in the first modification type based on the order presented in the table above. The reported amounts include loans remodified of \$1.5 billion, \$1.1 billion and \$1.9 billion, for the years ended December 31, 2020, 2019 and 2018, respectively.
- Principal modifications include principal forgiveness at the time of the modification, contingent principal forgiveness granted over the life of the loan based on borrower performance, and principal that has been legally separated and deferred to the end of the loan, with a zero percent contractual interest rate.
- Other concessions include loans discharged in bankruptcy, loan renewals, term extensions and other interest and noninterest adjustments, but exclude modifications that also forgive principal and/or reduce the contractual interest rate.
- Charge-offs include write-downs of the investment in the loan in the period it is contractually modified. The amount of charge-off will differ from the modification terms if the loan has been charged down prior to the modification based on our policies. In addition, there may be cases where we have a charge-off/down with no legal principal modification. Modifications resulted in deferring or legally forgiving principal (actual or contingent) of \$49 million, \$24 million and \$28 million for the years ended December 31, 2020, 2019 and 2018, respectively.
- Recorded investment related to interest rate reduction reflects the effect of reduced interest rates on loans with an interest rate concession as one of their concession types, which includes loans reported as a principal primary modification type that also have an interest rate concession.
- Trial modifications are granted a delay in payments due under the original terms during the trial payment period. However, these loans continue to advance through delinquency status and accrue interest according to their original terms. Any subsequent permanent modification generally includes interest rate related concessions; however, the exact concession type and resulting financial effect are usually not known until the loan is permanently modified. Trial modifications for the period are presented net of previously reported trial modifications that became permanent in the current period.

Note 4: Loans and Related Allowance for Credit Losses (continued)

Table 4.18 summarizes permanent modification TDRs that have defaulted in the current period within 12 months of their permanent modification date. We are reporting these defaulted

TDRs based on a payment default definition of 90 days past due for the commercial portfolio segment and 60 days past due for the consumer portfolio segment.

Table 4.18: Defaulted TDRs

(in millions)	Recorded investment of defaults		
	Year ended December 31,		
	2020	2019	2018
Commercial:			
Commercial and industrial	\$ 677	111	198
Real estate mortgage	128	48	76
Real estate construction	—	17	36
Lease financing	1	—	—
Total commercial	806	176	310
Consumer:			
Residential mortgage – first lien	34	41	60
Residential mortgage – junior lien	12	13	14
Credit card	72	88	79
Auto	32	12	14
Other consumer	5	8	6
Total consumer	155	162	173
Total	\$ 961	338	483

Note 5: Leasing Activity

The information below provides a summary of our leasing activities as a lessor and lessee.

As a Lessor

Table 5.1 presents the composition of our leasing revenue and Table 5.2 provides the components of our investment in lease financing. Noninterest income on leases, included in Table 5.1 is included in other noninterest income on our consolidated statement of income. Lease expense, included in other noninterest expense on our consolidated statement of income, was \$1.0 billion, \$1.2 billion, and \$1.3 billion for the years ended December 31, 2020, 2019 and 2018, respectively.

Table 5.1: Leasing Revenue

(in millions)	Year ended December 31,	
	2020	2019
Interest income on lease financing	\$ 732	869
Other lease revenues:		
Variable revenues on lease financing	107	98
Fixed revenues on operating leases	1,169	1,393
Variable revenues on operating leases	47	66
Other lease-related revenues (1)	(78)	57
Noninterest income on leases	1,245	1,614
Total leasing revenue	\$ 1,977	2,483

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

Table 5.2: Investment in Lease Financing

(in millions)	Dec 31, 2020	Dec 31, 2019
Lease receivables	\$ 14,210	18,114
Residual asset values	3,810	4,208
Unearned income	(1,933)	(2,491)
Lease financing	\$ 16,087	19,831

Our net investment in financing and sales-type leases included \$1.7 billion and \$1.9 billion of leveraged leases at December 31, 2020 and 2019, respectively.

As shown in Table 7.2, included in Note 7 (Premises, Equipment and Other Assets), we had \$7.4 billion and \$8.2 billion in operating lease assets at December 31, 2020 and 2019, respectively, which was net of \$3.1 billion of accumulated depreciation for both years. Depreciation expense for the operating lease assets was \$755 million and \$848 million in 2020 and 2019, respectively.

Table 5.3 presents future lease payments owed by our lessees.

Table 5.3: Maturities of Lease Receivables

(in millions)	December 31, 2020	
	Direct financing and sales-type leases	Operating leases
2021	\$ 5,060	655
2022	3,650	461
2023	2,259	330
2024	1,274	227
2025	630	153
Thereafter	1,337	265
Total lease receivables	\$ 14,210	2,091

As a Lessee

Substantially all of our leases are operating leases. Table 5.4 presents balances for our operating leases.

Table 5.4: Operating Lease Right of Use (ROU) Assets and Lease Liabilities

(in millions)	Dec 31, 2020	Dec 31, 2019
ROU assets	\$ 4,306	4,724
Lease liabilities	4,962	5,297

Table 5.5 provides the composition of our lease costs, which are predominantly included in net occupancy expense.

Table 5.5: Lease Costs

(in millions)	Year ended December 31,	
	2020	2019
Fixed lease expense – operating leases	\$ 1,149	1,212
Variable lease expense	299	314
Other (1)	(77)	(68)
Total lease costs	\$ 1,371	1,458

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

Net operating lease rental expense was \$1.3 billion for the year 2018 and is predominantly included in net occupancy expense.

Table 5.6 provides the future lease payments under operating leases as well as information on the remaining average lease term and discount rate as of December 31, 2020.

Table 5.6: Lease Payments on Operating Leases

(in millions, except for weighted averages)	December 31, 2020
2021	\$ 994
2022	994
2023	856
2024	702
2025	520
Thereafter	1,421
Total lease payments	5,487
Less: imputed interest	525
Total operating lease liabilities	\$ 4,962
Weighted average remaining lease term (in years)	6.9
Weighted average discount rate	2.8 %

Our operating leases predominantly expire within the next 15 years, with the longest lease expiring in 2105. We do not include renewal or termination options in the establishment of the lease term when we are not reasonably certain that we will exercise them. As of December 31, 2020, we had additional operating leases commitments of \$54 million, predominantly for real estate, which leases had not yet commenced. These leases are expected to commence during 2022 and have lease terms of 3 years to 13 years.

Note 6: Equity Securities

Table 6.1 provides a summary of our equity securities by business purpose and accounting method, including equity securities with readily determinable fair values (marketable) and those without readily determinable fair values (nonmarketable).

Table 6.1: Equity Securities

(in millions)	Dec 31, 2020	Dec 31, 2019
Held for trading at fair value:		
Marketable equity securities	\$ 23,032	27,440
Not held for trading:		
Fair value:		
Marketable equity securities (1)	1,564	6,481
Nonmarketable equity securities	9,413	8,015
Total equity securities at fair value	10,977	14,496
Equity method:		
Low-income housing tax credit investments	11,628	11,343
Private equity	2,960	3,459
Tax-advantaged renewable energy	5,458	3,811
New market tax credit and other	409	387
Total equity method	20,455	19,000
Other:		
Federal Reserve Bank stock and other at cost (2)	3,588	4,790
Private equity (3)	4,208	2,515
Total equity securities not held for trading	39,228	40,801
Total equity securities	\$ 62,260	68,241

- (1) Includes \$239 million and \$3.8 billion at December 31, 2020 and 2019, respectively, related to securities held as economic hedges of our deferred compensation plan liabilities. In second quarter 2020, we entered into arrangements to transition our economic hedges of our deferred compensation plan liabilities from equity securities to derivative instruments.
- (2) Includes \$3.5 billion and \$4.8 billion at December 31, 2020 and 2019, respectively, related to investments in Federal Reserve Bank and Federal Home Loan Bank stock.
- (3) Represents nonmarketable equity securities accounted for under the measurement alternative.

Equity Securities Held for Trading

Equity securities held for trading purposes are marketable equity securities traded on organized exchanges. These securities are held as part of our customer accommodation trading activities. For additional information on these activities, see Note 2 (Trading Activities).

Equity Securities Not Held for Trading

We also hold equity securities unrelated to trading activities. These securities include private equity and tax credit investments, securities held as economic hedges or to meet regulatory requirements (for example, Federal Reserve Bank and Federal Home Loan Bank stock).

FAIR VALUE Marketable equity securities held for purposes other than trading consist of holdings of publicly traded equity securities held for investment purposes and, to a lesser extent, exchange-traded equity funds held to economically hedge obligations related to our deferred compensation plans. We account for certain nonmarketable equity securities under the fair value method, and substantially all of these securities are economically hedged with equity derivatives.

EQUITY METHOD Our equity method investments consist of tax credit and private equity investments, the majority of which are our low-income housing tax credit (LIHTC) investments.

We invest in affordable housing projects that qualify for the LIHTC, which are designed to promote private development of low-income housing. These investments typically generate a return through realization of federal tax credit and other tax benefits. We recognized pre-tax losses of \$1.4 billion, \$1.3 billion, and \$1.2 billion for 2020, 2019 and 2018, respectively, related to our LIHTC investments. These losses were recognized in other noninterest income. We also recognized total tax benefits of \$1.6 billion for 2020, and \$1.5 billion for both 2019 and 2018, which included tax credits recorded to income taxes of \$1.3 billion for 2020 and \$1.2 billion for both 2019 and 2018. We are periodically required to provide additional financial support during the investment period. A liability is recognized for unfunded commitments that are both legally binding and probable of funding. These commitments are predominantly funded within three years of initial investment. Our liability for these unfunded commitments was \$4.2 billion and \$4.3 billion at December 31, 2020 and 2019, respectively. This liability for unfunded commitments is included in long-term debt.

OTHER The remaining portion of our nonmarketable equity securities portfolio consists of securities accounted for using the cost or measurement alternative.

Realized Gains and Losses Not Held for Trading

Table 6.2 provides a summary of the net gains and losses from equity securities not held for trading, which excludes equity method adjustments for our share of the investee's earnings or

losses that are recognized in other noninterest income. Gains and losses for securities held for trading are reported in net gains on trading and securities.

Table 6.2: Net Gains (Losses) from Equity Securities Not Held for Trading

(in millions)	Year ended December 31,		
	2020	2019	2018
Net gains (losses) from equity securities carried at fair value:			
Marketable equity securities	\$ 63	1,067	(389)
Nonmarketable equity securities	1,414	2,413	709
Total equity securities carried at fair value	1,477	3,480	320
Net gains (losses) from nonmarketable equity securities not carried at fair value (1):			
Impairment write-downs	(1,655)	(245)	(352)
Net unrealized gains related to measurement alternative observable transactions	1,651	567	418
Net realized gains on sale	359	1,161	1,504
All other	—	—	33
Total nonmarketable equity securities not carried at fair value	355	1,483	1,603
Net losses from economic hedge derivatives (2)	(1,167)	(2,120)	(408)
Total net gains from equity securities not held for trading	\$ 665	2,843	1,515

- (1) Includes impairment write-downs and net realized gains on sale related to private equity and venture capital investments in consolidated portfolio companies, which are not reported in equity securities on our consolidated balance sheet.
- (2) Includes net gains (losses) on derivatives not designated as hedging instruments.

Measurement Alternative

Table 6.3 provides additional information about the impairment write-downs and observable price adjustments related to

nonmarketable equity securities accounted for under the measurement alternative. Gains and losses related to these adjustments are also included in Table 6.2.

Table 6.3: Net Gains (Losses) from Measurement Alternative Equity Securities

(in millions)	Year ended December 31,		
	2020	2019	2018
Net gains (losses) recognized in earnings during the period:			
Gross unrealized gains due to observable price changes	\$ 1,651	584	443
Gross unrealized losses due to observable price changes	—	(17)	(25)
Impairment write-downs	(954)	(116)	(33)
Realized net gains from sale	38	163	274
Total net gains recognized during the period	\$ 735	614	659

Table 6.4 presents cumulative carrying value adjustments to nonmarketable equity securities accounted for under the measurement alternative that were still held at the end of each reporting period presented.

Table 6.4: Measurement Alternative Cumulative Gains (Losses)

(in millions)	Year ended December 31,		
	2020	2019	2018
Cumulative gains (losses):			
Gross unrealized gains due to observable price changes	\$ 2,356	973	415
Gross unrealized losses due to observable price changes	(25)	(42)	(25)
Impairment write-downs	(969)	(134)	(33)

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Note 7: Premises, Equipment and Other Assets

Table 7.1: Premises and Equipment

(in millions)	Dec 31, 2020	Dec 31, 2019
Land	\$ 1,808	1,857
Buildings	9,504	9,499
Furniture and equipment	7,449	7,189
Leasehold improvements	2,597	2,597
Finance lease ROU assets	32	33
Total premises and equipment	21,390	21,175
Less: Accumulated depreciation and amortization	12,495	11,866
Net book value, premises and equipment	\$ 8,895	9,309

Depreciation and amortization expense for premises and equipment was \$1.4 billion, \$1.4 billion and \$1.3 billion in 2020, 2019 and 2018, respectively.

Dispositions of premises and equipment resulted in net gains of \$71 million, \$82 million and \$32 million in 2020, 2019 and 2018, respectively, included in other noninterest expense.

Table 7.2 presents the components of other assets.

Table 7.2: Other Assets

(in millions)	Dec 31, 2020	Dec 31, 2019
Corporate/bank-owned life insurance	\$ 20,380	20,070
Accounts receivable	38,116	29,137
Interest receivable:		
AFS and HTM debt securities	1,368	1,729
Loans	2,838	3,099
Trading and other	415	758
Customer relationship and other amortized intangibles	328	423
Foreclosed assets:		
Residential real estate	73	222
Other	86	81
Operating lease assets (lessor)	7,391	8,221
Operating lease ROU assets (lessee)	4,306	4,724
Due from customers on acceptances	268	253
Other	11,768	10,200
Total other assets	\$ 87,337	78,917

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Note 8: Securitizations and Variable Interest Entities

Involvement with Variable Interest Entities (VIEs)

In the normal course of business, we enter into various types of on- and off-balance sheet transactions with special purpose entities (SPEs), which are corporations, trusts, limited liability companies or partnerships that are established for a limited purpose. SPEs are often formed in connection with securitization transactions whereby financial assets are transferred to an SPE. SPEs formed in connection with securitization transactions are generally considered variable interest entities (VIEs). The VIE may alter the risk profile of the asset by entering into derivative transactions or obtaining credit support, and issues various forms of interests in those assets to investors. When we transfer financial assets from our consolidated balance sheet to a VIE in connection with a securitization, we typically receive cash and sometimes other interests in the VIE as proceeds for the assets we transfer. In certain transactions with VIEs, we may retain the right to service the transferred assets and repurchase the transferred assets if the outstanding balance of the assets falls below the level at which the cost to service the assets exceed the benefits. In addition, we may purchase the right to service loans transferred to a VIE by a third party.

In connection with our securitization or other VIE activities, we have various forms of ongoing involvement with VIEs, which may include:

- underwriting securities issued by VIEs and subsequently making markets in those securities;
- providing credit enhancement on securities issued by VIEs through the use of letters of credit or financial guarantees;
- entering into other derivative contracts with VIEs;
- holding senior or subordinated interests in VIEs;
- acting as servicer or investment manager for VIEs; and
- providing administrative or trustee services to VIEs.

Loan Sales and Securitization Activity

We periodically transfer consumer and commercial loans and other types of financial assets in securitization and whole loan sale transactions.

MORTGAGE LOANS SOLD TO U.S. GOVERNMENT SPONSORED ENTITIES AND TRANSACTIONS WITH GINNIE MAE In the normal course of business we sell originated and purchased residential and commercial mortgage loans to government-sponsored entities (GSEs). These loans are transferred into securitizations sponsored by the GSEs, which provide certain credit guarantees to investors and servicers. We also transfer mortgage loans into securitizations pursuant to GNMA guidelines which are insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA). Mortgage loans eligible for securitization with the GSEs or GNMA are considered conforming loans. The GSEs or GNMA design the structure of these securitizations, sponsor the involved VIEs, and have power over the activities most significant to the VIE.

We account for loans transferred in conforming mortgage loan securitization transactions as sales and do not consolidate the VIEs as we are not the primary beneficiary. In exchange for the transfer of loans, we typically receive securities issued by the VIEs which we sell to third parties for cash or hold for investment purposes as HTM or AFS securities. We also retain servicing rights on the transferred loans. As a servicer, we retain the option to repurchase loans from GNMA loan securitization pools, which becomes exercisable when three scheduled loan payments remain unpaid by the borrower. During the years ended

December 31, 2020, 2019 and 2018, we repurchased loans of \$30.3 billion, \$6.3 billion, and \$7.9 billion, respectively, which predominantly represented repurchases of government insured loans. We recorded assets and related liabilities of \$176 million and \$556 million at December 31, 2020 and 2019, respectively, where we did not exercise our option to repurchase eligible loans.

Upon transfers of loans, we also provide indemnification for losses incurred due to material breaches of contractual representations and warranties, as well as other recourse arrangements. At December 31, 2020 and 2019, our liability associated with these provisions was \$221 million and \$169 million, respectively, and the maximum exposure to loss was \$13.7 billion and \$11.6 billion, respectively.

Off-balance sheet mortgage loans sold or securitized presented in Table 8.4 are predominantly loans securitized by the GSEs and GNMA. See Note 9 (Mortgage Banking Activities) for information about residential and commercial servicing rights, advances and servicing fees. Substantially all residential servicing activity is related to assets transferred to GSE and GNMA securitizations.

NONCONFORMING MORTGAGE LOAN SECURITIZATIONS In the normal course of business, we sell nonconforming residential and commercial mortgage loans in securitization transactions that we design and sponsor. Nonconforming mortgage loan securitizations do not involve a government credit guarantee, and accordingly, beneficial interest holders are subject to credit risk of the underlying assets held by the securitization VIE. We typically originate the transferred loans, account for the transfers as sales and do not consolidate the VIE. We also typically retain the right to service the loans and may hold other beneficial interests issued by the VIEs, such as debt securities held for investment purposes. Our servicing role related to nonconforming commercial mortgage loan securitizations is limited to primary or master servicer and the most significant decisions impacting the performance of the VIE are generally made by the special servicer or the controlling class security holder. For our residential nonconforming mortgage loan securitizations accounted for as sales, we either do not hold variable interests that we consider potentially significant or are not the primary servicer for a majority of the VIE assets. During the year ended December 31, 2019, we repurchased \$4.4 billion of nonconforming residential mortgage loans in connection with the exercise of cleanup calls on certain securitizations.

Table 8.1 presents information about transfers of assets during the period for which we recorded the transfers as sales and have continuing involvement with the transferred assets. In connection with these transfers, we received proceeds and recorded servicing assets and securities. Substantially all transfers were related to residential mortgage securitizations with the GSEs or GNMA and resulted in no gain or loss because the loans were already measured at fair value on a recurring basis. Each of these interests are initially measured at fair value. Servicing rights are classified as Level 3 measurements, and generally securities are classified as Level 2.

Note 8: Securitizations and Variable Interest Entities (continued)

Table 8.1: Transfers with Continuing Involvement

	Year ended December 31,					
	2020		2019		2018	
(in millions)	Residential mortgages	Commercial mortgages	Residential mortgages	Commercial mortgages	Residential mortgages	Commercial mortgages
Asset balances sold	\$ 177,441	11,744	142,469	18,191	146,614	17,653
Proceeds from transfer (1)	177,478	12,034	142,535	18,521	146,613	17,934
Net gains (losses) on sale	37	290	66	330	(1)	281
Continuing involvement (2):						
Servicing rights recognized	\$ 1,808	161	1,896	161	1,903	158
Securities recognized (3)	31,567	112	—	289	—	149

(1) Represents cash proceeds and the fair value of non-cash beneficial interests recognized at securitization settlement. Prior periods have been revised to conform with the current period presentation.

(2) Represents assets or liabilities recognized at securitization settlement date related to our continuing involvement in the transferred assets.

(3) Represents debt securities obtained at securitization settlement held for investment purposes that are classified as available-for-sale or held-to-maturity, which predominantly relate to agency securities. Prior periods have been revised to conform with the current period presentation. Excludes trading debt securities held temporarily for market-marking purposes, which are sold to third parties at or shortly after securitization settlement, of \$37.6 billion, \$41.9 billion, and \$38.5 billion, during the years ended December 31, 2020, 2019 and 2018, respectively.

In the normal course of business we purchase certain non-agency securities at initial securitization or subsequently in the secondary market. During the years ended December 31, 2020, 2019 and 2018, we received cash flows of \$198 million, \$275 million, and \$449 million, respectively, predominantly related to principal and interest payments on these securities.

Table 8.2 presents the key weighted-average assumptions we used to initially measure residential MSRs recognized during the periods presented.

Table 8.2: Residential Mortgage Servicing Rights

	Year ended December 31,		
	2020	2019	2018
Prepayment speed (1)	15.4 %	12.8	10.6
Discount rate	6.5	7.5	7.4
Cost to service (\$ per loan) (2)	\$ 96	101	128

(1) The prepayment speed assumption for residential MSRs includes a blend of prepayment speeds and default rates. Prepayment speed assumptions are influenced by mortgage interest rate inputs as well as our estimation of drivers of borrower behavior.

(2) Includes costs to service and unreimbursed foreclosure costs, which can vary period to period due to changes in model assumptions and the mix of modified government-guaranteed loans sold to GNMA.

See Note 17 (Fair Values of Assets and Liabilities) and Note 9 (Mortgage Banking Activities) for additional information on key economic assumptions for residential MSRs.

SECURITIES HELD FROM NONCONFORMING MORTGAGE LOAN SECURITIZATIONS As described above, when we securitize residential and commercial mortgage loans, we obtain at initial securitization settlement certain securities for investment purposes that are classified as available-for-sale or held-to-maturity. This includes securities obtained in our nonconforming mortgage loan securitizations. Table 8.3 provides key economic assumptions and the sensitivity of the current fair value of nonconforming mortgage-backed securities that we continue to hold related to unconsolidated VIEs, to immediate adverse changes in those assumptions. Excluded from the table are investments in conforming mortgage-backed securities obtained in securitizations issued through the GSEs or GNMA as these securities have a remote risk of credit loss due to the GSE or government guarantee and trading debt securities held temporarily for market-making purposes.

Table 8.3: Securities Held from Nonconforming Mortgage Loan Securitizations

(\$ in millions)	Dec 31, 2020	Dec 31, 2019
Fair value of interests held	\$ 1,056	909
Expected weighted-average life (in years)	6.7	7.3
Discount rate assumption	9.0 %	4.0
Impact on fair value from 100 basis point increase	\$ 57	53
Impact on fair value from 200 basis point increase	111	103
Credit loss assumption	4.6 %	3.1
Impact on fair value from 10% higher losses	\$ 34	1
Impact on fair value from 25% higher losses	38	4

RESECURITIZATION ACTIVITIES We enter into resecuritization transactions as part of our trading activities to accommodate the investment and risk management activities of our customers. In our resecuritization transactions, we transfer trading debt securities to VIEs in exchange for new beneficial interests that are sold to third parties at or shortly after securitization settlement. This activity is performed for customers seeking a specific return or risk profile. Substantially all of our transactions involve the resecuritization of conforming mortgage-backed securities issued by the GSEs or GNMA. We do not consolidate the resecuritization VIEs as we share in the decision-making power with third parties and do not hold significant economic interests in the VIEs other than for market-making activities. We transferred \$77.2 billion, \$27.9 billion, and \$31.4 billion of securities to re-securitization VIEs during the years ended December 31, 2020, 2019 and 2018, respectively. These amounts are not included in Table 8.1. Related total VIE assets were \$130.4 billion and \$111.4 billion at December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019 we held \$1.5 billion and \$532 million of securities, respectively, including \$1.1 billion and \$266 million related to resecuritizations transacted during the years ended December 31, 2020 and 2019, respectively.

Off-Balance Sheet Loans

Table 8.4 presents information about the principal balances of off-balance sheet loans that were sold or securitized, including residential mortgage loans sold to the GSEs, GNMA and other investors, for which we have some form of continuing involvement (including servicing). Delinquent loans include loans 90 days or more past due and loans in bankruptcy, regardless of delinquency status. In accordance with applicable servicing

guidelines, delinquency status continues to advance for loans with COVID-related payment deferrals. For loans sold or securitized where servicing is our only form of continuing involvement, we generally experience a loss only if we were required to repurchase a delinquent loan or foreclosed asset due to a breach in representations and warranties associated with our loan sale or servicing contracts.

Table 8.4: Off-Balance Sheet Loans Sold or Securitized

(in millions)	Total loans		Delinquent loans and foreclosed assets (1)		Net charge-offs (2)	
	December 31,		December 31,		Year ended	
	2020	2019	2020	2019	2020	2019
Commercial	\$ 114,134	112,507	2,217	776	136	179
Residential	818,886	1,008,459	29,962	6,666	78	229
Total off-balance sheet sold or securitized loans (3)	\$ 933,020	1,120,966	32,179	7,442	214	408

(1) Includes \$394 million and \$492 million of commercial foreclosed assets and \$204 million and \$356 million of residential foreclosed assets at December 31, 2020 and 2019, respectively.

(2) Net charge-offs exclude loans sold to FNMA, FHLMC and GNMA as we do not service or manage the underlying real estate upon foreclosure and, as such, do not have access to net charge-off information.

(3) At December 31, 2020 and 2019, the table includes total loans of \$864.8 billion and \$1.0 trillion, delinquent loans of \$28.5 billion and \$5.2 billion, and foreclosed assets of \$152 million and \$251 million, respectively, for FNMA, FHLMC and GNMA.

Transactions with Unconsolidated VIEs

MORTGAGE LOAN SECURITIZATIONS Table 8.5 includes nonconforming mortgage loan securitizations where we originate and transfer the loans to the unconsolidated securitization VIEs that we sponsor. For more information about these VIEs, see the "Loan Sales and Securitization Activity" section within this Note. Nonconforming mortgage loan securitizations also include commercial mortgage loan securitizations sponsored by third parties where we did not originate or transfer the loans but serve as master servicer and invest in securities that could be potentially significant to the VIE.

Conforming loan securitization transactions involving the GSEs and GNMA are excluded from table 8.5 because we are not the sponsor or we do not have power over the activities most significant to the VIEs. Additionally, due to the nature of the guarantees provided by the GSEs and the FHA and VA, our credit risk associated with these VIEs is limited. For more information about conforming mortgage loan securitizations, see the "Loan Sales and Securitization Activity" section within this Note.

TAX CREDIT STRUCTURES We co-sponsor and make investments in affordable housing and sustainable energy projects that are designed to generate a return primarily through the realization of federal tax credits. The projects are typically managed by project sponsors who have the power over the VIE's assets. In some instances, our investments in these structures may require that we fund future capital commitments at the discretion of the project sponsors.

OTHER VIE STRUCTURES We engage in various forms of structured finance arrangements with other VIEs, including collateralized debt obligations, and other securitizations collateralized by asset classes other than mortgages. Collateral may include rental properties, asset-backed securities, and auto loans. We may participate in structuring or marketing the arrangements, as well as provide financing, service one or more of the underlying assets, or enter into derivatives with the VIEs. We may also receive fees for those services. We are not the primary beneficiary of these structures because we do not have power to direct the most significant activities of the VIEs.

Table 8.5 provides a summary of our exposure to the unconsolidated VIEs described above, which includes investments in securities, loans, guarantees, liquidity agreements, commitments and certain derivatives. We exclude certain transactions with unconsolidated VIEs when our continuing involvement is temporary or administrative in nature or insignificant in size.

In Table 8.5, "Total VIE assets" represents the remaining principal balance of assets held by unconsolidated VIEs using the most current information available. For VIEs that obtain exposure to assets synthetically through derivative instruments, the notional amount of the derivative is included in the asset balance. "Carrying value" is the amount in our consolidated balance sheet related to our involvement with the unconsolidated VIEs. "Maximum exposure to loss" is determined as the carrying value of our investment in the VIEs excluding the unconditional repurchase options that have not been exercised, plus the remaining undrawn liquidity and lending commitments, the notional amount of net written derivative contracts, and generally the notional amount of, or stressed loss estimate for, other commitments and guarantees.

Debt, guarantees and other commitments include amounts related to loans sold that we may be required to repurchase, or otherwise indemnify or reimburse the investor or insurer for losses incurred, due to material breach of contractual representations and warranties as well as other retained recourse arrangements. The maximum exposure to loss for material breach of contractual representations and warranties represents a stressed case estimate we utilize for determining stressed case regulatory capital needs and is considered to be a remote scenario.

"Maximum exposure to loss" represents estimated loss that would be incurred under severe, hypothetical circumstances, for which we believe the possibility is extremely remote, such as where the value of our interests and any associated collateral declines to zero, without any consideration of recovery or offset from any economic hedges. Accordingly, this disclosure is not an indication of expected loss.

Note 8: Securitizations and Variable Interest Entities (continued)

Table 8.5: Unconsolidated VIEs

		Carrying value – asset (liability)				
(in millions)	Total VIE assets	Debt securities (1)	Equity securities	All other assets (2)	Debt and other liabilities	Net assets
December 31, 2020						
Nonconforming residential mortgage loan securitizations	\$ 5,233	16	—	37	—	53
Nonconforming commercial mortgage loan securitizations	122,484	2,287	—	569	—	2,856
Tax credit structures	41,125	—	11,637	1,760	(4,202)	9,195
Other	1,991	—	51	151	(1)	201
Total	\$ 170,833	2,303	11,688	2,517	(4,203)	12,305
Maximum exposure to loss						
		Debt securities (1)	Equity securities	All other assets (2)	Debt, guarantees, and other commitments	Total exposure
Nonconforming residential mortgage loan securitizations		16	—	37	—	53
Nonconforming commercial mortgage loan securitizations		2,287	—	570	34	2,891
Tax credit structures		—	11,637	1,760	3,108	16,505
Other		—	51	151	230	432
Total		2,303	11,688	2,518	3,372	19,881
Carrying value – asset (liability)						
(in millions)	Total VIE assets	Debt securities (1)	Equity securities	All other assets (2)	Debt and other liabilities	Net assets
December 31, 2019 (3)						
Nonconforming residential mortgage loan securitizations	\$ 4,967	6	—	152	—	158
Nonconforming commercial mortgage loan securitizations	117,079	2,239	—	350	—	2,589
Tax credit structures	39,091	—	11,349	1,477	(4,260)	8,566
Other	2,522	62	52	156	(21)	249
Total	\$ 163,659	2,307	11,401	2,135	(4,281)	11,562
Maximum exposure to loss						
		Debt securities (1)	Equity securities	All other assets (2)	Debt, guarantees, and other commitments	Total exposure
Nonconforming residential mortgage loan securitizations		6	—	152	—	158
Nonconforming commercial mortgage loan securitizations		2,239	—	350	43	2,632
Tax credit structures		—	11,349	1,477	1,701	14,527
Other		62	52	156	249	519
Total		2,307	11,401	2,135	1,993	17,836

(1) Includes \$310 million and \$264 million of securities classified as trading at December 31, 2020 and 2019, respectively.

(2) All other assets includes loans, mortgage servicing rights, derivative assets, and other assets (predominantly servicing advances).

(3) Prior period has been revised to conform with the current period presentation to reflect the carrying value of assets/(liabilities) by financial statement line item. Additionally, the table no longer includes securitizations resulting from loans sold to U.S. GSEs and transactions with GNMA, or resecuritization activities, which are separately discussed within this Note.

Consolidated VIEs

We consolidate VIEs where we are the primary beneficiary. We are the primary beneficiary of the following structure types:

COMMERCIAL AND INDUSTRIAL LOANS AND LEASES We securitize dealer floor plan loans and leases in a revolving master trust entity and hold the subordinated notes and residual equity interests. As servicer and residual interest holder, we control the key decisions of the trust and consolidate the entity. The total VIE assets held by the master trust represent a majority of the total VIE assets presented for this category in Table 8.6. In a separate transaction structure, we also provide the majority of debt and equity financing to an SPE that engages in lending and leasing to specific vendors and service the underlying collateral.

COMMERCIAL REAL ESTATE LOANS We purchase local industrial development bonds and credit enhancement from the GSEs, which are placed with a custodian that issues beneficial interests. We own all of the beneficial interests and may also service the underlying mortgages. Through our ownership of the beneficial interests we control the key decisions of the trust including the decision to invest in or divest of a bond and whether to purchase or retain credit support.

OTHER VIE STRUCTURES Other VIEs are primarily related to municipal tender option bond (MTOB) transactions and

nonconforming mortgage loan securitizations that we sponsor. MTOBs are vehicles to finance the purchase of municipal bonds through the issuance of short-term debt to investors. Our involvement with MTOBs includes serving as the residual interest holder, which provides control over the key decisions of the VIE, as well as the remarketing agent or liquidity provider related to the debt issued to investors. We also securitize nonconforming mortgage loans, in which our involvement includes servicer of the underlying assets and holder of subordinate or senior securities issued by the VIE.

Table 8.6 presents a summary of financial assets and liabilities of our consolidated VIEs. The carrying value represents assets and liabilities recorded on our consolidated balance sheet. Carrying values of assets are presented using GAAP measurement methods, which may include fair value, credit impairment or other adjustments, and therefore in some instances will differ from "Total VIE assets." For VIEs that obtain exposure synthetically through derivative instruments, the notional amount of the derivative is included in "Total VIE assets."

On our consolidated balance sheet, we separately disclose (1) the consolidated assets of certain VIEs that can only be used to settle the liabilities of those VIEs, and (2) the consolidated liabilities of certain VIEs for which the VIE creditors do not have recourse to Wells Fargo.

Table 8.6: Transactions with Consolidated VIEs

						Carrying value
(in millions)	Total VIE assets	Loans	Debt securities (1)	All other assets (2)	Long-term debt	All other liabilities (3)
December 31, 2020						
Commercial and industrial loans and leases	\$ 6,987	5,005	—	223	—	(200)
Commercial real estate loans	5,369	5,357	—	12	—	—
Other	1,627	507	967	75	(203)	(900)
Total consolidated VIEs	\$ 13,983	10,869	967	310	(203)	(1,100)
December 31, 2019						
Commercial and industrial loans and leases	\$ 8,054	7,543	—	499	(300)	(229)
Commercial real estate loans	4,836	4,823	—	13	—	—
Other	1,615	804	540	146	(287)	(410)
Total consolidated VIEs	\$ 14,505	13,170	540	658	(587)	(639)

(1) Includes \$269 million and \$339 million of securities classified as trading at December 31, 2020 and 2019, respectively.

(2) All other assets includes cash and due from banks, interest-earning deposits with banks, derivative assets, equity securities, and other assets.

(3) All other liabilities includes short-term borrowings, derivative liabilities, and accrued expenses and other liabilities.

Other Transactions

In addition to the transactions included in the previous tables, we have used wholly-owned trust preferred security VIEs to issue debt securities or preferred equity exclusively to third-party investors. As the sole assets of the VIEs are receivables from us, we do not consolidate the VIEs even though we own all of the voting equity shares of the VIEs, have fully guaranteed the obligations of the VIEs, and may have the right to redeem the third-party securities under certain circumstances. See Note 12 (Long-Term Debt) and Note 18 (Preferred Stock) for additional information about trust preferred securities.

Certain money market funds are also excluded from the previous tables because they are exempt from the consolidation analysis. We voluntarily waived a portion of our management fees for these money market funds to maintain a minimum level of daily net investment income. The amount of fees waived was not significant for the years ending December 31, 2020, 2019 and 2018.

Note 9: Mortgage Banking Activities

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

We apply the amortization method to commercial MSRs and apply the fair value method to residential MSRs. The amortized

cost of commercial MSRs was \$1.3 billion and \$1.4 billion with an estimated fair value of \$1.4 billion and \$1.9 billion at December 31, 2020 and 2019, respectively. Table 9.1 presents the changes in MSRs measured using the fair value method.

Table 9.1: Analysis of Changes in Fair Value MSR

(in millions)	Year ended December 31,		
	2020	2019	2018
Fair value, beginning of year	\$ 11,517	14,649	13,625
Servicing from securitizations or asset transfers (1)	1,708	1,933	2,010
Sales and other (2)	(32)	(286)	(71)
Net additions	1,676	1,647	1,939
Changes in fair value:			
Due to valuation inputs or assumptions:			
Mortgage interest rates (3)	(3,946)	(2,406)	1,337
Servicing and foreclosure costs (4)	(175)	48	818
Discount rates	27	145	(830)
Prepayment estimates and other (5)	(599)	(356)	(365)
Net changes in valuation inputs or assumptions	(4,693)	(2,569)	960
Changes due to collection/realization of expected cash flows (6)	(2,375)	(2,210)	(1,875)
Total changes in fair value	(7,068)	(4,779)	(915)
Fair value, end of year	\$ 6,125	11,517	14,649

- (1) Includes impacts associated with exercising cleanup calls on securitizations and our right to repurchase delinquent loans from GNMA loan securitization pools. MSR may increase upon repurchase due to servicing liabilities associated with these delinquent GNMA loans.
- (2) Includes sales and transfers of MSR, which can result in an increase in MSR if related to portfolios with servicing liabilities.
- (3) Includes prepayment speed changes as well as other valuation changes due to changes in mortgage interest rates.
- (4) Includes costs to service and unreimbursed foreclosure costs.
- (5) Represents other changes in valuation model inputs or assumptions including prepayment speed estimation changes that are independent of mortgage interest rate changes.
- (6) Represents the reduction in the MSR fair value for the cash flows expected to be collected during the period, net of income accreted due to the passage of time.

Table 9.2 provides key economic assumptions and sensitivity of the current fair value of residential MSR to immediate adverse changes in those assumptions. Amounts for residential MSR include purchased servicing rights as well as servicing

rights resulting from the transfer of loans. See Note 17 (Fair Values of Assets and Liabilities) for additional information on key economic assumptions for residential MSR.

Table 9.2: Economic Assumptions and Sensitivity of Residential MSR

(\$ in millions, except cost to service amounts)	Dec 31, 2020	Dec 31, 2019
Fair value of interests held	\$ 6,125	11,517
Expected weighted-average life (in years)	3.7	5.3
Key economic assumptions:		
Prepayment speed assumption	19.9 %	11.9
Impact on fair value from 10% adverse change	\$ 434	537
Impact on fair value from 25% adverse change	1,002	1,261
Discount rate assumption	5.8 %	7.2
Impact on fair value from 100 basis point increase	\$ 229	464
Impact on fair value from 200 basis point increase	440	889
Cost to service assumption (\$ per loan)	130	102
Impact on fair value from 10% adverse change	181	253
Impact on fair value from 25% adverse change	454	632

The sensitivities in the preceding table are hypothetical and caution should be exercised when relying on this data. Changes in value based on variations in assumptions generally cannot be extrapolated because the relationship of the change in the assumption to the change in value may not be linear. Also, the

effect of a variation in a particular assumption on the value of the other interests held is calculated independently without changing any other assumptions. In reality, changes in one factor may result in changes in others, which might magnify or counteract the sensitivities.

We present the components of our managed servicing portfolio in Table 9.3 at unpaid principal balance for loans serviced and subserviced for others and at book value for owned loans serviced.

Table 9.3: Managed Servicing Portfolio

(in billions)	Dec 31, 2020	Dec 31, 2019
Residential mortgage servicing:		
Serviced and subserviced for others	\$ 859	1,065
Owned loans serviced	323	343
Total residential servicing	1,182	1,408
Commercial mortgage servicing:		
Serviced and subserviced for others	583	575
Owned loans serviced	123	124
Total commercial servicing	706	699
Total managed servicing portfolio	\$ 1,888	2,107
Total serviced for others, excluding subserviced for others	\$ 1,431	1,629
MSRs as a percentage of loans serviced for others	0.52 %	0.79
Weighted average note rate (mortgage loans serviced for others)	4.03	4.25

At December 31, 2020, and December 31, 2019, we had servicer advances, net of an allowance for uncollectible amounts, of \$3.4 billion and \$2.0 billion, respectively. As the servicer of loans for others, we advance certain payments of principal, interest, taxes, insurance, and default-related expenses which are generally reimbursed within a short timeframe from cash flows from the trust, GSEs, insurer or borrower. The credit risk related to these advances is limited since the reimbursement is generally senior to cash payments to investors. We also advance payments of taxes and insurance for our owned loans which are collectible

from the borrower. We maintain an allowance for uncollectible amounts for advances on loans serviced for others that may not be reimbursed if the payments were not made in accordance with applicable servicing agreements or if the insurance or servicing agreements contain limitations on reimbursements. Servicing advances on owned loans are charged-off when deemed uncollectible.

Table 9.4 presents the components of mortgage banking noninterest income.

Table 9.4: Mortgage Banking Noninterest Income

(in millions)	Year ended December 31,		
	2020	2019	2018
Servicing fees:			
Contractually specified servicing fees, late charges and ancillary fees	\$ 3,250	3,660	3,957
Unreimbursed direct servicing costs (1)	(620)	(403)	(331)
Servicing fees	2,630	3,257	3,626
Amortization (2)	(308)	(274)	(266)
Changes due to collection/realization of expected cash flows (3)	(A) (2,375)	(2,210)	(1,875)
Net servicing fees	(53)	773	1,485
Changes in fair value of MSRs due to valuation inputs or assumptions (4)	(B) (4,693)	(2,569)	960
Net derivative gains (losses) from economic hedges (5)	4,607	2,318	(1,072)
Market-related valuation changes to MSRs, net of hedge results	(86)	(251)	(112)
Total servicing income (loss), net	(139)	522	1,373
Net gains on mortgage loan originations/sales (6)	3,632	2,193	1,644
Total mortgage banking noninterest income	\$ 3,493	2,715	3,017
Total changes in fair value of MSRs carried at fair value	(A)+(B) \$ (7,068)	(4,779)	(915)

(1) Includes costs associated with foreclosures, unreimbursed interest advances to investors, and other interest costs.

(2) Includes a \$37 million impairment recorded at December 31, 2020.

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

(4) Refer to the analysis of changes in fair value MSRs presented in Table 9.1 in this Note for more detail.

(5) See Note 16 (Derivatives) for additional discussion and detail on economic hedges.

(6) Includes net gains (losses) of \$(1.8) billion, \$(141) million and \$857 million at December 31, 2020, 2019 and 2018, respectively, related to derivatives used as economic hedges of mortgage loans held for sale and derivative loan commitments.

Note 10: Intangible Assets

Table 10.1 presents the gross carrying value of intangible assets and accumulated amortization.

Table 10.1: Intangible Assets

(in millions)	December 31, 2020			December 31, 2019		
	Gross carrying value	Accumulated amortization	Net carrying value	Gross carrying value	Accumulated amortization	Net carrying value
Amortized intangible assets (1):						
MSRs (2)	\$ 4,612	(3,300)	1,312	4,422	(2,992)	1,430
Customer relationship and other intangibles	879	(551)	328	947	(524)	423
Total amortized intangible assets	\$ 5,491	(3,851)	1,640	5,369	(3,516)	1,853
Unamortized intangible assets:						
MSRs (carried at fair value) (2)	\$ 6,125			11,517		
Goodwill	26,392			26,390		
Trademark	14			14		

(1) Balances are excluded commencing in the period following full amortization.

(2) Includes a \$37 million valuation allowance recorded for amortized MSRs at December 31, 2020. See Note 9 (Mortgage Banking Activities) for additional information on MSRs.

Table 10.2 provides the current year and estimated future amortization expense for amortized intangible assets. We based our projections of amortization expense shown below on existing

asset balances at December 31, 2020. Future amortization expense may vary from these projections.

Table 10.2: Amortization Expense for Intangible Assets

(in millions)	Amortized MSRs	Customer relationship and other intangibles	Total
Year ended December 31, 2020 (actual)	\$ 308	95	403
Estimate for year ended December 31,			
2021	\$ 244	81	325
2022	216	68	284
2023	188	59	247
2024	163	48	211
2025	138	39	177

In 2020, we reorganized our management reporting structure into four reportable operating segments: Consumer Banking and Lending, Commercial Banking, Corporate and Investment Banking, and Wealth and Investment Management. As part of the reorganization, the Consumer Banking and Lending segment primarily retained the goodwill formerly assigned to the Community Banking segment and the former Wholesale Banking

segment was separated into the Commercial Banking and Corporate and Investment Banking segments. We also report Corporate, which includes goodwill assigned to certain lines of business that management has determined are no longer consistent with the long-term strategic goals of the Company. Table 10.3 shows the allocation of goodwill.

Table 10.3: Goodwill

(in millions)	Consumer Banking and Lending	Wholesale Banking	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate	Consolidated Company
December 31, 2018	\$ 16,685	8,450	—	—	1,283	—	26,418
Change in goodwill related to divested businesses and foreign currency translation	—	(21)	—	—	(7)	—	(28)
December 31, 2019	\$ 16,685	8,429	—	—	1,276	—	26,390
Change in goodwill related to divested businesses and foreign currency translation	—	—	2	—	—	—	2
Reallocation due to change in segments	(267)	(8,429)	3,016	5,375	—	305	—
December 31, 2020	\$ 16,418	—	3,018	5,375	1,276	305	26,392

Note 11: Deposits

Table 11.1 presents a summary of the time certificates of deposit (CDs) and other time deposits issued by domestic and non-U.S. offices.

Table 11.1: Time Deposits

	December 31,	
(in billions)	2020	2019
Total domestic and Non-U.S.	\$ 52.8	118.8
Domestic:		
\$100,000 or more	11.8	43.7
\$250,000 or more	6.8	34.6
Non-U.S.:		
\$100,000 or more	2.2	4.0
\$250,000 or more	2.2	4.0

Substantially all CDs and other time deposits issued by domestic and non-U.S. offices were interest bearing. The contractual maturities of these deposits are presented in Table 11.2.

Table 11.2: Contractual Maturities of Time Deposits

(in millions)	December 31, 2020	
2021	\$	35,464
2022		8,521
2023		4,936
2024		2,084
2025		490
Thereafter		1,312
Total	\$	52,807

The contractual maturities of the domestic time deposits with a denomination of \$100,000 or more are presented in Table 11.3.

Table 11.3: Contractual Maturities of Domestic Time Deposits

(in millions)	December 31, 2020	
Three months or less	\$	6,491
After three months through six months		2,391
After six months through twelve months		1,402
After twelve months		1,522
Total	\$	11,806

Demand deposit overdrafts of \$326 million and \$542 million were included as loan balances at December 31, 2020 and 2019, respectively.

Note 12: Long-Term Debt

We issue long-term debt denominated in multiple currencies, primarily in U.S. dollars. Our issuances have both fixed and floating interest rates. As a part of our overall interest rate risk management strategy, we often use derivatives to manage our exposure to interest rate risk. We also use derivatives to manage our exposure to foreign currency risk. As a result, the majority of the long-term debt presented below is hedged in a fair value or cash flow hedge relationship. See Note 16 (Derivatives) for further information on qualifying hedge contracts.

Table 12.1: Long-Term Debt

Table 12.1 presents a summary of our long-term debt carrying values, reflecting unamortized debt discounts and premiums, and purchase accounting adjustments, where applicable. The interest rates displayed represent the range of contractual rates in effect at December 31, 2020. These interest rates do not include the effects of any associated derivatives designated in a hedge accounting relationship.

				December 31,
			2020	2019
(in millions)	Maturity date(s)	Stated interest rate(s)		
Wells Fargo & Company (Parent only)				
Senior				
Fixed-rate notes	2021-2045	0.38-6.75%	\$ 84,892	86,618
Floating-rate notes	2021-2048	0.00-1.57%	13,736	16,800
FixFloat notes	2024-2051	1.34-5.01%	43,917	12,030
Structured notes (1)			8,081	8,390
Total senior debt – Parent			150,626	123,838
Subordinated				
Fixed-rate notes (2)	2023-2046	3.45-7.57%	29,874	27,195
Total subordinated debt – Parent			29,874	27,195
Junior subordinated				
Fixed-rate notes	2029-2036	5.95-7.95%	1,382	1,428
Floating-rate notes	2027	0.74-1.24%	330	318
Total junior subordinated debt – Parent (3)			1,712	1,746
Total long-term debt – Parent (2)			182,212	152,779
Wells Fargo Bank, N.A., and other bank entities (Bank)				
Senior				
Fixed-rate notes	2021-2023	2.60-3.63%	7,644	9,364
Floating-rate notes	2021-2053	0.00-0.89%	3,747	10,617
FixFloat notes	2022	2.08-2.90%	2,841	5,097
Fixed-rate advances – Federal Home Loan Bank (FHLB)	2021-2031	3.83-7.50%	31	41
Floating-rate advances – FHLB			—	32,950
Structured notes (1)			792	1,914
Finance leases	2021-2029	1.69-17.78%	28	32
Total senior debt – Bank			15,083	60,015
Subordinated				
Fixed-rate notes	2023-2038	5.25-7.74%	5,775	5,374
Total subordinated debt – Bank			5,775	5,374
Junior subordinated				
Floating-rate notes	2027	0.79-0.89%	375	363
Total junior subordinated debt – Bank (3)			375	363
Long-term debt issued by VIE – Fixed rate			—	17
Long-term debt issued by VIE – Floating rate	2037	0.31-0.32%	203	570
Mortgage notes and other debt (4)	2021-2059	0.24-9.20%	5,694	6,185
Total long-term debt – Bank			27,130	72,524

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				December 31,
			2020	2019
(in millions)	Maturity date(s)	Stated interest rate(s)		
Other consolidated subsidiaries				
Senior				
Fixed-rate notes	2021-2023	3.04-3.46%	1,390	1,352
Structured notes (1)			2,186	1,503
Finance leases			—	1
Total senior debt – Other consolidated subsidiaries			3,576	2,856
Mortgage notes and other	2026	1.71%	32	32
Total long-term debt – Other consolidated subsidiaries			3,608	2,888
Total long-term debt			\$ 212,950	228,191

- (1) Included in the table are certain structured notes that have coupon or repayment terms linked to the performance of debt or equity securities, an embedded equity, commodity, or currency index, or basket of indices accounted for separately from the note as a free-standing derivative, and the maturity may be accelerated based on the value of a referenced index or security. For information on embedded derivatives, see the "Derivatives Not Designated as Hedging Instruments" section in Note 16 (Derivatives). In addition, a major portion consists of zero coupon notes where interest is paid as part of the final redemption amount.
- (2) Includes fixed-rate subordinated notes issued by the Parent at a discount of \$126 million and \$128 million in 2020 and 2019, respectively, and debt issuance costs of \$2 million in both 2020 and 2019, to effect a modification of Wells Fargo Bank, N.A., notes. These subordinated notes are carried at their par amount on the consolidated balance sheet of the Parent presented in Note 27 (Parent-Only Financial Statements). In addition, Parent long-term debt presented in Note 27 also includes affiliate related issuance costs of \$384 million and \$281 million in 2020 and 2019, respectively.
- (3) Includes junior subordinated debentures held by unconsolidated wholly-owned trusts formed for the sole purpose of issuing trust preferred securities of \$704 million and \$2.1 billion at December 31, 2020 and 2019, respectively. During first quarter 2020, we liquidated certain of our trust preferred securities, and as a result, the preferred securities issued by the trusts were canceled and junior subordinated debentures with a total carrying value of \$1.4 billion were distributed to the preferred security holders.
- (4) Primarily relates to unfunded commitments for LIHTC investments. For additional information, see Note 6 (Equity Securities).

We issue long-term debt in a variety of maturities and currencies to achieve cost-efficient funding and to maintain an appropriate maturity profile. Long-term debt of \$213.0 billion at December 31, 2020, decreased \$15.2 billion from December 31, 2019. We issued \$38.1 billion of long-term debt in 2020.

The aggregate carrying value of long-term debt that matures (based on contractual payment dates) as of December 31, 2020, in each of the following five years and thereafter is presented in Table 12.2.

Table 12.2: Maturity of Long-Term Debt

(in millions)	December 31, 2020						
	2021	2022	2023	2024	2025	Thereafter	Total
Wells Fargo & Company (Parent Only)							
Senior notes	\$ 20,328	17,105	11,609	12,480	14,742	74,362	150,626
Subordinated notes	—	—	3,750	764	1,134	24,226	29,874
Junior subordinated notes	—	—	—	—	—	1,712	1,712
Total long-term debt – Parent	20,328	17,105	15,359	13,244	15,876	100,300	182,212
Wells Fargo Bank, N.A., and other bank entities (Bank)							
Senior notes	6,865	4,877	2,904	5	191	241	15,083
Subordinated notes	—	—	1,105	—	172	4,498	5,775
Junior subordinated notes	—	—	—	—	—	375	375
Securitizations and other bank debt	2,192	1,177	700	223	125	1,480	5,897
Total long-term debt – Bank	9,057	6,054	4,709	228	488	6,594	27,130
Other consolidated subsidiaries							
Senior notes	1,892	202	516	125	440	401	3,576
Securitizations and other bank debt	—	—	—	—	—	32	32
Total long-term debt – Other consolidated subsidiaries	1,892	202	516	125	440	433	3,608
Total long-term debt	\$ 31,277	23,361	20,584	13,597	16,804	107,327	212,950

As part of our long-term and short-term borrowing arrangements, we are subject to various financial and operational covenants. Some of the agreements under which debt has been issued have provisions that may limit the merger or sale of certain subsidiary banks and the issuance of capital stock or convertible securities by certain subsidiary banks. At December 31, 2020, we were in compliance with all the covenants.

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Note 13: Guarantees and Other Commitments

Guarantees are contracts that contingently require us to make payments to a guaranteed party based on an event or a change in an underlying asset, liability, rate or index. Guarantees are generally in the form of standby and direct pay letters of credit,

written options, recourse obligations, and other types of similar arrangements. Table 13.1 shows carrying value, maximum exposure to loss on our guarantees and the related non-investment grade amounts.

Table 13.1: Guarantees – Carrying Value and Maximum Exposure to Loss

							Maximum exposure to loss	
(in millions)	Carrying value of obligation (asset)	Expires in one year or less	Expires after one year through three years	Expires after three years through five years	Expires after five years	Total	Non-investment grade	
December 31, 2020								
Standby letters of credit	\$ 156	11,977	4,962	1,897	433	19,269	7,528	
Direct pay letters of credit	18	2,256	2,746	531	39	5,572	1,102	
Written options (1)	(538)	12,735	7,972	889	58	21,654	13,394	
Loans and LHFS sold with recourse (2)	33	177	819	1,870	9,723	12,589	10,332	
Exchange and clearing house guarantees	—	—	—	—	5,510	5,510	—	
Other guarantees and indemnifications (3)	—	734	1	1	1,414	2,150	590	
Total guarantees	\$ (331)	27,879	16,500	5,188	17,177	66,744	32,946	
December 31, 2019								
Standby letters of credit	\$ 36	11,569	4,460	2,812	467	19,308	7,104	
Direct pay letters of credit	—	1,861	3,815	824	105	6,605	1,184	
Written options (1)	(345)	17,088	10,869	2,341	273	30,571	18,113	
Loans and LHFS sold with recourse (2)	52	114	576	1,356	10,050	12,096	9,835	
Exchange and clearing house guarantees	—	—	—	—	4,817	4,817	—	
Other guarantees and indemnifications (3)	1	785	1	3	809	1,598	698	
Total guarantees	\$ (256)	31,417	19,721	7,336	16,521	74,995	36,934	

- (1) Written options, which are in the form of derivatives, are also included in the derivative disclosures in Note 16 (Derivatives). Carrying value net asset position is a result of certain deferred premium option trades.
- (2) Represent recourse provided, predominantly to the GSEs, on loans sold under various programs and arrangements.
- (3) Includes indemnifications provided to certain third-party clearing agents. Outstanding customer obligations under these arrangements were \$144 million and \$80 million with related collateral of \$1.2 billion and \$696 million at December 31, 2020 and 2019, respectively.

“Maximum exposure to loss” and “Non-investment grade” are required disclosures under GAAP. Maximum exposure to loss represents the estimated loss that would be incurred under an assumed hypothetical circumstance, despite what we believe is a remote possibility, where the value of our interests and any associated collateral declines to zero. Maximum exposure to loss estimates in Table 13.1 do not reflect economic hedges or collateral we could use to offset or recover losses we may incur under our guarantee agreements. Accordingly, this required disclosure is not an indication of expected loss. We believe the carrying value is more representative of our exposure to loss than maximum exposure to loss. The carrying value represents the fair value of the guarantee, if any, and also includes an ACL for guarantees, if applicable.

Non-investment grade represents those guarantees on which we have a higher risk of performance under the terms of the guarantee. If the underlying assets under the guarantee are non-investment grade (that is, an external rating that is below investment grade or an internal credit default grade that is equivalent to a below investment grade external rating), we consider the risk of performance to be high. Internal credit default grades are determined based upon the same credit policies that we use to evaluate the risk of payment or performance when making loans and other extensions of credit. Credit quality indicators we usually consider in evaluating risk of payments or performance are described in Note 4 (Loans and Related Allowance for Credit Losses).

STANDBY LETTERS OF CREDIT We issue standby letters of credit, which include performance and financial guarantees, for customers in connection with contracts between our customers and third parties. We also originate multipurpose lending commitments under which borrowers have the option to draw on the facility in one of several forms, including as a standby letter of credit. Standby letters of credit are conditional lending commitments where we are obligated to make payment to a third party on behalf of a customer if the customer fails to meet their contractual obligations. Total maximum exposure to loss includes the portion of multipurpose lending facilities for which we have issued standby letters of credit under the commitments. We consider the credit risk in standby letters of credit and commercial and similar letters of credit in determining the ACL.

DIRECT PAY LETTERS OF CREDIT We issue direct pay letters of credit to serve as credit enhancements for certain bond issuances. Beneficiaries (bond trustees) may draw upon these instruments to make scheduled principal and interest payments, redeem all outstanding bonds because a default event has occurred, or for other reasons as permitted by the agreement. We consider the credit risk in direct pay letters of credit in determining the ACL.

WRITTEN OPTIONS We enter into certain derivative contracts that have the characteristics of a guarantee. These contracts include written put options that give the counterparty the right to sell to us an underlying instrument held by the counterparty at a specified price by a specified date. They also include certain written options that require us to make a payment for increases in fair value of assets held by the counterparty. These written option contracts generally permit or require net settlement. While these derivative transactions expose us to risk if the option is exercised, we manage this risk by entering into offsetting trades or by taking short positions in the underlying instrument. We offset market risk related to options written to customers with cash securities or other offsetting derivative transactions. Additionally, for certain of these contracts, we require the counterparty to pledge the underlying instrument as collateral for the transaction. Our ultimate obligation under written options is based on future market conditions and is only quantifiable at settlement. See Note 16 (Derivatives) for additional information regarding written derivative contracts.

LOANS AND LHFS SOLD WITH RECOURSE In certain sales and securitizations of loans, including mortgage loans, we provide recourse to the buyer whereby we are required to indemnify the buyer for any loss on the loan up to par value plus accrued interest. We provide recourse, predominantly to GSEs, on loans sold under various programs and arrangements. Substantially all of these programs and arrangements require that we share in the loans' credit exposure for their remaining life by providing recourse to the GSE, up to 33.33% of actual losses incurred on a pro-rata basis in the event of borrower default. Under the remaining recourse programs and arrangements, if certain events occur within a specified period of time from transfer date, we have to provide limited recourse to the buyer to indemnify them for losses incurred for the remaining life of the loans. The maximum exposure to loss reported in Table 13.1 represents the outstanding principal balance of the loans sold or securitized that are subject to recourse provisions or the maximum losses per the contractual agreements. However, we believe the likelihood of loss of the entire balance due to these recourse agreements is remote, and amounts paid can be recovered in whole or in part from the sale of collateral. We also provide representation and warranty guarantees on loans sold under the various recourse programs and arrangements. Our loss exposure relative to these guarantees is separately considered and provided for, as necessary, in determination of our liability for loan repurchases due to breaches of representation and warranties.

EXCHANGE AND CLEARING HOUSE GUARANTEES We are members of several securities and derivatives exchanges and clearing houses, both in the U.S. and in countries outside the U.S., that we use to clear our trades and those of our customers. It is common that all members in these organizations are required to collectively guarantee the performance of other members and of the organization. Our obligations under the guarantees are generally a pro-rata share based on either a fixed amount or a multiple of the guarantee fund we are required to maintain with these organizations. Some membership rules require members to assume a pro-rata share of losses resulting from another member's default or from non-member default losses after applying the guarantee fund. We have not recorded a liability for these arrangements as of the dates presented in Table 13.1 because we believe the likelihood of loss is remote.

OTHER GUARANTEES AND INDEMNIFICATIONS We have contingent performance arrangements related to various customer relationships and lease transactions. We are required to pay the counterparties to these agreements if third parties default on certain obligations.

Under certain factoring arrangements, we may be required to purchase trade receivables from third parties, if receivable debtors default on their payment obligations.

We use certain third-party clearing agents to clear and settle transactions on behalf of some of our institutional brokerage customers. We indemnify the clearing agents against loss that could occur for non-performance by our customers on transactions that are not sufficiently collateralized. Transactions subject to the indemnifications may include customer obligations related to the settlement of margin accounts and short positions, such as written call options and securities borrowing transactions.

We enter into other types of indemnification agreements in the ordinary course of business under which we agree to indemnify third parties against any damages, losses and expenses incurred in connection with legal and other proceedings arising from relationships or transactions with us. These relationships or transactions include those arising from service as a director or officer of the Company, underwriting agreements relating to our securities, acquisition agreements and various other business transactions or arrangements. Because the extent of our obligations under these agreements depends entirely upon the occurrence of future events, we are unable to determine our potential future liability under these agreements. We do, however, record a liability for residential mortgage loans that we expect to repurchase pursuant to various representations and warranties.

MERCHANT PROCESSING SERVICES We provide debit and credit card transaction processing services through payment networks directly for merchants and as a sponsor for merchant processing servicers, including our joint venture with a third party that is accounted for as an equity method investment. In our role as the merchant acquiring bank, we have a potential obligation in connection with payment and delivery disputes between the merchant and the cardholder that are resolved in favor of the cardholder. If we are unable to collect the amounts from the merchant, we incur a loss for the refund to the cardholder. We are secondarily obligated to make a refund for transactions involving sponsored merchant processing servicers. We generally have a low likelihood of loss in connection with our merchant processing services because most products and services are delivered when purchased and amounts are generally refunded when items are returned to the merchant. In addition, we may reduce our risk in connection with these transactions by withholding future payments and requiring cash or other collateral. For the year 2020, we processed card transaction volume of \$1.4 trillion as a merchant acquiring bank, and related losses, including those from our joint venture entity, were immaterial.

GUARANTEES OF SUBSIDIARIES In the normal course of business, the Parent may provide counterparties with guarantees related to its subsidiaries' obligations. These obligations are included in the Company's consolidated balance sheet or are reflected as off-balance sheet commitments, and therefore, the Parent has not recognized a separate liability for these guarantees.

The Parent fully and unconditionally guarantees the payment of principal, interest, and any other amounts that may be due on securities that its 100% owned finance subsidiary, Wells Fargo Finance LLC, may issue. These securities are not guaranteed by any other subsidiary of the Parent. The guaranteed liabilities were \$2.3 billion and \$1.6 billion at December 31, 2020 and 2019, respectively. These guarantees rank on parity with all of the Parent's other unsecured and unsubordinated indebtedness. The assets of the Parent consist primarily of equity in its subsidiaries, and the Parent is a separate and distinct legal entity from its subsidiaries. As a result, the Parent's ability to address claims of holders of these debt securities against the Parent under the guarantee depends on the Parent's receipt of dividends, loan payments and other funds from its subsidiaries. If any of the Parent's subsidiaries becomes insolvent, the direct creditors of that subsidiary will have a prior claim on that subsidiary's assets. The rights of the Parent and the rights of the Parent's creditors will be subject to that prior claim unless the Parent is also a direct creditor of that subsidiary. For a discussion regarding other restrictions on the Parent's ability to receive dividends, loan payments and other funds from its subsidiaries, see Note 28 (Regulatory Capital Requirements and Other Restrictions).

OTHER COMMITMENTS To meet the financing needs of our customers, we may enter into commitments to purchase debt and equity securities to provide capital for their funding, liquidity or other future needs. As of both December 31, 2020 and 2019, we had commitments to purchase debt securities of \$18 million and commitments to purchase equity securities of \$3.2 billion and \$2.7 billion, respectively.

As part of maintaining our memberships in certain clearing organizations, we are required to stand ready to provide liquidity to sustain market clearing activity in the event unforeseen events occur or are deemed likely to occur. Certain of these obligations are guarantees of other members' performance and accordingly are included in Table 13.1 in Other guarantees and indemnifications.

Also, we have commitments to purchase loans and securities under resale agreements from certain counterparties, including central clearing organizations. The amount of our unfunded contractual commitments was \$12.0 billion and \$7.5 billion as of December 31, 2020 and 2019, respectively.

Given the nature of these commitments, they are excluded from Table 4.4 (Unfunded Credit Commitments) in Note 4 (Loans and Related Allowance for Credit Losses).

Note 14: Pledged Assets and Collateral

Pledged Assets

Table 14.1 provides the carrying amount of on-balance sheet pledged assets and the fair value of other pledged collateral. Other pledged collateral is collateral we have received from third parties, have the right to repledge and is not recognized on our consolidated balance sheet.

TRADING RELATED ACTIVITY Our trading businesses may pledge debt and equity securities in connection with securities sold under agreements to repurchase (repurchase agreements) and securities lending arrangements. The collateral that we pledge related to our trading activities may include our own collateral as well as collateral that we have received from third parties and have the right to repledge. All of the trading activity pledged collateral is eligible to be repledged or sold by the secured party.

NON-TRADING RELATED ACTIVITY As part of our liquidity management strategy, we may pledge loans, debt securities, and

other financial assets to secure trust and public deposits, borrowings and letters of credit from the Federal Home Loan Bank (FHLB) and the Board of Governors of the Federal Reserve System (FRB) and for other purposes as required or permitted by law or insurance statutory requirements. Substantially all of the non-trading activity pledged collateral is not eligible to be repledged or sold by the secured party.

VIE RELATED We pledge assets in connection with various types of transactions entered into with VIEs. These pledged assets can only be used to settle the liabilities of those entities.

We also have loans recorded on our consolidated balance sheet which represent certain delinquent loans that are eligible for repurchase from GNMA loan securitizations. See Note 8 (Securitizations and Variable Interest Entities) for additional information on consolidated VIE assets.

Table 14.1: Pledged Assets

(in millions)	Dec 31, 2020	Dec 31, 2019
Related to trading activities:		
Repledged third-party owned debt and equity securities	\$ 44,765	60,083
Trading debt securities and other	19,572	51,083
Equity securities	470	1,379
Total pledged assets related to trading activities	64,807	112,545
Related to non-trading activities:		
Loans	344,220	406,106
Debt securities:		
Available-for-sale	57,289	61,126
Held-to-maturity	17,290	3,685
Other financial assets	230	2,266
Total pledged assets related to non-trading activities	419,029	473,183
Related to VIEs:		
Consolidated VIE assets	12,146	14,368
Loans eligible for repurchase from GNMA securitizations	179	568
Total pledged assets related to VIEs	12,325	14,936
Total pledged assets	\$ 496,161	600,664

Securities Financing Activities

We enter into resale and repurchase agreements and securities borrowing and lending agreements (collectively, "securities financing activities") typically to finance trading positions (including securities and derivatives), acquire securities to cover short trading positions, accommodate customers' financing needs, and settle other securities obligations. These activities are conducted through our broker-dealer subsidiaries and, to a lesser extent, through other bank entities. Our securities financing activities primarily involve high-quality, liquid securities such as U.S. Treasury securities and government agency securities and, to a lesser extent, less liquid securities, including equity securities, corporate bonds and asset-backed securities. We account for these transactions as collateralized financings in which we typically receive or pledge securities as collateral. We believe these financing transactions generally do not have material credit risk given the collateral provided and the related monitoring processes.

OFFSETTING OF SECURITIES FINANCING ACTIVITIES Table 14.2 presents resale and repurchase agreements subject to master repurchase agreements (MRA) and securities borrowing and lending agreements subject to master securities lending agreements (MSLA). Collateralized financings, and those with a single counterparty, are presented net on our consolidated balance sheet, provided certain criteria are met that permit balance sheet netting. Substantially all transactions subject to these agreements do not meet those criteria and thus are not eligible for balance sheet netting.

Collateral we pledged consists of non-cash instruments, such as securities or loans, and is not netted on the consolidated balance sheet against the related liability. Collateral we received includes securities or loans and is not recognized on our consolidated balance sheet. Collateral pledged or received may be increased or decreased over time to maintain certain contractual thresholds, as the assets underlying each arrangement fluctuate in value. Generally, these agreements require collateral to exceed the asset or liability recognized on the balance sheet. The following table includes the amount of

Note 14: Pledged Assets and Collateral (continued)

collateral pledged or received related to exposures subject to enforceable MRAs or MSLAs. While these agreements are typically over-collateralized, U.S. GAAP requires disclosure in this table to limit the reported amount of such collateral to the amount of the related recognized asset or liability for each counterparty.

In addition to the amounts included in Table 14.2, we also have balance sheet netting related to derivatives that is disclosed in Note 16 (Derivatives).

Table 14.2: Offsetting – Securities Financing Activities

(in millions)	Dec 31, 2020	Dec 31, 2019
Assets:		
Resale and securities borrowing agreements		
Gross amounts recognized	\$ 92,446	140,773
Gross amounts offset in consolidated balance sheet (1)	(11,513)	(19,180)
Net amounts in consolidated balance sheet (2)	80,933	121,593
Collateral not recognized in consolidated balance sheet (3)	(80,158)	(120,786)
Net amount (4)	\$ 775	807
Liabilities:		
Repurchase and securities lending agreements		
Gross amounts recognized	\$ 57,622	111,038
Gross amounts offset in consolidated balance sheet (1)	(11,513)	(19,180)
Net amounts in consolidated balance sheet (5)	46,109	91,858
Collateral pledged but not netted in consolidated balance sheet (6)	(45,819)	(91,709)
Net amount (4)	\$ 290	149

(1) Represents recognized amount of resale and repurchase agreements with counterparties subject to enforceable MRAs that have been offset in the consolidated balance sheet.

(2) Includes \$65.6 billion and \$102.1 billion classified on our consolidated balance sheet in federal funds sold and securities purchased under resale agreements at December 31, 2020 and 2019, respectively. Also includes securities purchased under long-term resale agreements (generally one year or more) classified in loans, which totaled \$15.3 billion and \$19.5 billion, at December 31, 2020 and 2019, respectively.

- (3) Represents the fair value of collateral we have received under enforceable MRAs or MSLAs, limited in the table above to the amount of the recognized asset due from each counterparty. At December 31, 2020 and 2019, we have received total collateral with a fair value of \$108.5 billion and \$150.9 billion, respectively, all of which we have the right to sell or repledge. These amounts include securities we have sold or repledged to others with a fair value of \$36.1 billion and \$59.1 billion at December 31, 2020 and 2019, respectively.
- (4) Represents the amount of our exposure (assets) or obligation (liabilities) that is not collateralized and/or is not subject to an enforceable MRA or MSLA.
- (5) Amount is classified in short-term borrowings on our consolidated balance sheet.
- (6) Represents the fair value of collateral we have pledged, related to enforceable MRAs or MSLAs, limited in the table above to the amount of the recognized liability owed to each counterparty. At December 31, 2020 and 2019, we have pledged total collateral with a fair value of \$59.2 billion and \$113.3 billion, respectively, substantially all of which may be sold or repledged by the counterparty.

REPURCHASE AND SECURITIES LENDING AGREEMENTS Securities sold under repurchase agreements and securities lending arrangements are effectively short-term collateralized borrowings. In these transactions, we receive cash in exchange for transferring securities as collateral and recognize an obligation to reacquire the securities for cash at the transaction's maturity. These types of transactions create risks, including (1) the counterparty may fail to return the securities at maturity, (2) the fair value of the securities transferred may decline below the amount of our obligation to reacquire the securities, and therefore create an obligation for us to pledge additional amounts, and (3) the counterparty may accelerate the maturity on demand, requiring us to reacquire the security prior to contractual maturity. We attempt to mitigate these risks in various ways. Our collateral primarily consists of highly liquid securities. In addition, we underwrite and monitor the financial strength of our counterparties, monitor the fair value of collateral pledged relative to contractually required repurchase amounts, and monitor that our collateral is properly returned through the clearing and settlement process in advance of our cash repayment. Table 14.3 provides the gross amounts recognized on the consolidated balance sheet (before the effects of offsetting) of our liabilities for repurchase and securities lending agreements disaggregated by underlying collateral type.

Table 14.3: Gross Obligations by Underlying Collateral Type

(in millions)	Dec 31, 2020	Dec 31, 2019
Repurchase agreements:		
Securities of U.S. Treasury and federal agencies	\$ 22,922	48,161
Securities of U.S. States and political subdivisions	4	104
Federal agency mortgage-backed securities	15,353	44,737
Non-agency mortgage-backed securities	1,069	1,818
Corporate debt securities	9,944	7,126
Asset-backed securities	1,054	1,844
Equity securities	1,500	1,674
Other	336	705
Total repurchases	52,182	106,169
Securities lending arrangements:		
Securities of U.S. Treasury and federal agencies	64	163
Federal agency mortgage-backed securities	23	—
Corporate debt securities	79	223
Equity securities (1)	5,189	4,481
Other	85	2
Total securities lending	5,440	4,869
Total repurchases and securities lending	\$ 57,622	111,038

- (1) Equity securities are generally exchange traded and represent collateral received from third parties that has been repledged. We received the collateral through either margin lending agreements or contemporaneous securities borrowing transactions with other counterparties.

Table 14.4 provides the contractual maturities of our gross obligations under repurchase and securities lending agreements.

Table 14.4: Contractual Maturities of Gross Obligations

(in millions)	Overnight/continuous	Up to 30 days	30-90 days	>90 days	Total gross obligation
December 31, 2020					
Repurchase agreements	\$ 36,946	5,251	5,100	4,885	52,182
Securities lending arrangements	4,690	400	350	—	5,440
Total repurchases and securities lending (1)	\$ 41,636	5,651	5,450	4,885	57,622
December 31, 2019					
Repurchase agreements	\$ 79,793	17,681	4,825	3,870	106,169
Securities lending arrangements	4,724	—	145	—	4,869
Total repurchases and securities lending (1)	\$ 84,517	17,681	4,970	3,870	111,038

Note 15: Legal Actions

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

Although there can be no assurance as to the ultimate outcome, Wells Fargo and/or our subsidiaries have generally denied, or believe we have a meritorious defense and will deny, liability in all significant legal actions pending against us, including the matters described below, and we intend to defend vigorously each case, other than matters we describe as having settled. We establish accruals for legal actions when potential losses associated with the actions become probable and the costs can be reasonably estimated. For such accruals, we record the amount we consider to be the best estimate within a range of potential losses that are both probable and estimable; however, if we cannot determine a best estimate, then we record the low end of the range of those potential losses. The actual costs of resolving legal actions may be substantially higher or lower than the amounts accrued for those actions.

ATM ACCESS FEE LITIGATION In October 2011, plaintiffs filed a putative class action, *Mackmin, et al. v. Visa, Inc. et al.*, against Wells Fargo & Company, Wells Fargo Bank, N.A., Visa, MasterCard, and several other banks in the United States District Court for the District of Columbia. Plaintiffs allege that the Visa and MasterCard requirement that if an ATM operator charges an access fee on Visa and MasterCard transactions, then that fee cannot be greater than the access fee charged for transactions on other networks, violates antitrust rules. Plaintiffs seek treble damages, restitution, injunctive relief, and attorneys' fees where available under federal and state law. Two other antitrust cases that make similar allegations were filed in the same court, but these cases did not name Wells Fargo as a defendant. On February 13, 2013, the district court granted defendants' motions to dismiss the three actions. Plaintiffs appealed the dismissals and, on August 4, 2015, the United States Court of Appeals for the District of Columbia Circuit vacated the district court's decisions and remanded the three cases to the district court for further proceedings. On June 28, 2016, the United States Supreme Court granted defendants' petitions for writ of certiorari to review the decisions of the United States Court of Appeals for the District of Columbia. On November 17, 2016, the United States Supreme Court dismissed the petitions as improvidently granted, and the three cases returned to the district court for further proceedings. The Company has entered into an agreement pursuant to which the Company will pay \$20.8 million to resolve the cases, subject to court approval.

AUTOMOBILE LENDING MATTERS On April 20, 2018, the Company entered into consent orders with the Office of the Comptroller of the Currency (OCC) and the Consumer Financial Protection Bureau (CFPB) to resolve, among other things, investigations by the agencies into the Company's compliance risk management

program and its past practices involving certain automobile collateral protection insurance (CPI) policies and certain mortgage interest rate lock extensions. The consent orders require remediation to customers and the payment of a total of \$1.0 billion in civil money penalties to the agencies. In July 2017, the Company announced a plan to remediate customers who may have been financially harmed due to issues related to automobile CPI policies purchased through a third-party vendor on their behalf. Multiple putative class action cases alleging, among other things, unfair and deceptive practices relating to these CPI policies, have been filed against the Company and consolidated into one multi-district litigation in the United States District Court for the Central District of California. The Company has reached an agreement to resolve the multi-district litigation pursuant to which the Company has agreed to pay, consistent with its remediation obligations under the consent orders, approximately \$689 million in remediation to customers with CPI policies placed between October 15, 2005, and September 30, 2016. The settlement amount is not incremental to the Company's remediation obligations under the consent orders, but instead encompasses those obligations, including remediation payments to date. The settlement amount is subject to change as the Company finalizes its remediation activity under the consent orders. In addition, the Company has agreed to contribute \$1 million to a common fund for the class. The district court granted final approval of the settlement on November 21, 2019. A putative class of shareholders also filed a securities fraud class action against the Company and its executive officers alleging material misstatements and omissions of CPI-related information in the Company's public disclosures. In January 2020, the court dismissed this action as to all defendants except the Company and a former executive officer and limited the action to two alleged misstatements. In addition, the Company is subject to a class action lawsuit in the United States District Court for the Central District of California alleging that customers are entitled to refunds related to the unused portion of guaranteed automobile protection (GAP) waiver or insurance agreements between the customer and dealer and, by assignment, the lender. Allegations related to the CPI and GAP programs are among the subjects of a shareholder derivative lawsuit pending in the United States District Court for the Northern District of California. These and other issues related to the origination, servicing, and collection of consumer auto loans, including related insurance products, have also subjected the Company to formal or informal inquiries, investigations, or examinations from federal and state government agencies. In December 2018, the Company entered into an agreement with all 50 state Attorneys General and the District of Columbia to resolve an investigation into the Company's retail sales practices, CPI and GAP, and mortgage interest rate lock matters, pursuant to which the Company paid \$575 million.

BANK SECRECY ACT/ANTI-MONEY LAUNDERING CONSENT ORDER INVESTIGATION On November 19, 2015, the Company entered into a consent order with the OCC, pursuant to which the Company was required to implement customer due diligence standards that include collection of current beneficial ownership information for certain business customers. On January 4, 2021, the OCC terminated the consent order. The Company has responded to inquiries from various federal government agencies regarding potentially inappropriate conduct in connection with the collection of beneficial ownership information.

COMMERCIAL LENDING SHAREHOLDER LITIGATION In October and November 2020, plaintiffs filed two putative class action lawsuits in the United States District Court for the Northern District of California alleging that the Company and certain of its former executive officers made false and misleading statements or omissions regarding, among other things, the Company's commercial lending underwriting practices, the credit quality of its commercial credit portfolios, and the value of its commercial loans, collateralized loan obligations and commercial mortgage-backed securities.

CONSENT ORDER DISCLOSURE LITIGATION Wells Fargo shareholders have brought a securities fraud class action in the United States District Court for the Southern District of New York alleging that the Company and certain of its current and former executive officers and directors made false or misleading statements regarding the Company's efforts to comply with the February 2018 consent order with the Federal Reserve Board and the April 2018 consent orders with the CFPB and OCC. Allegations related to the Company's efforts to comply with these three consent orders are also among the subjects of a shareholder derivative lawsuit pending in the United States District Court for the Northern District of California.

CONSUMER DEPOSIT ACCOUNT RELATED REGULATORY INVESTIGATION The CFPB is conducting an investigation into whether customers were unduly harmed by the Company's historical practices associated with the freezing (and, in many cases, closing) of consumer deposit accounts after the Company detected suspected fraudulent activity (by third parties or account holders) that affected those accounts.

CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT/PAYCHECK PROTECTION PROGRAM Plaintiffs have filed putative class actions in various federal courts against the Company. The actions seek damages and injunctive relief related to the Company's offering of Paycheck Protection Program (PPP) loans under the Coronavirus Aid, Relief, and Economic Security Act, as well as claims for fees by purported agents who allegedly assisted customers with preparing PPP loan applications submitted to the Company. The Company has also received formal and informal inquiries from federal and state government agencies regarding its offering of PPP loans. In addition, Wells Fargo shareholders brought a securities fraud class action in the United States District Court for the Northern District of California alleging that the Company and certain of its executive officers made false or misleading statements regarding the Company's participation in the PPP and the Company's compliance with related regulations, which has been voluntarily dismissed.

FOREIGN EXCHANGE BUSINESS The United States Department of Justice (Department of Justice) is investigating certain activities in the Company's foreign exchange business, including whether customers may have received pricing inconsistent with commitments made to those customers. Previous investigations by other federal government agencies have been resolved.

INTERCHANGE LITIGATION Plaintiffs representing a putative class of merchants have filed putative class actions, and individual merchants have filed individual actions, against Wells Fargo Bank, N.A., Wells Fargo & Company, Wachovia Bank, N.A., and Wachovia Corporation regarding the interchange fees associated with Visa and MasterCard payment card transactions. Visa, MasterCard, and several other banks and bank holding companies are also named as defendants in these actions. These

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

LOW INCOME HOUSING TAX CREDITS Federal government agencies have undertaken formal or informal inquiries or investigations regarding the manner in which the Company purchased, and negotiated the purchase of, certain federal low income housing tax credits in connection with the financing of low income housing developments.

MOBILE DEPOSIT PATENT LITIGATION The Company is a defendant in two separate cases brought by United Services Automobile Association (USAA) in the United States District Court for the Eastern District of Texas alleging claims of patent infringement regarding mobile deposit capture technology patents held by USAA. Trial in the first case commenced on

Note 15: Legal Actions (continued)

October 30, 2019, and resulted in a \$200 million verdict against the Company. Trial in the second case commenced on January 6, 2020, and resulted in a \$102.7 million verdict against the Company. The Company has filed post-trial motions to, among other things, vacate the verdicts, and USAA has filed post-trial motions seeking future royalty payments and damages for willful infringement. In February 2021, the Company reached an agreement to settle the cases with USAA and obtained a license to the patents at issue.

MORTGAGE LOAN MODIFICATION MATTERS Plaintiffs representing a putative class of mortgage borrowers have filed separate putative class actions, *Hernandez v. Wells Fargo, et al.*, *Coordes v. Wells Fargo, et al.*, *Ryder v. Wells Fargo*, *Liguori v. Wells Fargo*, and *Dore v. Wells Fargo*, against Wells Fargo Bank, N.A., in the United States District Court for the Northern District of California, the United States District Court for the District of Washington, the United States District Court for the Southern District of Ohio, the United States District Court for the Southern District of New York, and the United States District Court for the Western District of Pennsylvania, respectively. Plaintiffs allege that Wells Fargo improperly denied mortgage loan modifications or repayment plans to customers in the foreclosure process due to the overstatement of foreclosure attorneys' fees that were included for purposes of determining whether a customer in the foreclosure process qualified for a mortgage loan modification or repayment plan. In March 2020, the Company entered into an agreement pursuant to which the Company paid \$18.5 million to resolve the claims of the initial certified class in the *Hernandez* case, which was approved by the district court in October 2020. The *Hernandez* settlement has been reopened to include additional borrowers who the Company determined should have been included in the settlement class because the Company identified a population of additional borrowers during the relevant class period whose loans had not previously been reviewed for inclusion in the original population of impacted customers. The identification of these additional borrowers will increase the potential class of mortgage borrowers in the other pending matters. In addition, government agencies have undertaken formal or informal inquiries or investigations regarding these and other mortgage servicing matters.

NOMURA/NATIXIS MORTGAGE-RELATED LITIGATION In August 2014 and August 2015, Nomura Credit & Capital Inc. (Nomura) and Natixis Real Estate Holdings, LLC (Natixis) filed a total of seven third-party complaints against Wells Fargo Bank, N.A., in New York state court. In the underlying first-party actions, Nomura and Natixis have been sued for alleged breaches of representations and warranties made in connection with residential mortgage-backed securities sponsored by them. In the third-party actions, Nomura and Natixis allege that Wells Fargo, as master servicer, primary servicer or securities administrator, failed to notify Nomura and Natixis of their own breaches, failed to properly oversee the primary servicers, and failed to adhere to accepted servicing practices. Natixis additionally alleges that Wells Fargo failed to perform default oversight duties. Wells Fargo has asserted counterclaims alleging that Nomura and Natixis failed to provide Wells Fargo notice of their representation and warranty breaches.

OFAC RELATED INVESTIGATION The Company has self-identified an issue whereby certain foreign banks utilized a Wells Fargo software-based solution to conduct import/export trade-related financing transactions with countries and entities prohibited by

the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury. We do not believe any funds related to these transactions flowed through accounts at Wells Fargo as a result of the aforementioned conduct. The Company has made voluntary self-disclosures to OFAC and is cooperating with an inquiry from the Department of Justice.

ORDER OF POSTING LITIGATION Plaintiffs filed a series of putative class actions against Wachovia Bank, N.A., and Wells Fargo Bank, N.A., as well as many other banks, challenging the "high to low" order in which the banks post debit card transactions to consumer deposit accounts. Most of these actions were consolidated in multi-district litigation proceedings (MDL proceedings) in the United States District Court for the Southern District of Florida. The court in the MDL proceedings has certified a class of putative plaintiffs, and Wells Fargo moved to compel arbitration of the claims of unnamed class members. The court denied the motions to compel arbitration in October 2016, and Wells Fargo appealed this decision to the United States Court of Appeals for the Eleventh Circuit. In May 2018, the Eleventh Circuit ruled in Wells Fargo's favor and found that Wells Fargo had not waived its arbitration rights and remanded the case to the district court for further proceedings. On September 26, 2019, the district court entered an order granting Wells Fargo's motion and dismissed the claims of unnamed class members in favor of arbitration. Plaintiffs appealed this decision to the United States Court of Appeals for the Eleventh Circuit.

RETAIL SALES PRACTICES MATTERS A number of bodies or entities, including (a) federal, state, and local government agencies, including the Department of Justice, the United States Securities and Exchange Commission (SEC), and the United States Department of Labor, (b) state attorneys general, including the New York Attorney General, and (c) Congressional committees, have undertaken formal or informal inquiries, investigations, or examinations arising out of certain retail sales practices of the Company that were the subject of settlements with the CFPB, the OCC, and the Office of the Los Angeles City Attorney announced by the Company on September 8, 2016. These matters are at varying stages. The Company has responded, and continues to respond, to requests from certain of the foregoing. In October 2018, the Company entered into an agreement to resolve the New York Attorney General's investigation pursuant to which the Company paid \$65 million to the State of New York. In December 2018, the Company entered into an agreement with all 50 state Attorneys General and the District of Columbia to resolve an investigation into the Company's retail sales practices, CPI and GAP, and mortgage interest rate lock matters, pursuant to which the Company paid \$575 million. On February 21, 2020, the Company entered into an agreement with the Department of Justice to resolve the Department of Justice's criminal investigation into the Company's retail sales practices, as well as a separate agreement to resolve the Department of Justice's civil investigation. As part of the Department of Justice criminal settlement, no charges will be filed against the Company provided the Company abides by all the terms of the agreement. The Department of Justice criminal settlement also includes the Company's agreement that the facts set forth in the settlement document constitute sufficient facts for the finding of criminal violations of statutes regarding bank records and personal information. On February 21, 2020, the Company also entered into an order to resolve the SEC's investigation arising out of the Company's retail sales practices. The SEC order contains a finding, to which the Company consented, that the facts set forth include violations of Section

10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. As part of the resolution of the Department of Justice and SEC investigations, the Company has agreed to make payments totaling \$3.0 billion. In addition, as part of the settlements and included in the \$3.0 billion amount, the Company has agreed to the creation of a \$500 million Fair Fund for the benefit of investors who were harmed by the conduct covered in the SEC settlement.

In addition, a number of lawsuits have been filed by non-governmental parties seeking damages or other remedies related to these retail sales practices. First, various class plaintiffs, purporting to represent consumers who allege that they received products or services without their authorization or consent, have brought separate putative class actions against the Company in the United States District Court for the Northern District of California and various other jurisdictions. On June 14, 2018, the district court granted final approval of a settlement entered into by the Company in the first-filed action, *Jabbari v. Wells Fargo Bank, N.A.*, pursuant to which the Company paid \$142 million to resolve claims regarding certain products or services provided without authorization or consent for the time period May 1, 2002 to April 20, 2017. On July 20, 2020, the United States Court of Appeals for the Ninth Circuit affirmed the district court's order granting final approval of the settlement. Second, the Company was subject to a consolidated securities fraud class action alleging certain misstatements and omissions in the Company's disclosures related to sales practices matters. The Company entered into a settlement agreement to resolve this matter pursuant to which the Company paid \$480 million. Third, Wells Fargo shareholders have brought numerous shareholder derivative lawsuits asserting breach of fiduciary duty claims against, among others, current and former directors and officers for their alleged involvement with and failure to detect and prevent sales practices issues. The parties have entered into settlement agreements to resolve these lawsuits pursuant to which insurance carriers will pay the Company approximately \$240 million for alleged damage to the Company, and the Company will pay plaintiffs' attorneys' fees. The settlement agreements have received final approval from the courts. Fourth, a purported Employee Retirement Income Security Act (ERISA) class action was filed in the United States District Court for the District of Minnesota on behalf of 401(k) plan participants. The district court dismissed the action, and on July 27, 2020, the United States Court of Appeals for the Eighth Circuit affirmed the dismissal. The 401(k) plan participants have filed a writ of certiorari to the United States Supreme Court.

RMBS TRUSTEE LITIGATION In December 2014, Phoenix Light SF Limited and certain related entities and the National Credit Union Administration (NCUA) filed complaints in the United States District Court for the Southern District of New York against Wells Fargo Bank, N.A., alleging claims against the Company in its capacity as trustee for a number of residential mortgage-backed securities trusts. Complaints raising similar allegations have been filed by Commerzbank AG in the Southern District of New York and by IKB International and IKB Deutsche Industriebank in New York state court. In each case, the plaintiffs allege that Wells Fargo Bank, N.A., as trustee, caused losses to investors, and plaintiffs assert causes of action based upon, among other things, the trustee's alleged failure to notify and enforce repurchase obligations of mortgage loan sellers for purported breaches of representations and warranties, notify investors of alleged events of default, and abide by appropriate standards of care following alleged events of default. The Company previously settled two class action lawsuits with similar allegations that

were filed in November 2014 and December 2016 by institutional investors in the Southern District of New York and New York state court, respectively.

SEMINOLE TRIBE TRUSTEE LITIGATION The Seminole Tribe of Florida filed a complaint in Florida state court alleging that Wells Fargo, as trustee, charged excess fees in connection with the administration of a minor's trust and failed to invest the assets of the trust prudently. The complaint was later amended to include three individual current and former beneficiaries as plaintiffs and to remove the Tribe as a party to the case. In December 2016, the Company filed a motion to dismiss the amended complaint on the grounds that the Tribe is a necessary party and that the individual beneficiaries lack standing to bring claims. The motion was denied in June 2018. The case is pending trial.

OUTLOOK As described above, the Company establishes accruals for legal actions when potential losses associated with the actions become probable and the costs can be reasonably estimated. The high end of the range of reasonably possible potential losses in excess of the Company's accrual for probable and estimable losses was approximately \$2.4 billion as of December 31, 2020. The outcomes of legal actions are unpredictable and subject to significant uncertainties, and it is inherently difficult to determine whether any loss is probable or even possible. It is also inherently difficult to estimate the amount of any loss and there may be matters for which a loss is probable or reasonably possible but not currently estimable. Accordingly, actual losses may be in excess of the established accrual or the range of reasonably possible loss. Wells Fargo is unable to determine whether the ultimate resolution of the retail sales practices matters will have a material adverse effect on its consolidated financial condition. Based on information currently available, advice of counsel, available insurance coverage, and established reserves, Wells Fargo believes that the eventual outcome of other actions against Wells Fargo and/or its subsidiaries will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial condition. However, it is possible that the ultimate resolution of a matter, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Note 16: Derivatives

We use derivatives to manage exposure to market risk, including interest rate risk, credit risk and foreign currency risk, and to assist customers with their risk management objectives. We designate certain derivatives as hedging instruments in qualifying hedge accounting relationships (fair value or cash flow hedges). Our remaining derivatives consist of economic hedges that do not qualify for hedge accounting and derivatives held for customer accommodation trading or other purposes.

Risk Management Derivatives

Our asset/liability management approach to interest rate, foreign currency and certain other risks includes the use of derivatives, which are typically designated as fair value or cash flow hedges, or economic hedges. We use derivatives to help minimize significant, unplanned fluctuations in earnings, fair values of assets and liabilities, and cash flows caused by interest rate, foreign currency and other market risk volatility. This approach involves modifying the repricing characteristics of certain assets and liabilities so that changes in interest rates, foreign currency and other exposures, which may cause the hedged assets and liabilities to gain or lose fair value, do not have a significant adverse effect on the net interest margin, cash flows and earnings. In a fair value or economic hedge, the effect of change in fair value will generally be offset by the unrealized gain or loss on the derivatives linked to the hedged assets and liabilities. In a cash flow hedge, where we manage the variability of cash payments due to interest rate or foreign currency fluctuations by the effective use of derivatives linked to hedged assets and liabilities, the hedged asset or liability is not adjusted and the unrealized gain or loss on the derivative is recorded in other comprehensive income.

Customer Accommodation Trading

We also use various derivatives, including interest rate, commodity, equity, credit and foreign exchange contracts, as an accommodation to our customers as part of our trading businesses. These derivative transactions, which involve engaging in market-making activities or acting as an intermediary, are conducted in an effort to help customers manage their market risks. We usually offset our exposure from such derivatives by entering into other financial contracts, such as separate derivative or security transactions. These customer accommodations and any offsetting derivatives are treated as customer accommodation trading and other derivatives in our disclosures. Additionally, embedded derivatives that are required to be accounted for separately from their host contracts are included in the customer accommodation trading and other derivatives disclosures, as applicable.

We mention derivative instruments within several other Notes in this Report. For more information on Derivatives, refer to the following areas:

- Note 1: Summary of Significant Accounting Policies
- Note 2: Trading Activities
- Note 6: Equity Securities
- Note 8: Securitizations and Variable Interest Entities
- Note 9: Mortgage Banking Activities
- Note 12: Long-Term Debt
- Note 13: Guarantees and Other Commitments
- Note 14: Pledged Assets and Collateral
- Note 17: Fair Values of Assets and Liabilities
- Note 25: Other Comprehensive Income
- Note 27: Parent-Only Financial Statements

Table 16.1 presents the total notional or contractual amounts and fair values for our derivatives. Derivative transactions can be measured in terms of the notional amount, but this amount is not recorded on our consolidated balance

sheet and is not, when viewed in isolation, a meaningful measure of the risk profile of the instruments. The notional amount is generally not exchanged, but is used only as the basis on which interest and other payments are determined.

Table 16.1: Notional or Contractual Amounts and Fair Values of Derivatives

(in millions)	December 31, 2020			December 31, 2019		
	Notional or contractual amount	Fair value		Notional or contractual amount	Fair value	
		Derivative assets	Derivative liabilities		Derivative assets	Derivative liabilities
Derivatives designated as hedging instruments						
Interest rate contracts	\$ 184,090	3,212	789	182,789	2,595	1,237
Foreign exchange contracts	47,331	1,381	607	32,386	341	1,170
Total derivatives designated as qualifying hedging instruments		4,593	1,396		2,936	2,407
Derivatives not designated as hedging instruments						
Economic hedges:						
Interest rate contracts	261,159	341	344	235,810	207	160
Equity contracts	25,997	1,363	490	19,263	1,126	224
Foreign exchange contracts	47,106	331	1,515	26,595	118	286
Credit contracts	73	31	—	1,400	27	—
Subtotal		2,066	2,349		1,478	670
Customer accommodation trading and other derivatives:						
Interest rate contracts	7,947,941	32,510	25,169	11,117,542	21,245	17,969
Commodity contracts	65,790	2,036	1,543	79,737	1,421	1,770
Equity contracts	280,195	17,522	21,516	272,145	7,410	10,240
Foreign exchange contracts	412,879	6,891	6,034	364,469	4,755	4,791
Credit contracts	34,329	64	58	36,245	81	83
Subtotal		59,023	54,320		34,912	34,853
Total derivatives not designated as hedging instruments		61,089	56,669		36,390	35,523
Total derivatives before netting		65,682	58,065		39,326	37,930
Netting		(39,836)	(41,556)		(25,123)	(28,851)
Total	\$	25,846	16,509		14,203	9,079

Note 16: Derivatives (continued)

Table 16.2 provides information on the gross fair values of derivative assets and liabilities, the balance sheet netting adjustments and the resulting net fair value amount recorded on our consolidated balance sheet, as well as the non-cash collateral associated with such arrangements. We execute substantially all of our derivative transactions under master netting arrangements and reflect all derivative balances and related cash collateral subject to enforceable master netting arrangements on a net basis within the consolidated balance sheet. The “Gross amounts recognized” column in the following table includes \$54.6 billion and \$50.1 billion of gross derivative assets and liabilities, respectively, at December 31, 2020, and \$33.7 billion and \$33.5 billion, respectively, at December 31, 2019, with counterparties subject to enforceable master netting arrangements that are eligible for balance sheet netting adjustments. The majority of these amounts are interest rate contracts executed in over-the-counter (OTC) markets. The remaining gross derivative assets and liabilities of \$11.1 billion and \$8.0 billion, respectively, at December 31, 2020, and \$5.6 billion and \$4.4 billion, respectively, at December 31, 2019, include those with counterparties subject to master netting arrangements for which we have not assessed the enforceability because they are with counterparties where we do not currently have positions to offset, those subject to master netting arrangements where we have not been able to confirm the enforceability and those not subject to master netting arrangements. As such, we do not net derivative balances or collateral within the consolidated balance sheet for these counterparties. Cash collateral receivables and payables that have not been offset against our derivatives were \$1.8 billion and \$984 million, respectively, at December 31, 2020, and \$6.3 billion and \$1.4 billion, respectively, at December 31, 2019.

We determine the balance sheet netting adjustments based on the terms specified within each master netting arrangement. We disclose the balance sheet netting amounts within the column titled “Gross amounts offset in consolidated balance sheet.” Balance sheet netting adjustments are determined at the counterparty level for which there may be multiple contract types. For disclosure purposes, we allocate these netting adjustments to the contract type for each counterparty proportionally based upon the “Gross amounts recognized” by counterparty. As a result, the net amounts disclosed by contract type may not represent the actual exposure upon settlement of the contracts.

We do not net non-cash collateral that we receive and pledge on our consolidated balance sheet. For disclosure purposes, we present the fair value of this non-cash collateral in the column titled “Gross amounts not offset in consolidated balance sheet (Disclosure-only netting)” within the table. We determine and allocate the Disclosure-only netting amounts in the same manner as balance sheet netting amounts.

The “Net amounts” column within Table 16.2 represents the aggregate of our net exposure to each counterparty after considering the balance sheet and Disclosure-only netting adjustments. We manage derivative exposure by monitoring the credit risk associated with each counterparty using counterparty specific credit risk limits, using master netting arrangements and obtaining collateral. Derivative contracts executed in OTC markets include bilateral contractual arrangements that are not cleared through a central clearing organization but are typically subject to master netting arrangements. The proportion of these derivative contracts relative to our total derivative assets and liabilities are presented in the “Percent exchanged in over-the-counter market” column in Table 16.2. In addition to the netting amounts included in the table, we also have balance sheet netting related to resale and repurchase agreements that are disclosed within Note 14 (Pledged Assets and Collateral).

Table 16.2: Gross Fair Values of Derivative Assets and Liabilities

(in millions)	Gross amounts recognized	Gross amounts offset in consolidated balance sheet (1)	Net amounts in consolidated balance sheet	Gross amounts not offset in consolidated balance sheet (Disclosure-only netting)	Net amounts	Percent exchanged in over-the-counter market
December 31, 2020						
Derivative assets						
Interest rate contracts	\$ 36,063	(21,968)	14,095	(1,274)	12,821	96 %
Commodity contracts	2,036	(940)	1,096	(4)	1,092	84
Equity contracts	18,885	(10,968)	7,917	(737)	7,180	74
Foreign exchange contracts	8,603	(5,887)	2,716	(141)	2,575	100
Credit contracts	95	(73)	22	(1)	21	90
Total derivative assets	\$ 65,682	(39,836)	25,846	(2,157)	23,689	
Derivative liabilities						
Interest rate contracts	\$ 26,302	(21,934)	4,368	(2,219)	2,149	95 %
Commodity contracts	1,543	(819)	724	—	724	69
Equity contracts	22,006	(12,283)	9,723	(837)	8,886	78
Foreign exchange contracts	8,156	(6,481)	1,675	(529)	1,146	100
Credit contracts	58	(39)	19	(3)	16	91
Total derivative liabilities	\$ 58,065	(41,556)	16,509	(3,588)	12,921	
December 31, 2019						
Derivative assets						
Interest rate contracts	\$ 24,047	(14,878)	9,169	(445)	8,724	95 %
Commodity contracts	1,421	(888)	533	(2)	531	80
Equity contracts	8,536	(5,570)	2,966	(69)	2,897	65
Foreign exchange contracts	5,214	(3,722)	1,492	(22)	1,470	100
Credit contracts	108	(65)	43	(1)	42	95
Total derivative assets	\$ 39,326	(25,123)	14,203	(539)	13,664	
Derivative liabilities						
Interest rate contracts	\$ 19,366	(16,595)	2,771	(545)	2,226	94 %
Commodity contracts	1,770	(677)	1,093	(2)	1,091	82
Equity contracts	10,464	(6,647)	3,817	(319)	3,498	81
Foreign exchange contracts	6,247	(4,866)	1,381	(169)	1,212	100
Credit contracts	83	(66)	17	(3)	14	97
Total derivative liabilities	\$ 37,930	(28,851)	9,079	(1,038)	8,041	

(1) Represents amounts with counterparties subject to enforceable master netting arrangements that have been offset in the consolidated balance sheet, including related cash collateral and portfolio level counterparty valuation adjustments. Counterparty valuation adjustments related to derivative assets were \$399 million and \$231 million and debit valuation adjustments related to derivative liabilities were \$201 million and \$100 million as of December 31, 2020 and 2019, respectively. Cash collateral totaled \$5.5 billion and \$7.5 billion, netted against derivative assets and liabilities, respectively, at December 31, 2020, and \$2.9 billion and \$6.8 billion, respectively, at December 31, 2019.

Note 16: Derivatives (continued)

Fair Value and Cash Flow Hedges

For fair value hedges, we use interest rate swaps to convert certain of our fixed-rate long-term debt and time certificates of deposit to floating rates to hedge our exposure to interest rate risk. We also enter into cross-currency swaps, cross-currency interest rate swaps and forward contracts to hedge our exposure to foreign currency risk and interest rate risk associated with the issuance of non-U.S. dollar denominated long-term debt. In addition, we use interest rate swaps, cross-currency swaps, cross-currency interest rate swaps and forward contracts to hedge against changes in fair value of certain investments in available-for-sale debt securities due to changes in interest rates, foreign currency rates, or both. For certain fair value hedges of foreign currency risk, changes in fair value of cross-currency swaps attributable to changes in cross-currency basis spreads are excluded from the assessment of hedge effectiveness and recorded in other comprehensive income. See Note 25 (Other Comprehensive Income) for the amounts recognized in other comprehensive income.

For cash flow hedges, we use interest rate swaps to hedge the variability in interest payments received on certain floating-

rate commercial loans and paid on certain floating-rate debt due to changes in the contractually specified interest rate. We also use cross-currency swaps to hedge variability in interest payments on fixed-rate foreign currency-denominated long-term debt due to changes in foreign exchange rates.

We estimate \$140 million pre-tax of deferred net losses related to cash flow hedges in OCI at December 31, 2020, will be reclassified into net interest income during the next twelve months. The deferred losses expected to be reclassified into net interest income are predominantly related to discontinued hedges of floating rate loans. For cash flow hedges as of December 31, 2020, we are hedging our foreign currency exposure to the variability of future cash flows for all forecasted transactions for a maximum of 10 years. For additional information on our accounting hedges, see Note 1 (Summary of Significant Accounting Policies).

Table 16.3 and Table 16.4 show the net gains (losses) related to derivatives in fair value and cash flow hedging relationships, respectively.

Table 16.3: Gains (Losses) Recognized on Fair Value Hedging Relationships

(in millions)	Net interest income			Noninterest income	Total recorded in net income	Total recorded in OCI
	Debt securities	Deposits	Long-term debt	Other	Derivative gains (losses)	Derivative gains (losses)
Year Ended December 31, 2020						
Total amounts presented in the consolidated statement of income and other comprehensive income	\$ 11,234	(2,804)	(4,471)	2,044	N/A	198
Interest contracts						
Amounts related to interest settlements on derivatives	(338)	503	1,704	—	1,869	—
Recognized on derivatives	(1,261)	161	6,691	—	5,591	—
Recognized on hedged items	1,317	(151)	(6,543)	—	(5,377)	—
Total gains (losses) (pre-tax) on interest rate contracts	(282)	513	1,852	—	2,083	—
Foreign exchange contracts						
Amounts related to interest settlements on derivatives	52	—	(139)	—	(87)	—
Recognized on derivatives	(1)	—	261	1,591	1,851	(31)
Recognized on hedged items	2	—	(201)	(1,575)	(1,774)	—
Total gains (losses) (pre-tax) on foreign exchange contracts	53	—	(79)	16	(10)	(31)
Total gains (losses) (pre-tax) recognized on fair value hedges	\$ (229)	513	1,773	16	2,073	(31)

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(in millions)	Net interest income			Noninterest income	Total recorded in net income	Total recorded in OCI
	Debt securities	Deposits	Long-term debt	Other	Derivative gains (losses)	Derivative gains (losses)
Year ended December 31, 2019						
Total amounts presented in the consolidated statement of income and other comprehensive income	\$ 14,955	(8,635)	(7,350)	5,760	N/A	275
Interest contracts						
Amounts related to interest settlements on derivatives	—	58	169	—	227	—
Recognized on derivatives	(2,082)	463	5,001	—	3,382	—
Recognized on hedged items	2,096	(442)	(4,910)	—	(3,256)	—
Total gains (losses) (pre-tax) on interest rate contracts	14	79	260	—	353	—
Foreign exchange contracts						
Amounts related to interest settlements on derivatives	35	—	(483)	—	(448)	—
Recognized on derivatives	(5)	—	308	(358)	(55)	(3)
Recognized on hedged items	6	—	(289)	350	67	—
Total gains (losses) (pre-tax) on foreign exchange contracts	36	—	(464)	(8)	(436)	(3)
Total gains (losses) (pre-tax) recognized on fair value hedges	\$ 50	79	(204)	(8)	(83)	(3)
Year ended December 31, 2018						
Total amounts presented in the consolidated statement of income and other comprehensive income	\$ 14,406	(5,622)	(6,703)	5,386	N/A	(238)
Interest contracts						
Amounts related to interest settlements on derivatives	(187)	(41)	292	—	64	—
Recognized on derivatives	845	27	(1,923)	—	(1,051)	—
Recognized on hedged items	(877)	(33)	1,843	—	933	—
Total gains (losses) (pre-tax) on interest rate contracts	(219)	(47)	212	—	(54)	—
Foreign exchange contracts						
Amounts related to interest settlements on derivatives	33	—	(434)	—	(401)	—
Recognized on derivatives	7	—	135	(1,204)	(1,062)	(254)
Recognized on hedged items	(1)	—	(82)	1,114	1,031	—
Total gains (losses) (pre-tax) on foreign exchange contracts	39	—	(381)	(90)	(432)	(254)
Total gains (losses) (pre-tax) recognized on fair value hedges	\$ (180)	(47)	(169)	(90)	(486)	(254)

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Note 16: Derivatives (continued)

Table 16.4: Gains (Losses) Recognized on Cash Flow Hedging Relationships

(in millions)	Net interest income		Total recorded in net income	Total recorded in OCI
	Loans	Long-term debt	Derivative gains (losses)	Derivative gains (losses)
Year Ended December 31, 2020				
Total amounts presented in the consolidated statement of income and other comprehensive income	\$ 34,109	(4,471)	N/A	198
Interest rate contracts:				
Realized gains (losses) (pre-tax) reclassified from OCI into net income	(215)	4	(211)	211
Net unrealized gains (losses) (pre-tax) recognized in OCI	N/A	N/A	N/A	—
Total gains (losses) (pre-tax) on interest rate contracts	(215)	4	(211)	211
Foreign exchange contracts:				
Realized gains (losses) (pre-tax) reclassified from OCI into net income	—	(8)	(8)	8
Net unrealized gains (losses) (pre-tax) recognized in OCI	N/A	N/A	N/A	10
Total gains (losses) (pre-tax) on foreign exchange contracts	—	(8)	(8)	18
Total gains (losses) (pre-tax) recognized on cash flow hedges	\$ (215)	(4)	(219)	229
Year ended December 31, 2019				
Total amounts presented in the consolidated statement of income and other comprehensive income	\$ 44,146	(7,350)	N/A	275
Interest rate contracts:				
Realized gains (losses) (pre-tax) reclassified from OCI into net income	(291)	1	(290)	290
Net unrealized gains (losses) (pre-tax) recognized in OCI	N/A	N/A	N/A	—
Total gains (losses) (pre-tax) on interest rate contracts	(291)	1	(290)	290
Foreign exchange contracts:				
Realized gains (losses) (pre-tax) reclassified from OCI into net income	—	(9)	(9)	9
Net unrealized gains (losses) (pre-tax) recognized in OCI	N/A	N/A	N/A	(21)
Total gains (losses) (pre-tax) on foreign exchange contracts	—	(9)	(9)	(12)
Total gains (losses) (pre-tax) recognized on cash flow hedges	\$ (291)	(8)	(299)	278
Year ended December 31, 2018				
Total amounts presented in the consolidated statement of income and other comprehensive income	\$ 43,974	(6,703)	N/A	(238)
Interest rate contracts:				
Realized gains (losses) (pre-tax) reclassified from OCI into net income	(292)	1	(291)	291
Net unrealized gains (losses) (pre-tax) recognized in OCI	N/A	N/A	N/A	(266)
Total gains (losses) (pre-tax) on interest rate contracts	(292)	1	(291)	25
Foreign exchange contracts:				
Realized gains (losses) (pre-tax) reclassified from OCI into net income	—	(3)	(3)	3
Net unrealized gains (losses) (pre-tax) recognized in OCI	N/A	N/A	N/A	(12)
Total gains (losses) (pre-tax) on foreign exchange contracts	—	(3)	(3)	(9)
Total gains (losses) (pre-tax) recognized on cash flow hedges	\$ (292)	(2)	(294)	16

Table 16.5 shows the carrying amount and associated cumulative basis adjustment related to the application of hedge accounting that is included in the carrying amount of hedged assets and liabilities in fair value hedging relationships.

Table 16.5: Hedged Items in Fair Value Hedging Relationship

(in millions)	Hedged Items Currently Designated		Hedged Items No Longer Designated (1)	
	Carrying Amount of Assets/(Liabilities) (2)(4)	Hedge Accounting Basis Adjustment Assets/(Liabilities) (3)	Carrying Amount of Assets/(Liabilities) (4)	Hedge Accounting Basis Adjustment Assets/(Liabilities)
December 31, 2020				
Available-for-sale debt securities (5)	\$ 29,538	827	17,091	1,111
Deposits	(22,384)	(477)	—	—
Long-term debt	(156,907)	(12,466)	(14,468)	31
December 31, 2019				
Available-for-sale debt securities (5)	\$ 36,896	1,110	9,486	278
Deposits	(43,716)	(324)	—	—
Long-term debt	(127,423)	(5,827)	(25,750)	173

(1) Represents hedged items no longer designated in qualifying fair value hedging relationships for which an associated basis adjustment exists at the balance sheet date.

(2) Does not include the carrying amount of hedged items where only foreign currency risk is the designated hedged risk. The carrying amount excluded for debt securities is \$17.6 billion and for long-term debt is \$(4.7) billion as of December 31, 2020, and \$1.2 billion for debt securities and \$(5.2) billion for long-term debt as of December 31, 2019.

(3) The balance includes \$205 million and \$130 million of debt securities and long-term debt cumulative basis adjustments as of December 31, 2020, respectively, and \$790 million and \$109 million of debt securities and long-term debt cumulative basis adjustments as of December 31, 2019, respectively, on terminated hedges whereby the hedged items have subsequently been re-designated into existing hedges.

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

(5) Carrying amount represents the amortized cost.

Derivatives Not Designated as Hedging Instruments

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

We use economic hedge derivatives to manage our exposure to interest rate risk, equity price risk, foreign currency risk, and credit risk. We also use economic hedge derivatives to mitigate the periodic earnings volatility caused by mismatches between the changes in fair value of the hedged item and hedging instrument recognized on our fair value accounting hedges. In second quarter 2020, we entered into arrangements to transition the economic hedges of our deferred compensation plan liabilities from equity securities to derivative instruments. Changes in the fair values of derivatives used to economically hedge the deferred compensation plan are reported in personnel expense.

Mortgage Banking Activities

We use economic hedge derivatives in our mortgage banking business to hedge the risk of changes in the fair value of (1) certain residential MSRs measured at fair value, (2) residential mortgage LHFS, (3) derivative loan commitments, and (4) other interests held. The types of derivatives used include swaps, swaptions, constant maturity mortgages, forwards, Eurodollar and Treasury futures and options contracts. Loan commitments for mortgage loans that we intend to sell are considered derivatives. Residential MSRs, derivative loan commitments, certain residential mortgage LHFS, and our economic hedge derivatives are carried at fair value with changes in fair value included in mortgage banking noninterest income. See Note 9 (Mortgage Banking Activities) for additional information on this economic hedging activity and mortgage banking income.

Customer Accommodation Trading and Other

For customer accommodation trading purposes, we use swaps, futures, forwards, spots and options to assist our customers in managing their own risks, including interest rate, commodity, equity, foreign exchange, and credit contracts. These derivatives are not linked to specific assets and liabilities on the consolidated balance sheet or to forecasted transactions in an accounting hedge relationship and, therefore, do not qualify for hedge accounting. We also enter into derivatives for risk management that do not otherwise qualify for hedge accounting. They are carried at fair value with changes in fair value recorded in noninterest income.

Customer accommodation trading and other derivatives also include embedded derivatives that are required to be accounted for separately from their host contract. We periodically issue hybrid long-term notes and CDs where the performance of the hybrid instrument note is linked to an equity, commodity or currency index, or basket of such indices. These notes contain explicit terms that affect some or all of the cash flows or the value of the note in a manner similar to a derivative instrument and therefore are considered to contain an "embedded" derivative instrument. The indices on which the performance of the hybrid instrument is calculated are not clearly and closely related to the host debt instrument. The "embedded" derivative is separated from the host contract and accounted for as a derivative. Additionally, we may invest in hybrid instruments that contain embedded derivatives, such as credit derivatives, that are not clearly and closely related to the host contract. In such instances, we either elect fair value option for the hybrid instrument or separate the embedded derivative from the host contract and account for the host contract and derivative separately.

Note 16: Derivatives (continued)

Table 16.6 shows the net gains (losses), recognized by income statement lines, related to derivatives not designated as hedging instruments.

Table 16.6: Gains (Losses) on Derivatives Not Designated as Hedging Instruments

(in millions)	Net gains on trading and securities		Noninterest income		Noninterest expense
	Mortgage banking	Other	Total	Personnel expense	
Year ended December 31, 2020					
Net gains (losses) recognized on economic hedges derivatives:					
Interest contracts (1)	\$ 2,787	—	(93)	2,694	—
Equity contracts	—	(1,167)	(25)	(1,192)	(778)
Foreign exchange contracts	—	—	(455)	(455)	—
Credit contracts	—	—	14	14	—
Subtotal	2,787	(1,167)	(559)	1,061	(778)
Net gains (losses) recognized on customer accommodation trading and other derivatives:					
Interest contracts	1,964	(1,021)	—	943	—
Commodity contracts	—	446	—	446	—
Equity contracts	—	(436)	(334)	(770)	—
Foreign exchange contracts	—	89	—	89	—
Credit contracts	—	(1)	—	(1)	—
Subtotal	1,964	(923)	(334)	707	—
Net gains (losses) recognized related to derivatives not designated as hedging instruments	\$ 4,751	(2,090)	(893)	1,768	(778)

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(in millions)	Noninterest income			
	Mortgage banking	Net gains on trading and securities	Other	Total
Year ended December 31, 2019				
Net gains (losses) recognized on economic hedges derivatives:				
Interest contracts (1)	\$ 2,177	—	1	2,178
Equity contracts	—	(2,120)	(2)	(2,122)
Foreign exchange contracts	—	—	(77)	(77)
Credit contracts	—	—	(5)	(5)
Subtotal	2,177	(2,120)	(83)	(26)
Net gains (losses) recognized on customer accommodation trading and other derivatives:				
Interest contracts	418	(95)	—	323
Commodity contracts	—	164	—	164
Equity contracts	—	(4,863)	(484)	(5,347)
Foreign exchange contracts	—	47	—	47
Credit contracts	—	(120)	—	(120)
Subtotal	418	(4,867)	(484)	(4,933)
Net gains (losses) recognized related to derivatives not designated as hedging instruments	\$ 2,595	(6,987)	(567)	(4,959)
Year ended December 31, 2018				
Net gains (losses) recognized on economic hedges derivatives:				
Interest contracts (1)	\$ (215)	—	(15)	(230)
Equity contracts	—	(408)	4	(404)
Foreign exchange contracts	—	—	669	669
Credit contracts	—	—	—	—
Subtotal	(215)	(408)	658	35
Net gains (losses) recognized on customer accommodation trading and other derivatives:				
Interest contracts	(352)	446	—	94
Commodity contracts	—	83	—	83
Equity contracts	—	4,499	(403)	4,096
Foreign exchange contracts	—	638	—	638
Credit contracts	—	1	—	1
Subtotal	(352)	5,667	(403)	4,912
Net gains (losses) recognized related to derivatives not designated as hedging instruments	\$ (567)	5,259	255	4,947

(1) Mortgage banking amounts for the years ended December 31, 2020, 2019 and 2018, are comprised of gains (losses) of \$4.6 billion, \$2.3 billion and \$(1.1) billion, respectively, related to derivatives used as economic hedges of MSR's measured at fair value offset by gains (losses) of \$(1.8) billion, \$(141) million and \$857 million, respectively, related to derivatives used as economic hedges of mortgage loans held for sale and derivative loan commitments.

Credit Derivatives

Credit derivative contracts are arrangements whose value is derived from the transfer of credit risk of a reference asset or entity from one party (the purchaser of credit protection) to another party (the seller of credit protection). We use credit derivatives to assist customers with their risk management objectives. We may also use credit derivatives in structured product transactions or liquidity agreements written to special purpose vehicles. The maximum exposure of sold credit derivatives is managed through posted collateral, purchased credit derivatives and similar products in order to achieve our desired credit risk profile. This credit risk management provides an ability to recover a significant portion of any amounts that would be paid under sold credit derivatives. We would be required to perform under the sold credit derivatives in the event of default by the referenced obligors. Events of default include events such as bankruptcy, capital restructuring or lack of principal and/or interest payment. In certain cases, other triggers may exist, such as the credit downgrade of the referenced

obligors or the inability of the special purpose vehicle for which we have provided liquidity to obtain funding.

Table 16.7 provides details of sold and purchased credit derivatives.

Note 16: Derivatives (continued)

Table 16.7: Sold and Purchased Credit Derivatives

							Notional amount		
(in millions)	Fair value asset	Fair value liability	Protection sold (A)	Protection sold – non-investment grade	Protection purchased with identical underlyings (B)	Net protection sold (A)-(B)	Other protection purchased	Range of maturities	
December 31, 2020									
Credit default swaps on:									
Corporate bonds	\$ 7	2	3,767	971	2,709	1,058	3,012	2021- 2029	
Structured products	—	5	20	20	19	1	84	2034 - 2047	
Credit protection on:									
Default swap index	—	—	1,582	731	559	1,023	3,925	2021 - 2030	
Commercial mortgage-backed securities index	3	21	297	42	272	25	75	2047 - 2072	
Asset-backed securities index	—	7	41	41	40	1	1	2045 - 2046	
Other	—	4	6,378	6,262	—	6,378	11,621	2021 - 2040	
Total credit derivatives	\$ 10	39	12,085	8,067	3,599	8,486	18,718		
December 31, 2019									
Credit default swaps on:									
Corporate bonds	\$ 8	1	2,855	707	1,885	970	2,447	2020 - 2029	
Structured products	—	25	74	69	63	11	111	2022- 2047	
Credit protection on:									
Default swap index	1	—	2,542	120	550	1,992	8,105	2020 - 2029	
Commercial mortgage-backed securities index	3	26	322	67	296	26	50	2047 - 2058	
Asset-backed securities index	—	8	41	41	41	—	1	2045 - 2046	
Other	—	5	6,381	5,738	—	6,381	11,881	2020 - 2049	
Total credit derivatives	\$ 12	65	12,215	6,742	2,835	9,380	22,595		

Protection sold represents the estimated maximum exposure to loss that would be incurred under an assumed hypothetical circumstance, where the value of our interests and any associated collateral declines to zero, without any consideration of recovery or offset from any economic hedges. We believe this hypothetical circumstance to be an extremely remote possibility and accordingly, this required disclosure is not an indication of expected loss. The amounts under non-investment grade represent the notional amounts of those credit derivatives on which we have a higher risk of being required to perform under the terms of the credit derivative and are a function of the underlying assets.

We consider the risk of performance to be high if the underlying assets under the credit derivative have an external rating that is below investment grade or an internal credit default grade that is equivalent thereto. We believe the net protection sold, which is representative of the net notional amount of protection sold and purchased with identical underlyings, in combination with other protection purchased, is more representative of our exposure to loss than either non-investment grade or protection sold. Other protection purchased represents additional protection, which may offset the exposure to loss for protection sold, that was not purchased with an identical underlying of the protection sold.

Credit-Risk Contingent Features

Certain of our derivative contracts contain provisions whereby if the credit rating of our debt were to be downgraded by certain major credit rating agencies, the counterparty could demand additional collateral or require termination or replacement of derivative instruments in a net liability position. Table 16.8 illustrates our exposure to OTC bilateral derivative contracts with credit-risk contingent features, collateral we have posted, and the additional collateral we would be required to post if the credit rating of our debt was downgraded below investment grade.

Table 16.8: Credit-Risk Contingent Features

(in billions)	Dec 31, 2020	Dec 31, 2019
Net derivative liabilities with credit-risk contingent features	\$ 10.5	10.4
Collateral posted	9.0	9.1
Additional collateral to be posted upon a below investment grade credit rating (1)	1.5	1.3

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

Note 17: Fair Values of Assets and Liabilities

We use fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Assets and liabilities recorded at fair value on a recurring basis, such as derivatives, residential MSRs, and trading or AFS debt securities, are presented in Table 17.1 in this Note. Additionally, from time to time, we record fair value adjustments on a nonrecurring basis. These nonrecurring adjustments typically involve application of LOCOM accounting, write-downs of individual assets or application of the measurement alternative for nonmarketable equity securities. Assets recorded at fair value on a nonrecurring basis are presented in Table 17.4 in this Note. We provide in Table 17.8 estimates of fair value for financial instruments that are not recorded at fair value, such as loans and debt liabilities carried at amortized cost.

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

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

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

Assets

TRADING DEBT SECURITIES Trading debt securities are recorded at fair value on a recurring basis. These securities are valued using internal trader prices that are subject to price verification procedures, which includes comparing against multiple independent pricing sources, including prices obtained from third-party pricing services. These services compile prices from various sources and may apply matrix pricing for similar securities when no price is observable. We review pricing methodologies provided by pricing services to determine if observable market information is being used versus unobservable inputs. When evaluating the appropriateness of an internal trader price, compared with pricing service prices, considerations include the range and quality of pricing service prices in addition to observable trade data. Pricing service prices are used to ensure the reasonableness of a trader price; however, valuing financial instruments involves judgments acquired from knowledge of a particular market. If a trader asserts that a third-party pricing service price is not reflective of fair value, justification for using the trader price, including recent sales activity where possible, must be provided to and approved by the appropriate levels of

management. Substantially all of our trading debt securities are recorded using internal trader prices.

AVAILABLE-FOR-SALE DEBT SECURITIES AFS debt securities are recorded at fair value on a recurring basis. Fair value measurement for AFS debt securities is based upon various sources of market pricing. Where available, we use quoted prices in active markets. When instruments are traded in secondary markets and quoted prices in active markets do not exist for such securities, we use prices obtained from third-party pricing services and, to a lesser extent, may use prices obtained from independent broker-dealers (brokers), collectively vendor prices. Substantially all of our AFS debt securities are recorded using vendor prices. See the "Level 3 Asset and Liability Valuation Processes – Vendor Developed Valuations" section in this Note for additional discussion of our processes when using vendor prices to record fair value of AFS debt securities, which includes those classified as Level 2 or Level 3 within the fair value hierarchy.

When vendor prices are deemed inappropriate, they may be adjusted based on other market data or internal models. We also use internal models when no vendor prices are available. Internal models use discounted cash flow techniques or market comparable pricing techniques.

LOANS HELD FOR SALE (LHFS) LHFS generally includes commercial and residential mortgages originated for sale in the securitization or whole loan market. A majority of residential LHFS and our portfolio of commercial LHFS in our trading business are recorded at fair value on a recurring basis. The remaining LHFS are held at LOCOM which may be written down to fair value on a nonrecurring basis. Fair value for LHFS that are not part of our trading business is based on quoted market prices, where available, or the prices for other mortgage whole loans with similar characteristics. We may use securitization prices that are adjusted for typical securitization activities including servicing value, portfolio composition, market conditions and liquidity. Fair value for LHFS in our trading business is based on pending transactions when available. Where market pricing data or pending transactions are not available, we use a discounted cash flow model to estimate fair value.

LOANS Although loans are recorded at amortized cost, we record nonrecurring fair value adjustments to reflect partial write-downs that are based on the observable market price of the loan or current appraised value of the collateral.

MORTGAGE SERVICING RIGHTS (MSRs) Residential MSRs are carried at fair value on a recurring basis. Commercial MSRs are carried at LOCOM and may be written down to fair value on a nonrecurring basis. MSRs do not trade in an active market with readily observable prices. We determine the fair value of MSRs using a valuation model that estimates the present value of expected future net servicing income. The model incorporates assumptions that market participants use in estimating future net servicing income cash flows, including estimates of prepayment speeds (including housing price volatility for residential MSRs), discount rates, default rates, cost to service (including delinquency and foreclosure costs), escrow account earnings, contractual servicing fee income, ancillary income and late fees.

DERIVATIVES Derivatives are recorded at fair value on a recurring basis. The fair value of substantially all exchange-traded derivatives, which include certain equity option contracts, are measured using available quoted market prices. The fair value of non-exchange-traded derivatives, which predominantly relate to derivatives traded in over-the-counter (OTC) markets, are measured using internal valuation techniques, as quoted market prices are not always readily available. Valuation techniques and inputs to internally-developed models depend on the type of derivative and nature of the underlying rate, price or index upon which the value of the derivative is based. Key inputs can include yield curves, credit curves, foreign exchange rates, prepayment rates, volatility measurements and correlation of certain of these inputs.

EQUITY SECURITIES Marketable equity securities and certain nonmarketable equity securities that we have elected to account for at fair value are recorded at fair value on a recurring basis. Our remaining nonmarketable equity securities are accounted for using the equity method, cost method or measurement alternative and can be subject to nonrecurring fair value adjustments to record impairment. Additionally, the carrying value of equity securities accounted for under the measurement alternative is also remeasured to fair value upon the occurrence of orderly observable transactions of the same or similar securities of the same issuer.

We use quoted prices to determine the fair value of marketable equity securities, as the securities are publicly traded. Quoted prices are typically not available for nonmarketable equity securities. We therefore use other methods, generally market comparable pricing techniques, to determine fair value for such securities. We use all available information in making this determination, which includes observable transaction prices for the same or similar security, prices from third-party pricing services, broker quotes, trading multiples of comparable public companies, and discounted cash flow models. Where appropriate, we make adjustments to observed market data to reflect the comparative differences between the market data and the attributes of our equity security, such as differences with public companies and other investment-specific considerations like liquidity, marketability or differences in terms of the instruments.

FORECLOSED ASSETS Foreclosed assets are carried at net realizable value, which represents fair value less costs to sell. Fair value is generally based upon independent market prices or appraised values of the collateral.

Liabilities

SHORT-SALE TRADING LIABILITIES Short-sale trading liabilities in our trading business are recorded at fair value on a recurring basis and are measured using quoted prices in active markets, where available. When quoted prices for the same instruments are not available or markets are not active, fair values are estimated using recent trades of similar securities.

Level 3 Asset and Liability Valuation Processes

We generally determine fair value of our Level 3 assets and liabilities by using internally-developed models and, to a lesser extent, prices obtained from vendors. Our valuation processes vary depending on which approach is utilized.

INTERNAL MODEL VALUATIONS Certain Level 3 fair value estimates are based on internally-developed models, such as discounted cash flow or market comparable pricing techniques. Some of the inputs used in these valuations are unobservable. Unobservable inputs are generally derived from or can be correlated to historic performance of similar portfolios or previous market trades in similar instruments where particular unobservable inputs may be implied. We attempt to correlate each unobservable input to historical experience and other third-party data where available.

Internal valuation models are subject to review prescribed within our model risk management policies and procedures, which include model validation. Model validation helps ensure our models are appropriate for their intended use and appropriate controls exist to help mitigate risk of invalid valuations. Model validation assesses the adequacy and appropriateness of our models, including reviewing its key components, such as inputs, processing components, logic or theory, output results and supporting model documentation. Validation also includes ensuring significant unobservable model inputs are appropriate given observable market transactions or other market data within the same or similar asset classes.

We also have ongoing monitoring procedures in place for our Level 3 assets and liabilities that use internal valuation models. These procedures, which are designed to provide reasonable assurance that models continue to perform as expected, include:

- ongoing analysis and benchmarking to market transactions and other independent market data (including pricing vendors, if available);
- back-testing of modeled fair values to actual realized transactions; and
- review of modeled valuation results against expectations, including review of significant or unusual fluctuations in value.

We update model inputs and methodologies periodically to reflect these monitoring procedures. Additionally, existing models are subject to periodic reviews and we perform full model revalidations as necessary.

Internal valuation models are subject to ongoing review by the appropriate principal line of business or enterprise function and monitoring oversight by Independent Risk Management. Independent Risk Management, through its Model Risk function, provides independent oversight of model risk management, and its responsibilities include governance, validation, periodic review, and monitoring of model risk across the Company and providing periodic reports to management and the Board's Risk Committee.

VENDOR-DEVELOPED VALUATIONS We routinely obtain pricing from third-party vendors to value our assets or liabilities. In certain limited circumstances, this includes assets and liabilities that we classify as Level 3. We have processes in place to approve and periodically review third-party vendors to ensure information obtained and valuation techniques used are appropriate. This review may consist of, among other things, obtaining and evaluating control reports issued and pricing methodology materials distributed. We monitor and review vendor prices on an ongoing basis to ensure the fair values are reasonable and in line with market experience in similar asset classes. While the inputs used to determine fair value are not provided by the pricing vendors, and therefore unavailable for our review, we perform one or more of the following procedures to validate the pricing information and determine appropriate classification within the fair value hierarchy:

- comparison to other pricing vendors (if available);
- variance analysis of prices;
- corroboration of pricing by reference to other independent market data, such as market transactions and relevant benchmark indices;
- review of pricing by Company personnel familiar with market liquidity and other market-related conditions; and
- investigation of prices on a specific instrument-by-instrument basis.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

Table 17.1 presents the balances of assets and liabilities recorded at fair value on a recurring basis.

Table 17.1: Fair Value on a Recurring Basis

(in millions)	December 31, 2020				December 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading debt securities:								
Securities of U.S. Treasury and federal agencies	\$ 32,060	3,197	—	35,257	32,335	4,382	—	36,717
Collateralized loan obligations	—	534	148	682	—	555	183	738
Corporate debt securities	—	10,696	13	10,709	—	11,006	38	11,044
Federal agency mortgage-backed securities	—	23,549	—	23,549	—	26,458	—	26,458
Non-agency mortgage-backed securities	—	1,039	12	1,051	—	1,254	—	1,254
Other debt securities	—	3,847	—	3,847	—	3,520	2	3,522
Total trading debt securities	32,060	42,862	173	75,095	32,335	47,175	223	79,733
Available-for-sale debt securities:								
Securities of U.S. Treasury and federal agencies	22,159	—	—	22,159	13,460	1,500	—	14,960
Non-U.S. government securities	—	16,813	—	16,813	—	—	—	—
Securities of U.S. states and political subdivisions	—	19,182	224	19,406	—	39,924	413	40,337
Federal agency mortgage-backed securities	—	139,070	—	139,070	—	162,453	—	162,453
Non-agency mortgage-backed securities	—	3,697	32	3,729	—	4,719	42	4,761
Collateralized loan obligations	—	9,018	—	9,018	—	29,055	—	29,055
Other debt securities	38	7,421	2,738	10,197	37	10,746	1,110	11,893
Total available-for-sale debt securities	22,197	195,201	2,994	220,392	13,497	248,397	1,565	263,459
Loans held for sale	—	17,572	1,234	18,806	—	16,364	1,214	17,578
Mortgage servicing rights (residential)	—	—	6,125	6,125	—	—	11,517	11,517
Derivative assets (gross):								
Interest rate contracts	11	35,590	462	36,063	26	23,792	229	24,047
Commodity contracts	—	1,997	39	2,036	—	1,413	8	1,421
Equity contracts	4,888	12,384	1,613	18,885	2,946	4,135	1,455	8,536
Foreign exchange contracts	19	8,573	11	8,603	12	5,197	5	5,214
Credit contracts	—	45	50	95	—	49	59	108
Total derivative assets (gross)	4,918	58,589	2,175	65,682	2,984	34,586	1,756	39,326
Equity securities:								
Marketable	23,995	596	5	24,596	33,702	216	3	33,921
Nonmarketable (1)	10	21	9,228	9,259	—	22	7,847	7,869
Total equity securities	24,005	617	9,233	33,855	33,702	238	7,850	41,790
Total assets prior to derivative netting	\$ 83,180	314,841	21,934	419,955	82,518	346,760	24,125	453,403
Derivative netting (2)				(39,836)	(25,123)			
Total assets after derivative netting				380,119	428,280			
Derivative liabilities (gross):								
Interest rate contracts	\$ (27)	(26,259)	(16)	(26,302)	\$ (23)	(19,328)	(15)	(19,366)
Commodity contracts	—	(1,503)	(40)	(1,543)	—	(1,746)	(24)	(1,770)
Equity contracts	(4,860)	(15,219)	(1,927)	(22,006)	(2,011)	(6,729)	(1,724)	(10,464)
Foreign exchange contracts	(10)	(8,134)	(12)	(8,156)	(11)	(6,213)	(23)	(6,247)
Credit contracts	—	(49)	(9)	(58)	—	(53)	(30)	(83)
Total derivative liabilities (gross)	(4,897)	(51,164)	(2,004)	(58,065)	(2,045)	(34,069)	(1,816)	(37,930)
Short-sale trading liabilities	(15,292)	(7,149)	—	(22,441)	(11,482)	(5,948)	—	(17,430)
Total liabilities prior to derivative netting	\$ (20,189)	(58,313)	(2,004)	(80,506)	(13,527)	(40,017)	(1,816)	(55,360)
Derivative netting (2)				41,556	28,851			
Total liabilities after derivative netting				(38,950)	(26,509)			

- (1) Excludes \$154 million and \$146 million of nonmarketable equity securities as of December 31, 2020 and 2019, respectively, that are measured at fair value using non-published NAV per share (or its equivalent) as a practical expedient that are not classified in the fair value hierarchy.
- (2) Represents balance sheet netting of derivative asset and liability balances, related cash collateral and portfolio level counterparty valuation adjustments. See Note 16 (Derivatives) for additional information.

Note 17: Fair Values of Assets and Liabilities (continued)

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

Table 17.2 presents the changes in Level 3 assets and liabilities measured at fair value on a recurring basis.

Table 17.2: Changes in Level 3 Fair Value Assets and Liabilities on a Recurring Basis

(in millions)	Balance, beginning of period	Net gains/(losses) (1)	Purchases (2)	Sales	Settlements	Transfers into Level 3 (3)	Transfers out of Level 3 (4)	Balance, end of period	Net unrealized gains (losses) related to assets and liabilities held at period end (5)
Year ended December 31, 2020									
Trading debt securities	\$ 223	(53)	600	(589)	(12)	115	(111)	173	(36) (6)
Available-for-sale debt securities	1,565	(34)	43	(68)	(263)	2,255	(504)	2,994	1 (6)
Loans held for sale	1,214	(96)	1,312	(586)	(323)	1,927	(2,214)	1,234	(38) (6)
Mortgage servicing rights (residential) (8)	11,517	(7,068)	1,707	(32)	1	—	—	6,125	(4,693) (7)
Net derivative assets and liabilities:									
Interest rate contracts	214	2,074	—	—	(1,842)	—	—	446	334
Equity contracts	(269)	(316)	—	—	298	(22)	(5)	(314)	(19)
Other derivative contracts	(5)	(63)	8	3	73	22	1	39	11
Total derivative contracts	(60)	1,695	8	3	(1,471)	—	(4)	171	326 (9)
Equity securities	\$ 7,850	1,369	2	—	—	23	(11)	9,233	1,370 (6)
Year ended December 31, 2019									
Trading debt securities	\$ 290	(31)	391	(385)	(34)	1	(9)	223	(31) (6)
Available-for-sale debt securities	2,044	(6)	475	(9)	(743)	6	(202)	1,565	(4) (6)
Loans held for sale	1,057	56	356	(237)	(263)	354	(109)	1,214	51 (6)
Mortgage servicing rights (residential) (8)	14,649	(4,779)	1,933	(286)	—	—	—	11,517	(2,569) (7)
Net derivative assets and liabilities:									
Interest rate contracts	25	585	—	—	(396)	—	—	214	249
Equity contracts	(17)	(571)	—	—	292	6	21	(269)	(186)
Other derivative contracts	13	(176)	13	(12)	132	2	23	(5)	12
Total derivative contracts	21	(162)	13	(12)	28	8	44	(60)	75 (9)
Equity securities	\$ 5,468	2,383	—	(1)	—	12	(12)	7,850	2,386 (6)
Year ended December 31, 2018									
Trading debt securities	\$ 407	(16)	428	(352)	(161)	—	(16)	290	(15) (6)
Available-for-sale debt securities	2,994	71	364	(167)	(874)	—	(344)	2,044	(4) (6)
Loans held for sale	1,012	(25)	444	(360)	(156)	152	(10)	1,057	(21) (6)
Mortgage servicing rights (residential) (8)	13,625	(915)	2,010	(71)	—	—	—	14,649	960 (7)
Net derivative assets and liabilities:									
Interest rate contracts	71	(397)	—	—	351	—	—	25	(42)
Equity contracts	(511)	(108)	3	(37)	556	(1)	81	(17)	(169)
Other derivative contracts	62	(34)	12	(7)	(13)	(7)	—	13	(28)
Total derivative contracts	(378)	(539)	15	(44)	894	(8)	81	21	(239) (9)
Equity securities	\$ 5,203	703	—	(51)	(399)	16	(4)	5,468	642 (6)

- (1) Includes net gains (losses) included in both net income and other comprehensive income. All amounts represent net gains (losses) included in net income except for \$0 million, \$(40) million, and \$(18) million included in other comprehensive income from available-for-sale debt securities for the years ended December 31, 2020, 2019 and 2018, respectively.
- (2) Includes originations of mortgage servicing rights and loans held for sale.
- (3) All assets and liabilities transferred into Level 3 were previously classified within Level 2.
- (4) All assets and liabilities transferred out of Level 3 are classified as Level 2, except for \$153 million of available-for-sale debt securities that were transferred to loans during third quarter 2019.
- (5) Includes net unrealized gains (losses) related to assets and liabilities held at period end included in both net income and other comprehensive income. All amounts represent net unrealized gains (losses) included in net income except for \$57 million included in other comprehensive income from available-for-sale debt securities for the year ended December 31, 2020.
- (6) Included in net gains on trading and securities in the consolidated statement of income.
- (7) Included in mortgage banking income and other noninterest income in the consolidated statement of income.
- (8) For more information on the changes in mortgage servicing rights, see Note 9 (Mortgage Banking Activities).
- (9) Included in mortgage banking income, net gains on trading and securities, and other noninterest income in the consolidated statement of income.

Table 17.3 provides quantitative information about the valuation techniques and significant unobservable inputs used in the valuation of our Level 3 assets and liabilities measured at fair value on a recurring basis for which we use an internal model.

The significant unobservable inputs for Level 3 assets and liabilities inherent in the fair values obtained from third-party vendors are not included in the table, as the specific inputs applied are not provided by the vendor (see discussion in the "Level 3 Asset and Liability Valuation Processes" section within this Note regarding vendor-developed valuations).

Weighted averages of inputs are calculated using outstanding unpaid principal balance for cash instruments, such as loans and securities, and notional amounts for derivative instruments.

Table 17.3: Valuation Techniques – Recurring Basis

(\$ in millions, except cost to service amounts)	Fair Value Level 3	Valuation Technique(s)	Significant Unobservable Inputs	Range of Inputs			Weighted Average
December 31, 2020							
Trading and available-for-sale debt securities	\$ 2,126	Discounted cash flow	Discount rate	0.4	-	14.7 %	3.6
	759	Vendor priced					
	173	Market comparable pricing	Comparability adjustment	(39.8)	-	0.3	(8.4)
	109	Market comparable pricing	Multiples	7.2x	-	12.1x	8.0x
Loans held for sale	1,234	Discounted cash flow	Default rate	0.0	-	31.6 %	1.7
			Discount rate	1.3	-	12.0	4.5
			Loss severity	0.0	-	32.3	18.4
			Prepayment rate	8.3	-	23.6	15.1
Mortgage servicing rights (residential)	6,125	Discounted cash flow	Cost to service per loan (1)	\$ 63	-	712	130
			Discount rate	4.9	-	8.3 %	5.8
			Prepayment rate (2)	14.3	-	22.8	19.9
Net derivative assets and (liabilities):							
Interest rate contracts	206	Discounted cash flow	Default rate	0.0	-	6.0	1.7
			Loss severity	50.0	-	50.0	50.0
			Prepayment rate	2.8	-	22.0	18.2
Interest rate contracts: derivative loan commitments	240	Discounted cash flow	Fall-out factor	1.0	-	99.0	28.8
			Initial-value servicing	(51.6)	-	268.0 bps	65.5
Equity contracts	220	Discounted cash flow	Conversion factor	(8.6)	-	0.0 %	(8.2)
			Weighted average life	0.5	-	2.0 yrs	1.0
	(534)	Option model	Correlation factor	(77.0)	-	99.0 %	24.8
			Volatility factor	6.5	-	96.6	26.4
Nonmarketable equity securities	9,228	Market comparable pricing	Comparability adjustment	(20.3)	-	(3.2)	(13.8)
Insignificant Level 3 assets, net of liabilities							
Total Level 3 assets, net of liabilities	\$ 19,930 (3)						
December 31, 2019							
Trading and available-for-sale debt securities	\$ 693	Discounted cash flow	Discount rate	1.3	-	14.9 %	6.6
	852	Vendor priced					
	243	Market comparable pricing	Comparability adjustment	(19.7)	-	19.2	0.5
Loans held for sale	1,214	Discounted cash flow	Default rate	0.0	-	15.5	0.7
			Discount rate	3.0	-	5.6	4.5
			Loss severity	0.0	-	43.5	21.7
			Prepayment rate	5.7	-	15.4	7.8
Mortgage servicing rights (residential)	11,517	Discounted cash flow	Cost to service per loan (1)	\$ 61	-	495	102
			Discount rate	6.0	-	13.6 %	7.2
			Prepayment rate (2)	9.6	-	24.4	11.9
Net derivative assets and (liabilities):							
Interest rate contracts	146	Discounted cash flow	Default rate	0.0	-	5.0	1.7
			Loss severity	50.0	-	50.0	50.0
			Prepayment rate	2.8	-	25.0	15.0
Interest rate contracts: derivative loan commitments	68	Discounted cash flow	Fall-out factor	1.0	-	99.0	16.7
			Initial-value servicing	(32.2)	-	149.0 bps	36.4
Equity contracts	147	Discounted cash flow	Conversion factor	(8.8)	-	0.0 %	(7.7)
			Weighted average life	0.5	-	3.0 yrs	1.5
	(416)	Option model	Correlation factor	(77.0)	-	99.0 %	23.8
			Volatility factor	6.8	-	100.0	18.7
Nonmarketable equity securities	7,847	Market comparable pricing	Comparability adjustment	(20.2)	-	(4.2)	(14.6)
Insignificant Level 3 assets, net of liabilities							
Total Level 3 assets, net of liabilities	\$ 22,309 (3)						

- (1) The high end of the range of inputs is for servicing modified loans. For non-modified loans the range is \$63 - \$252 at December 31, 2020, and \$61 - \$231 at December 31, 2019.
- (2) Includes a blend of prepayment speeds and expected defaults. Prepayment speeds are influenced by mortgage interest rates as well as our estimation of drivers of borrower behavior.
- (3) Consists of total Level 3 assets of \$21.9 billion and \$24.1 billion and total Level 3 liabilities of \$2.0 billion and \$1.8 billion, before netting of derivative balances, at December 31, 2020 and 2019, respectively.

Note 17: Fair Values of Assets and Liabilities (continued)

The internal valuation techniques used for our Level 3 assets and liabilities, as presented in Table 17.3, are described as follows:

- **Discounted cash flow** – Discounted cash flow valuation techniques generally consist of developing an estimate of future cash flows that are expected to occur over the life of an instrument and then discounting those cash flows at a rate of return that results in the fair value amount.
- **Market comparable pricing** – Market comparable pricing valuation techniques are used to determine the fair value of certain instruments by incorporating known inputs, such as recent transaction prices, pending transactions, financial metrics of comparable companies, or prices of other similar investments that require significant adjustment to reflect differences in instrument characteristics.
- **Option model** – Option model valuation techniques are generally used for instruments in which the holder has a contingent right or obligation based on the occurrence of a future event, such as the price of a referenced asset going above or below a predetermined strike price. Option models estimate the likelihood of the specified event occurring by incorporating assumptions such as volatility estimates, price of the underlying instrument and expected rate of return.

The unobservable inputs presented in the previous tables are those we consider significant to the fair value of the Level 3 asset or liability. We consider unobservable inputs to be significant if by their exclusion the fair value of the Level 3 asset or liability would be impacted by a predetermined percentage change. We also consider qualitative factors, such as nature of the instrument, type of valuation technique used, and the significance of the unobservable inputs relative to other inputs used within the valuation. Following is a description of the significant unobservable inputs provided in the table.

- **Comparability adjustment** – is an adjustment made to observed market data, such as a transaction price to reflect dissimilarities in underlying collateral, issuer, rating, or other factors used within a market valuation approach, expressed as a percentage of an observed price.
- **Conversion Factor** – is the risk-adjusted rate in which a particular instrument may be exchanged for another instrument upon settlement, expressed as a percentage change from a specified rate.
- **Correlation factor** – is the likelihood of one instrument changing in price relative to another based on an established relationship expressed as a percentage of relative change in price over a period over time.
- **Cost to service** – is the expected cost per loan of servicing a portfolio of loans, which includes estimates for unreimbursed expenses (including delinquency and foreclosure costs) that may occur as a result of servicing such loan portfolios.
- **Default rate** – is an estimate of the likelihood of not collecting contractual amounts owed expressed as a constant default rate (CDR).
- **Discount rate** – is a rate of return used to calculate the present value of the future expected cash flow to arrive at the fair value of an instrument. The discount rate consists of a benchmark rate component and a risk premium component. The benchmark rate component, for example, OIS, London Interbank Offered Rate (LIBOR) or U.S. Treasury rates, is generally observable within the market and is necessary to appropriately reflect the time value of money. The risk premium component reflects the amount of compensation market participants require due to the

uncertainty inherent in the instruments' cash flows resulting from risks such as credit and liquidity.

- **Fall-out factor** – is the expected percentage of loans associated with our interest rate lock commitment portfolio that are likely of not funding.
- **Initial-value servicing** – is the estimated value of the underlying loan, including the value attributable to the embedded servicing right, expressed in basis points of outstanding unpaid principal balance.
- **Loss severity** – is the estimated percentage of contractual cash flows lost in the event of a default.
- **Multiples** – are financial ratios of comparable public companies, such as ratios of enterprise value or market value of equity to earnings before interest, depreciation, and amortization (EBITDA), revenue, net income or book value, adjusted to reflect dissimilarities in operational, financial, or marketability to the comparable public company used in a market valuation approach.
- **Prepayment rate** – is the estimated rate at which forecasted prepayments of principal of the related loan or debt instrument are expected to occur, expressed as a constant prepayment rate (CPR).
- **Volatility factor** – is the extent of change in price an item is estimated to fluctuate over a specified period of time expressed as a percentage of relative change in price over a period over time.
- **Weighted average life** – is the weighted average number of years an investment is expected to remain outstanding based on its expected cash flows reflecting the estimated date the issuer will call or extend the maturity of the instrument or otherwise reflecting an estimate of the timing of an instrument's cash flows whose timing is not contractually fixed.

Interrelationships and Uncertainty of Inputs Used in Recurring Level 3 Fair Value Measurements

Usage of the valuation techniques presented in Table 17.3 requires determination of relevant inputs and assumptions, some of which represent significant unobservable inputs. Accordingly, changes in these unobservable inputs may have a significant impact on fair value.

Certain of these unobservable inputs will (in isolation) have a directionally consistent impact on the fair value of the instrument for a given change in that input. Alternatively, the fair value of the instrument may move in an opposite direction for a given change in another input. Where multiple inputs are used within the valuation technique of an asset or liability, a change in one input in a certain direction may be offset by an opposite change in another input having a potentially muted impact to the overall fair value of that particular instrument. Additionally, a change in one unobservable input may result in a change to another unobservable input (that is, changes in certain inputs are interrelated to one another), which may counteract or magnify the fair value impact.

DEBT SECURITIES AND LOANS HELD FOR SALE The internal models used to determine fair value for these Level 3 instruments use certain significant unobservable inputs within a discounted cash flow or market comparable pricing valuation technique. Such inputs include discount rate, prepayment rate, default rate, loss severity, multiples, and comparability adjustment.

These Level 3 assets would decrease (increase) in value based upon an increase (decrease) in discount rate, default rate or loss severity inputs and would generally decrease (increase) in value based upon an increase (decrease) in prepayment rate.

Conversely, these Level 3 assets would increase (decrease) in value based upon an increase (decrease) in multiples. The comparability adjustment input may have a positive or negative impact on fair value depending on the change in fair value of the item the comparability adjustment references.

Generally, a change in the assumption used for default rate is accompanied by a directionally similar change in the risk premium component of the discount rate (specifically, the portion related to credit risk) and a directionally opposite change in the assumption used for prepayment rates. Unobservable inputs for comparability adjustment, multiples, and loss severity do not increase or decrease based on movements in the other significant unobservable inputs for these Level 3 assets.

MORTGAGE SERVICING RIGHTS The discounted cash flow models used to determine fair value of Level 3 MSR's utilize certain significant unobservable inputs including prepayment rate, discount rate and costs to service. An increase in any of these unobservable inputs will reduce the fair value of the MSR's and alternatively, a decrease in any one of these inputs would result in the MSR's increasing in value. Generally, a change in the assumption used for the default rate is accompanied by a directionally similar change in the assumption used for cost to service and a directionally opposite change in the assumption used for prepayment. The sensitivity of our residential MSR's is discussed further in Note 9 (Mortgage Banking Activities).

DERIVATIVE INSTRUMENTS Level 3 derivative instruments are valued using market comparable pricing, option pricing and discounted cash flow valuation techniques which use certain unobservable inputs to determine fair value. Such inputs consist of prepayment rate, default rate, loss severity, initial-value servicing, fall-out factor, volatility factor, weighted average life, conversion factor, and correlation factor.

Level 3 derivative assets (liabilities) where we are long the underlying would decrease (increase) in value upon an increase (decrease) in default rate, fall-out factor, conversion factor, or loss severity inputs. Conversely, Level 3 derivative assets (liabilities) would generally increase (decrease) in value upon an increase (decrease) in prepayment rate, initial-value servicing, weighted average life or volatility factor inputs. The inverse of the above relationships would occur for instruments when we are short the underlying. The correlation factor input may have a

positive or negative impact on the fair value of derivative instruments depending on the change in fair value of the item the correlation factor references.

Generally, for derivative instruments for which we are subject to changes in the value of the underlying referenced instrument, a change in the assumption used for default rate is accompanied by directionally similar change in the risk premium component of the discount rate (specifically, the portion related to credit risk) and a directionally opposite change in the assumption used for prepayment rates. Unobservable inputs for loss severity, initial-value servicing, fall-out factor, volatility factor, weighted average life, conversion factor, and correlation factor do not increase or decrease based on movements in other significant unobservable inputs for these Level 3 instruments.

NONMARKETABLE EQUITY SECURITIES Level 3 nonmarketable equity securities are valued using a market comparable pricing valuation technique, with a comparability adjustment as the single significant unobservable input. The comparability adjustment input may have a positive or negative impact on fair value depending on the change in fair value of the item the comparability adjustment references.

Assets and Liabilities Recorded at Fair Value on a Nonrecurring Basis

We may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis in accordance with GAAP. These adjustments to fair value usually result from application of LOCOM accounting, write-downs of individual assets or application of the measurement alternative for nonmarketable equity securities.

Table 17.4 provides the fair value hierarchy and fair value at the date of the nonrecurring fair value adjustment for all assets that were still held as of December 31, 2020 and 2019, and for which a nonrecurring fair value adjustment was recorded during the years then ended.

Table 17.5 presents the increase (decrease) in value of certain assets held at the end of the respective reporting periods presented for which a nonrecurring fair value adjustment was recognized during the periods presented.

Table 17.4: Fair Value on a Nonrecurring Basis

(in millions)	December 31, 2020			December 31, 2019		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Loans held for sale (1)	2,672	2,945	5,617	2,039	3,803	5,842
Loans:						
Commercial	1,385	—	1,385	280	—	280
Consumer	395	—	395	213	1	214
Total loans	1,780	—	1,780	493	1	494
Mortgage servicing rights (commercial)	—	510	510	—	—	—
Nonmarketable equity securities	2,397	790	3,187	1,308	173	1,481
Other assets	1,350	428	1,778	359	27	386
Total assets at fair value on a nonrecurring basis	\$ 8,199	4,673	12,872	4,199	4,004	8,203

(1) Predominantly consists of commercial mortgages and residential mortgage – first lien loans.

Nonmarketable equity securities includes impairment on private equity and venture capital investments and gains or losses under the measurement alternative. Premises and equipment includes the full impairment of certain capitalized software projects. Other assets includes impairments of

operating lease ROU assets, valuation losses on foreclosed real estate and other collateral owned, and impairment on private equity and venture capital investments in consolidated portfolio companies.

Note 17: Fair Values of Assets and Liabilities (continued)

Table 17.5: Change in Value of Assets with Nonrecurring Fair Value Adjustment

(in millions)	Year ended December 31,		
	2020	2019	2018
Loans held for sale	\$ 12	11	(18)
Loans:			
Commercial	(754)	(291)	(221)
Consumer	(260)	(207)	(284)
Total loans	(1,014)	(498)	(505)
Mortgage servicing rights (commercial)	(37)	—	—
Nonmarketable equity securities	435	322	265
Premises and equipment	—	(170)	—
Other assets	(469)	(84)	(40)
Total	\$ (1,073)	(419)	(298)

Table 17.6 provides quantitative information about the valuation techniques and significant unobservable inputs used in the valuation of our Level 3 assets that are measured at fair value on a nonrecurring basis, a significant portion of which use an internal model. The table is limited to financial instruments that had nonrecurring fair value adjustments during the periods presented. Weighted averages of inputs are calculated using outstanding unpaid principal balance for cash instruments, such as loans, and carrying value prior to the nonrecurring fair value measurement for nonmarketable equity securities.

Table 17.6: Valuation Techniques – Nonrecurring Basis

(\$ in millions)	Fair Value Level 3	Valuation Technique(s) (1)	Significant Unobservable Inputs (1)	Range of Inputs Positive (Negative)	Weighted Average
December 31, 2020					
Loans held for sale (2)	\$ 1,628	Discounted cash flow	Default rate (3)	0.3 — 85.5 %	31.5
			Discount rate	0.6 — 11.9	3.0
			Loss severity	0.4 — 45.0	8.1
			Prepayment rate (4)	8.3 — 100.0	42.5
	1,317	Market comparable pricing	Comparability adjustment	(11.6) — (1.8)	(3.1)
Mortgage servicing rights (commercial)	510	Discounted cash flow	Cost to service per loan	\$ 150 — 3,377	2,779
			Discount rate	1.9 — 1.9 %	1.9
			Prepayment rate	0.0 — 20.0	5.4
Nonmarketable equity securities (5)	844	Market comparable pricing	Multiples	0.1x — 10.9x	5.0x
	188	Market comparable pricing	Comparability adjustment	(100.0) — (20.0)%	(61.4)
	76	Other	Company risk factor	(100.0) — (20.0)	(57.7)
	91	Discounted cash flow	Discount rate	10.0 — 20.0	11.5
			Company risk factor	(62.6) — 0.0	(30.3)
			Crude oil prices (\$/barrel)	\$ 42 — 48	47
			Natural gas prices (\$/MMBtu)	2 — 2	2
Insignificant Level 3 assets	19				
Total	\$ 4,673				
December 31, 2019					
Loans held for sale (2)	\$ 3,803	Discounted cash flow	Default rate (3)	0.3 — 48.3 %	4.6
			Discount rate	1.5 — 9.4	4.3
			Loss severity	0.4 — 100.0	23.4
			Prepayment rate (4)	4.8 — 100.0	23.2
Insignificant Level 3 assets	201				
Total	\$ 4,004				

- (1) Refer to the narrative following Table 17.3 for a definition of the valuation technique(s) and significant unobservable inputs used in the valuation of loans held for sale, mortgage servicing rights, and certain nonmarketable equity securities.
- (2) Consists of approximately \$2.6 billion and \$1.3 billion of government insured/guaranteed loans purchased from GNMA-guaranteed mortgage securitizations at December 31, 2020 and 2019, respectively, and approximately \$300 million and \$2.5 billion of other mortgage loans that are not government insured/guaranteed at December 31, 2020 and 2019, respectively.
- (3) Applies only to non-government insured/guaranteed loans.
- (4) Includes the impact on prepayment rate of expected defaults for government insured/guaranteed loans, which impact the frequency and timing of early resolution of loans.
- (5) Includes \$417 million of private equity and venture capital investments in consolidated portfolio companies classified in other assets on the consolidated balance sheet.

We typically use a market approach to estimate the fair value of our nonmarketable private equity and venture capital investments in portfolio companies. The market approach bases the fair value measurement on market data (for example, use of market comparable pricing techniques) that are used to derive the enterprise value of the portfolio company. Market comparable pricing techniques may include utilization of multiples and recent or anticipated transactions (for example, a financing round, merger, acquisition or bankruptcy) involving the

subject portfolio company, or participants in its industry or related industries. Based upon these recent or anticipated transactions, current market conditions and other factors specific to the issuer, we make adjustments to estimate the enterprise value of the portfolio company. As a result of the recent market environment, we also utilized other valuation techniques. These techniques included the use of company risk factors in the estimation of the fair value of certain nonmarketable equity securities. The company risk factors are

based upon entity-specific considerations including the debt and liquidity profile, projected cash flow or funding issues as well as other factors that may affect the company's outlook.

Fair Value Option

The fair value option is an irrevocable election, generally only permitted upon initial recognition of financial assets or liabilities, to measure eligible financial instruments at fair value with changes in fair value reflected in earnings. We may elect the fair value option to align the measurement model with how the financial assets or liabilities are managed or to reduce complexity or accounting asymmetry. Following is a discussion of the portfolios for which we elected the fair value option.

LOANS HELD FOR SALE (LHFS) LHFS measured at fair value include residential mortgage loan originations for which an active secondary market and readily available market prices exist to reliably support our valuations. Loan origination fees on these loans are recorded when earned, and related direct loan origination costs are recognized when incurred. We believe fair

value measurement for LHFS, which we economically hedge with derivatives along with our MSRs measured at fair value, reduces certain timing differences and better matches changes in the value of these assets with changes in the value of derivatives used as economic hedges for these assets.

Additionally we purchase loans for market-making purposes to support the buying and selling demands of our customers in our trading business. These loans are generally held for a short period of time and managed within parameters of internally approved market risk limits. Fair value measurement best aligns with our risk management practices. Fair value for these loans is generally determined using readily available market data based on recent transaction prices for similar loans.

Table 17.7 reflects differences between the fair value carrying amount of the assets for which we have elected the fair value option and the contractual aggregate unpaid principal amount at maturity. Nonaccrual loans and loans 90 days or more past due and still accruing included in LHFS which we have elected the fair value option are insignificant at December 31, 2020 and 2019.

Table 17.7: Fair Value Option

	December 31, 2020			December 31, 2019		
	Fair value carrying amount	Aggregate unpaid principal	Fair value carrying amount less aggregate unpaid principal	Fair value carrying amount	Aggregate unpaid principal	Fair value carrying amount less aggregate unpaid principal
(in millions)						
Loans held for sale	\$ 18,806	18,217	589	17,578	17,299	279

The changes in fair value related to initial measurement and subsequent changes in fair value included in earnings for LHFS accounted for under the fair value option were \$2.7 billion, \$1.1 billion, and \$462 million for the years ended December 31, 2020, 2019 and 2018, respectively. Substantially all of these amounts were included in the mortgage banking noninterest income line of the consolidated statement of income. For performing loans, instrument-specific credit risk gains or losses were derived principally by determining the change in fair value of the loans due to changes in the observable or implied credit spread. Credit spread is the market yield on the loans less the relevant risk-free benchmark interest rate. For nonperforming loans, we attribute all changes in fair value to instrument-specific credit risk. Gains and losses attributable to instrument-specific credit risk related to assets accounted for under the fair value option for the years ended December 31, 2020, 2019 and 2018 are insignificant.

Note 17: Fair Values of Assets and Liabilities (continued)

Disclosures about Fair Value of Financial Instruments

Table 17.8 presents a summary of fair value estimates for financial instruments that are not carried at fair value on a recurring basis. Some financial instruments are excluded from the scope of this table, such as certain insurance contracts and leases. This table also excludes assets and liabilities that are not financial instruments such as the value of the long-term relationships with our deposit, credit card and trust customers, MSRs, premises and equipment, goodwill and deferred taxes.

Loan commitments, standby letters of credit and commercial and similar letters of credit are not included in

Table 17.8. A reasonable estimate of the fair value of these instruments is the carrying value of deferred fees plus the allowance for unfunded credit commitments, which totaled \$1.4 billion and \$1.0 billion at December 31, 2020 and 2019, respectively.

The total of the fair value calculations presented does not represent, and should not be construed to represent, the underlying fair value of the Company.

Table 17.8: Fair Value Estimates for Financial Instruments

		Estimated fair value			
(in millions)	Carrying amount	Level 1	Level 2	Level 3	Total
December 31, 2020					
Financial assets					
Cash and due from banks (1)	\$ 28,236	28,236	—	—	28,236
Interest-earning deposits with banks (1)	236,376	236,258	118	—	236,376
Federal funds sold and securities purchased under resale agreements (1)	65,672	—	65,672	—	65,672
Held-to-maturity debt securities	205,720	48,597	162,777	933	212,307
Loans held for sale	17,578	—	14,952	3,419	18,371
Loans, net (2)	853,595	—	56,270	817,827	874,097
Nonmarketable equity securities (cost method)	3,588	—	—	3,632	3,632
Total financial assets	\$ 1,410,765	313,091	299,789	825,811	1,438,691
Financial liabilities					
Deposits (3)	\$ 52,807	—	33,321	19,940	53,261
Short-term borrowings	58,999	—	58,999	—	58,999
Long-term debt (4)	212,922	—	219,321	1,381	220,702
Total financial liabilities	\$ 324,728	—	311,641	21,321	332,962
December 31, 2019					
Financial assets					
Cash and due from banks (1)	\$ 21,757	21,757	—	—	21,757
Interest-earning deposits with banks (1)	119,493	119,257	236	—	119,493
Federal funds sold and securities purchased under resale agreements (1)	102,140	—	102,140	—	102,140
Held-to-maturity debt securities	153,933	46,138	109,933	789	156,860
Loans held for sale	6,741	—	2,944	4,721	7,665
Loans, net (2)	933,042	—	54,125	891,714	945,839
Nonmarketable equity securities (cost method)	4,790	—	—	4,823	4,823
Total financial assets	\$ 1,341,896	187,152	269,378	902,047	1,358,577
Financial liabilities					
Deposits (3)	\$ 118,849	—	87,279	31,858	119,137
Short-term borrowings	104,512	—	104,513	—	104,513
Long-term debt (4)	228,159	—	231,332	1,720	233,052
Total financial liabilities	\$ 451,520	—	423,124	33,578	456,702

(1) Amounts consist of financial instruments for which carrying value approximates fair value.

(2) Excludes lease financing with a carrying amount of \$15.4 billion and \$19.5 billion at December 31, 2020 and 2019, respectively.

(3) Excludes deposit liabilities with no defined or contractual maturity of \$1.4 trillion and \$1.2 trillion at December 31, 2020 and 2019, respectively.

(4) Excludes capital lease obligations under capital leases of \$28 million and \$32 million at December 31, 2020 and 2019, respectively.

Note 18: Preferred Stock

We are authorized to issue 20 million shares of preferred stock and 4 million shares of preference stock, both without par value. Preferred shares outstanding rank senior to common shares both as to dividends and liquidation preference but have no general voting rights. We have not issued any preference shares under this authorization. If issued, preference shares would be limited to one vote per share. Our total authorized, issued and outstanding preferred stock is presented in the following two tables along with the Employee Stock Ownership Plan (ESOP) Cumulative Convertible Preferred Stock.

In January 2020, we issued \$2.0 billion of our Preferred Stock, Series Z. In March 2020, we redeemed the remaining outstanding shares of our Preferred Stock, Series K, and

redeemed 26,720 outstanding shares of our Preferred Stock, Series T. In October 2020, we issued \$1.2 billion of our Preferred Stock, Series AA. In December 2020, we redeemed the remaining outstanding shares of our Preferred Stock, Series T, and all of the outstanding shares of our Preferred Stock, Series V.

In January 2021, we issued \$3.5 billion of our Preferred Stock, Series BB, and in February 2021, we issued \$1.05 billion of our Preferred Stock, Series CC. Additionally, in February 2021, we announced the redemption of our Preferred Stock, Series I, Series P and Series W, and a partial redemption of our Preferred Stock, Series N, for an aggregate cost of \$4.5 billion. The redemptions are scheduled to occur on March 15, 2021.

Table 18.1: Preferred Stock Shares

	December 31, 2020		December 31, 2019	
	Liquidation preference per share	Shares authorized and designated	Liquidation preference per share	Shares authorized and designated
DEP Shares				
Dividend Equalization Preferred Shares (DEP)	\$ 10	97,000	\$ 10	97,000
Series I				
Floating Class A Preferred Stock (1)	100,000	25,010	100,000	25,010
Series K				
Floating Non-Cumulative Perpetual Class A Preferred Stock (2)	—	—	1,000	3,500,000
Series L				
7.50% Non-Cumulative Perpetual Convertible Class A Preferred Stock (3)	1,000	4,025,000	1,000	4,025,000
Series N				
5.20% Non-Cumulative Perpetual Class A Preferred Stock	25,000	30,000	25,000	30,000
Series O				
5.125% Non-Cumulative Perpetual Class A Preferred Stock	25,000	27,600	25,000	27,600
Series P				
5.25% Non-Cumulative Perpetual Class A Preferred Stock	25,000	26,400	25,000	26,400
Series Q				
5.85% Fixed-to-Floating Non-Cumulative Perpetual Class A Preferred Stock	25,000	69,000	25,000	69,000
Series R				
6.625% Fixed-to-Floating Non-Cumulative Perpetual Class A Preferred Stock	25,000	34,500	25,000	34,500
Series S				
5.90% Fixed-to-Floating Non-Cumulative Perpetual Class A Preferred Stock	25,000	80,000	25,000	80,000
Series T				
6.00% Non-Cumulative Perpetual Class A Preferred Stock (4)	—	—	25,000	32,200
Series U				
5.875% Fixed-to-Floating Non-Cumulative Perpetual Class A Preferred Stock	25,000	80,000	25,000	80,000
Series V				
6.00% Non-Cumulative Perpetual Class A Preferred Stock (5)	—	—	25,000	40,000
Series W				
5.70% Non-Cumulative Perpetual Class A Preferred Stock	25,000	40,000	25,000	40,000
Series X				
5.50% Non-Cumulative Perpetual Class A Preferred Stock	25,000	46,000	25,000	46,000
Series Y				
5.625% Non-Cumulative Perpetual Class A Preferred Stock	25,000	27,600	25,000	27,600
Series Z				
4.75% Non-Cumulative Perpetual Class A Preferred Stock	25,000	80,500	—	—
Series AA				
4.70% Non-Cumulative Perpetual Class A Preferred Stock	25,000	46,800	—	—
ESOP				
Cumulative Convertible Preferred Stock (6)	—	822,242	—	1,071,418
Total		5,557,652		9,251,728

- (1) Series I preferred stock issuance relates to trust preferred securities. See Note 8 (Securitizations and Variable Interest Entities) for additional information. This issuance has a floating interest rate that is the greater of three-month LIBOR plus 0.93% and 5.56975%.
- (2) Floating rate for Preferred Stock, Series K, is three-month LIBOR plus 3.77%. In first quarter 2020, the remaining \$1.8 billion of Preferred Stock, Series K, was redeemed.
- (3) Preferred Stock, Series L, may be converted at any time, at the option of the holder, into 6.3814 shares of our common stock, plus cash in lieu of fractional shares, subject to anti-dilution adjustments.
- (4) In first quarter 2020 and fourth quarter 2020, \$669 million and \$131 million, respectively, of Preferred Stock, Series T, was redeemed.
- (5) In fourth quarter 2020, \$1.0 billion of Preferred Stock, Series V, was redeemed.
- (6) See the "ESOP Cumulative Convertible Preferred Stock" section in this Note for additional information about the liquidation preference for the ESOP Cumulative Convertible Preferred Stock.

Note 18: Preferred Stock (continued)

Table 18.2: Preferred Stock – Shares Issued and Carrying Value

(in millions, except shares)	December 31, 2020				December 31, 2019			
	Shares issued and outstanding	Liquidation preference value	Carrying value	Discount	Shares issued and outstanding	Liquidation preference value	Carrying value	Discount
DEP Shares								
Dividend Equalization Preferred Shares (DEP)	96,546	\$ —	—	—	96,546	\$ —	—	—
Series I (1)								
Floating Class A Preferred Stock	25,010	2,501	2,501	—	25,010	2,501	2,501	—
Series K (2)								
Floating Non-Cumulative Perpetual Class A Preferred Stock	—	—	—	—	1,802,000	1,802	1,546	256
Series L (3)								
7.50% Non-Cumulative Perpetual Convertible Class A Preferred Stock	3,967,995	3,968	3,200	768	3,967,995	3,968	3,200	768
Series N								
5.20% Non-Cumulative Perpetual Class A Preferred Stock	30,000	750	750	—	30,000	750	750	—
Series O								
5.125% Non-Cumulative Perpetual Class A Preferred Stock	26,000	650	650	—	26,000	650	650	—
Series P								
5.25% Non-Cumulative Perpetual Class A Preferred Stock	25,000	625	625	—	25,000	625	625	—
Series Q								
5.85% Fixed-to-Floating Non-Cumulative Perpetual Class A Preferred Stock	69,000	1,725	1,725	—	69,000	1,725	1,725	—
Series R								
6.625% Fixed-to-Floating Non-Cumulative Perpetual Class A Preferred Stock	33,600	840	840	—	33,600	840	840	—
Series S								
5.90% Fixed-to-Floating Non-Cumulative Perpetual Class A Preferred Stock	80,000	2,000	2,000	—	80,000	2,000	2,000	—
Series T (4)								
6.00% Non-Cumulative Perpetual Class A Preferred Stock	—	—	—	—	32,000	800	800	—
Series U								
5.875% Fixed-to-Floating Non-Cumulative Perpetual Class A Preferred Stock	80,000	2,000	2,000	—	80,000	2,000	2,000	—
Series V (5)								
6.00% Non-Cumulative Perpetual Class A Preferred Stock	—	—	—	—	40,000	1,000	1,000	—
Series W								
5.70% Non-Cumulative Perpetual Class A Preferred Stock	40,000	1,000	1,000	—	40,000	1,000	1,000	—
Series X								
5.50% Non-Cumulative Perpetual Class A Preferred Stock	46,000	1,150	1,150	—	46,000	1,150	1,150	—
Series Y								
5.625% Non-Cumulative Perpetual Class A Preferred Stock	27,600	690	690	—	27,600	690	690	—
Series Z								
4.750% Non-Cumulative Perpetual Class A Preferred Stock	80,500	2,013	2,013	—	—	—	—	—
Series AA								
4.70% Non-Cumulative Perpetual Class A Preferred Stock	46,800	1,170	1,170	—	—	—	—	—
ESOP								
Cumulative Convertible Preferred Stock (6)	822,242	822	822	—	1,071,418	1,072	1,072	—
Total	5,496,293	\$ 21,904	21,136	768	7,492,169	\$ 22,573	21,549	1,024

- (1) Floating rate for Preferred Stock, Series I, is the greater of three-month LIBOR plus 0.93% and 5.56975%
(2) Floating rate for Preferred Stock, Series K, is three-month LIBOR plus 3.77%. In first quarter 2020, the remaining \$1.8 billion of Preferred Stock, Series K, was redeemed.
(3) Preferred Stock, Series L, may be converted at any time, at the option of the holder, into 6.3814 shares of our common stock, plus cash in lieu of fractional shares, subject to anti-dilution adjustments.
(4) In first quarter 2020 and fourth quarter 2020, \$669 million and \$131 million respectively, of Preferred Stock, Series T, was redeemed.
(5) In fourth quarter 2020, \$1.0 billion of Preferred Stock, Series V, was redeemed.
(6) See the "ESOP Cumulative Convertible Preferred Stock" section in this Note for additional information about the liquidation preference for the ESOP Cumulative Convertible Preferred Stock.

ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK All shares of our ESOP Cumulative Convertible Preferred Stock (ESOP Preferred Stock) were issued to a trustee acting on behalf of the Wells Fargo & Company 401(k) Plan (the 401(k) Plan). Dividends on the ESOP Preferred Stock are cumulative from the date of initial issuance and are payable quarterly at annual rates based upon the year of issuance. Each share of ESOP Preferred Stock released from the unallocated reserve of the 401(k) Plan is converted into shares of our common stock based on the stated

value of the ESOP Preferred Stock and the then current market price of our common stock. The ESOP Preferred Stock is also convertible at the option of the holder at any time, unless previously redeemed. We have the option to redeem the ESOP Preferred Stock at any time, in whole or in part, at a redemption price per share equal to the higher of (a) \$1,000 per share plus accrued and unpaid dividends or (b) the fair market value, as defined in the Certificates of Designation for the ESOP Preferred Stock.

Table 18.3: ESOP Preferred Stock

(in millions, except shares)	Shares issued and outstanding		Carrying value		Adjustable dividend rate	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019	Minimum	Maximum
ESOP Preferred Stock						
\$1,000 liquidation preference per share						
2018	221,945	254,945	\$ 222	255	7.00 %	8.00 %
2017	163,210	192,210	163	192	7.00	8.00
2016	162,450	197,450	162	198	9.30	10.30
2015	92,904	116,784	93	117	8.90	9.90
2014	99,151	136,151	99	136	8.70	9.70
2013	61,948	97,948	62	98	8.50	9.50
2012	20,634	49,134	21	49	10.00	11.00
2011	—	26,796	—	27	9.00	10.00
Total ESOP Preferred Stock (1)	822,242	1,071,418	\$ 822	1,072		
Unearned ESOP shares (2)			\$ (875)	(1,143)		

(1) At December 31, 2020 and 2019, additional paid-in capital included \$53 million and \$71 million, respectively, related to ESOP preferred stock.

(2) We recorded a corresponding charge to unearned ESOP shares in connection with the issuance of the ESOP Preferred Stock. The unearned ESOP shares are reduced as shares of the ESOP Preferred Stock are committed to be released.

Note 19: Common Stock and Stock Plans

Common Stock

Table 19.1 presents our reserved, issued and authorized shares of common stock at December 31, 2020.

Table 19.1: Common Stock Shares

	Number of shares
Dividend reinvestment and common stock purchase plans	3,871,110
Director plans	229,730
Stock plans (1)	431,463,336
Convertible securities and warrants	65,835,437
Total shares reserved	501,399,613
Shares issued	5,481,811,474
Shares not reserved or issued	3,016,788,913
Total shares authorized	9,000,000,000

(1) Includes employee restricted share rights, performance share awards, 401(k), and deferred compensation plans.

Dividend Reinvestment and Common Stock Purchase Plans

Participants in our dividend reinvestment and common stock direct purchase plans may purchase shares of our common stock at fair market value by reinvesting dividends and/or making optional cash payments under the plan's terms.

Employee Stock Plans

We offer stock-based employee compensation plans as described below. For information on our accounting for stock-based compensation plans, see Note 1 (Summary of Significant Accounting Policies).

LONG-TERM INCENTIVE COMPENSATION PLANS Since 2010, we have granted restricted share rights (RSRs) and performance share awards (PSAs) as our primary long-term incentive awards using our Long-Term Incentive Compensation Plan (LTICP).

Holders of RSRs and PSAs may be entitled to receive additional RSRs and PSAs (dividend equivalents) or cash payments equal to the cash dividends that would have been paid had the RSRs or PSAs been issued and outstanding shares of common stock. RSRs and PSAs granted as dividend equivalents are subject to the same vesting schedule and conditions as the underlying award.

Table 19.2 summarizes the major components of stock incentive compensation expense and the related recognized tax benefit.

Table 19.2: Stock Incentive Compensation Expense

(in millions)	Year ended December 31,		
	2020	2019	2018
RSRs (1)	\$ 732	1,109	1,013
Performance shares (2)	(110)	108	9
Total stock incentive compensation expense	\$ 622	1,217	1,022
Related recognized tax benefit	\$ 154	301	252

(1) In February 2018, a total of 11.9 million RSRs were granted to all eligible employees in the U.S., and eligible employees outside the U.S., referred to as broad-based RSRs.

(2) Compensation expense fluctuates with changes in our stock price and the estimated outcome of satisfying performance conditions.

For various acquisitions and mergers, we converted employee and director stock options of acquired or merged companies into stock options to purchase our common stock based on the terms of the original stock option plan and the agreed-upon exchange ratio. In addition, we converted restricted stock awards into awards that entitle holders to our stock after the vesting conditions are met. Holders receive cash dividends on outstanding awards if provided in the original award.

The total number of shares of common stock available for grant under the plans at December 31, 2020, was 202 million.

Restricted Share Rights

Holders of RSRs are entitled to the related shares of common stock at no cost generally vesting over three to five years after the RSRs are granted. A summary of the status of our RSRs at December 31, 2020, and changes during 2020 is presented in Table 19.3.

Table 19.3: Restricted Share Rights

	Number	Weighted-average grant-date fair value
Nonvested at January 1, 2020	50,915,461	\$ 52.30
Granted	23,504,261	42.53
Vested	(26,643,385)	54.22
Canceled or forfeited	(1,544,567)	49.95
Nonvested at December 31, 2020	46,231,770	46.30

The weighted-average grant date fair value of RSRs granted during 2019 and 2018 was \$49.32 and \$58.47, respectively.

At December 31, 2020, there was \$890 million of total unrecognized compensation cost related to nonvested RSRs. The cost is expected to be recognized over a weighted-average period of 2.4 years. The total fair value of RSRs that vested during 2020, 2019 and 2018 was \$981 million, \$773 million and \$824 million, respectively.

Performance Share Awards

Holders of PSAs are entitled to the related shares of common stock at no cost subject to the Company's achievement of specified performance criteria over a three-year period. PSAs are granted at a target number based on the Company's performance. The number of awards that vest can be adjusted downward to zero and upward to a maximum of either 125% or 150% of target. The awards vest in the quarter after the end of the performance period. For PSAs whose performance period ended December 31, 2020, the determination of the number of performance shares that will vest will occur in first quarter of 2021 after review of the Company's performance by the Human Resources Committee of the Board.

A summary of the status of our PSAs at December 31, 2020, and changes during 2020 is in Table 19.4, based on the performance adjustments recognized as of December 2020.

Table 19.4: Performance Share Awards

	Number	Weighted-average grant-date fair value (1)
Nonvested at January 1, 2020	6,504,213	\$ 49.81
Granted	1,509,410	\$ 40.39
Vested	(1,146,522)	\$ 55.79
Canceled or forfeited	(1,313,493)	\$ 52.20
Nonvested at December 31, 2020	5,553,608	\$ 45.45

(1) Reflects approval date fair value for grants subject to variable accounting.

Table 19.5: Stock Option Activity

	Number	Weighted-average exercise price	Weighted-average contractual term (in years)	Aggregate intrinsic value (in millions)
Incentive compensation plans				
Options outstanding as of December 31, 2019	60,560	\$ 30.69		
Canceled or forfeited	(37,850)	31.72		
Exercised	(22,710)	31.72		
Options exercisable and outstanding as of December 31, 2020	—	—	0.0	\$ —

The total intrinsic value to option holders, which is the stock market value in excess of the option exercise price, of options exercised during 2020, 2019 and 2018 was \$0 million, \$291 million and \$375 million, respectively.

Cash received from the exercise of stock options for 2020, 2019 and 2018 was \$1 million, \$108 million and \$227 million, respectively.

We do not have a specific policy on repurchasing shares to satisfy share option exercises. Rather, we have a general policy on repurchasing shares to meet common stock issuance requirements for our benefit plans (including share option exercises), conversion of our convertible securities, acquisitions and other corporate purposes. Various factors determine the amount and timing of our share repurchases, including our capital requirements, the number of shares we expect to issue for acquisitions and employee benefit plans, market conditions (including the trading price of our stock), and regulatory and legal considerations. These factors can change at any time, and there can be no assurance as to the number of shares we will repurchase or when we will repurchase them.

The weighted-average grant date fair value of performance awards granted during 2019 and 2018 was \$49.26 and \$58.62, respectively.

At December 31, 2020, there was \$16 million of total unrecognized compensation cost related to nonvested performance awards. The cost is expected to be recognized over a weighted-average period of 1.9 years. The total fair value of PSAs that vested during 2020, 2019 and 2018 was \$35 million, \$82 million and \$107 million, respectively.

Director Awards

Beginning in 2011, we granted only common stock awards under the LTICP to non-employee directors elected or re-elected at the annual meeting of stockholders and prorated awards to directors who join the Board at any other time. Stock awards vest immediately. Options also were granted to directors prior to 2011 and can be exercised after 12 months through the tenth anniversary of the grant date.

Stock Options

Table 19.5 summarizes stock option activity and related information for the stock plans. Options assumed in mergers are included in the activity and related information for Incentive Compensation Plans if originally issued under an employee plan, and in the activity and related information for Director Awards if originally issued under a director plan.

Note 19: Common Stock and Stock Plans (continued)

Employee Stock Ownership Plan

The Wells Fargo & Company 401(k) Plan (401(k) Plan) is a defined contribution plan with an Employee Stock Ownership Plan (ESOP) feature. The ESOP feature enables the 401(k) Plan to borrow money to purchase our preferred or common stock. From 1994 through 2018, with the exception of 2009, we loaned money to the 401(k) Plan to purchase shares of our ESOP preferred stock. As our employer contributions are made to the 401(k) Plan and are used to make ESOP loan payments, the ESOP preferred stock in the 401(k) Plan is released and converted into our common stock shares. Dividends on the common stock shares allocated as a result of the release and conversion of the ESOP preferred stock reduce retained earnings, and the shares are considered outstanding for computing earnings per share. Dividends on the unallocated

ESOP preferred stock do not reduce retained earnings, and the shares are not considered to be common stock equivalents for computing earnings per share. Loan principal and interest payments are made from our employer contributions to the 401(k) Plan, along with dividends paid on the ESOP preferred stock. With each principal and interest payment, a portion of the ESOP preferred stock is released and converted to common stock shares, which are allocated to the 401(k) Plan participants and invested in the Wells Fargo ESOP Fund within the 401(k) Plan.

Table 19.6 presents the balance of common stock and unreleased preferred stock held in the Wells Fargo ESOP fund, the fair value of unreleased ESOP preferred stock and the dividends on allocated shares of common stock and unreleased ESOP Preferred Stock paid to the 401(k) Plan.

Table 19.6: Common Stock and Unreleased Preferred Stock in the Wells Fargo ESOP Fund

(in millions, except shares)	Shares outstanding December 31,		
	2020	2019	2018
Allocated shares (common)	155,810,091	138,978,383	138,182,911
Unreleased shares (preferred)	822,242	1,071,418	1,406,460
Fair value of unreleased ESOP preferred shares	\$ 822	1,072	1,407

	Dividends paid Year ended December 31,		
	2020	2019	2018
Allocated shares (common)	\$ 155	233	213
Unreleased shares (preferred)	77	101	159

Note 20: Revenue from Contracts with Customers

Our revenue includes net interest income on financial instruments and noninterest income. Table 20.1 presents our revenue by operating segment. For additional description of our

operating segments, including additional financial information and the underlying management accounting process, see Note 26 (Operating Segments).

Table 20.1: Revenue by Operating Segment

	Year ended December 31, 2020						
(in millions)	Consumer Banking and Lending	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate	Reconciling Items (1)	Consolidated Company
Net interest income (2)	\$ 23,378	6,191	7,501	2,993	247	(475)	39,835
Noninterest income							
Deposit-related fees	2,904	1,219	1,062	27	9	—	5,221
Lending-related fees (2)	158	531	684	9	(1)	—	1,381
Brokerage fees:							
Asset-based revenue (3)	—	—	—	6,992	(1)	—	6,991
Transactional revenue	—	—	17	1,504	(8)	—	1,513
Other revenue	—	—	298	574	(1)	—	871
Total brokerage fees	—	—	315	9,070	(10)	—	9,375
Trust and investment management fees:							
Investment management fees	—	—	—	1,970	—	—	1,970
Trust fees	—	314	—	416	—	—	730
Other revenue	—	82	95	(3)	(2)	—	172
Total trust and investment management fees	—	396	95	2,383	(2)	—	2,872
Investment banking fees	(8)	76	1,952	14	(169)	—	1,865
Card fees:							
Card interchange and network revenues (4)	2,805	170	51	3	1	—	3,030
Other card fees (2)	513	—	—	—	1	—	514
Total card fees	3,318	170	51	3	2	—	3,544
Mortgage banking (2)	3,224	—	282	(13)	—	—	3,493
Net gains (losses) from trading activities (2)	1	(4)	1,190	5	(20)	—	1,172
Net gains on debt securities (2)	6	—	—	—	867	—	873
Net gains (losses) from equity securities (2)	10	(147)	212	(94)	684	—	665
Lease income (2)	—	646	20	—	579	—	1,245
Other (2)	1,025	660	456	115	1,277	(2,734)	799
Total noninterest income	10,638	3,547	6,319	11,519	3,216	(2,734)	32,505
Total revenue	\$ 34,016	9,738	13,820	14,512	3,463	(3,209)	72,340
	Year ended December 31, 2019						
Net interest income (2)	\$ 25,786	8,184	8,005	3,917	1,950	(611)	47,231
Noninterest income							
Deposit-related fees	3,582	1,175	1,029	24	9	—	5,819
Lending-related fees (2)	230	524	710	8	2	—	1,474
Brokerage fees:							
Asset-based revenue (3)	—	—	—	6,777	(2)	—	6,775
Transactional revenue	—	—	26	1,534	—	—	1,560
Other revenue	—	—	266	636	—	—	902
Total brokerage fees	—	—	292	8,947	(2)	—	9,237
Trust and investment management fees:							
Investment management fees (5)	—	—	—	1,988	—	—	1,988
Trust fees (5)	—	313	—	423	179	—	915
Other revenue (5)	—	75	62	(4)	2	—	135
Total trust and investment management fees	—	388	62	2,407	181	—	3,038
Investment banking fees	(5)	85	1,804	6	(93)	—	1,797
Card fees:							
Card interchange and network revenues (4)	2,973	254	79	6	6	—	3,318
Other card fees (2)	699	—	—	—	(1)	—	698
Total card fees	3,672	254	79	6	5	—	4,016
Mortgage banking (2)	2,314	—	413	(12)	—	—	2,715
Net gains (losses) from trading activities (2)	2	(10)	1,022	53	(74)	—	993
Net gains (losses) on debt securities (2)	—	4	(5)	—	141	—	140
Net gains from equity securities (2)	4	115	297	272	2,155	—	2,843
Lease income (2)	—	931	22	—	661	—	1,614
Other (2)	2,306	688	498	104	2,874	(2,324)	4,146
Total noninterest income	12,105	4,154	6,223	11,815	5,859	(2,324)	37,832
Total revenue	\$ 37,891	12,338	14,228	15,732	7,809	(2,935)	85,063

(continued on following page)

Note 20: Revenue from Contracts with Customers (continued)

(continued from previous page)

	Year ended December 31, 2018						
	Consumer Banking and Lending	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate	Reconciling Items (1)	Consolidated Company
Net interest income (2)	\$ 26,985	8,748	8,345	4,317	2,259	(659)	49,995
Noninterest income							
Deposit-related fees	3,431	1,219	1,057	24	10	—	5,741
Lending-related fees (2)	258	604	742	8	16	—	1,628
Brokerage fees:							
Asset-based revenue (3)	—	—	1	6,899	(2)	—	6,898
Transactional revenue	—	—	70	1,618	(40)	—	1,648
Other revenue	—	—	246	646	(2)	—	890
Total brokerage fees	—	—	317	9,163	(44)	—	9,436
Trust and investment management fees:							
Investment management fees (5)	—	—	—	2,079	—	—	2,079
Trust fees (5)	—	301	—	442	386	—	1,129
Other revenue (5)	—	58	54	(12)	8	—	108
Total trust and investment management fees	—	359	54	2,509	394	—	3,316
Investment banking fees	(1)	53	1,730	9	(34)	—	1,757
Card fees:							
Card interchange and network revenues (4)	2,854	264	79	6	5	—	3,208
Other card fees (2)	697	—	—	—	2	—	699
Total card fees	3,551	264	79	6	7	—	3,907
Mortgage banking (2)	2,666	—	362	(11)	—	—	3,017
Net gains (losses) from trading activities (2)	6	(8)	561	57	(14)	—	602
Net gains (losses) on debt securities (2)	—	—	(3)	9	102	—	108
Net gains (losses) from equity securities (2)	5	37	277	(283)	1,479	—	1,515
Lease income (2)	—	1,025	3	—	729	—	1,757
Other (2)	3,014	779	547	61	1,368	(2,140)	3,629
Total noninterest income	12,930	4,332	5,726	11,552	4,013	(2,140)	36,413
Total revenue	\$ 39,915	13,080	14,071	15,869	6,272	(2,799)	86,408

- (1) Taxable-equivalent adjustments related to tax-exempt income on certain loans and debt securities are included in net interest income, while taxable-equivalent adjustments related to income tax credits for low-income housing and renewable energy investments are included in noninterest income, in each case with corresponding impacts to income tax expense (benefit). Adjustments are included in Corporate, Commercial Banking, and Corporate and Investment Banking and are eliminated to reconcile to the Company's consolidated financial results.
- (2) These revenues are related to financial assets and liabilities, including loans, leases, securities and derivatives, with additional details included in other footnotes to our financial statements.
- (3) We earned trailing commissions of \$1.1 billion, \$1.2 billion, and \$1.3 billion for the years ended December 31, 2020, 2019 and 2018, respectively.
- (4) The cost of credit card rewards and rebates of \$1.3 billion, \$1.5 billion and \$1.4 billion for the years ended December 31, 2020, 2019 and 2018, respectively, are presented net against the related revenues.
- (5) In 2020, we changed the classification of certain fees within trust and investment management fees. Prior periods have been revised to conform with the current period presentation.

We provide services to customers which have related performance obligations that we complete to recognize revenue. Our revenues are generally recognized either immediately upon the completion of our service or over time as we perform services. Any services performed over time generally require that we render services each period and therefore we measure our progress in completing these services based upon the passage of time.

DEPOSIT-RELATED FEES are earned in connection with depository accounts for commercial and consumer customers and include fees for account charges, overdraft services, cash network fees, wire transfer and other remittance fees, and safe deposit box fees. Account charges include fees for periodic account maintenance activities and event-driven services such as stop payment fees. Our obligation for event-driven services is satisfied at the time of the event when the service is delivered, while our obligation for maintenance services is satisfied over the course of each month. Our obligation for overdraft services is satisfied at the time of the overdraft. Cash network fees are earned for processing ATM transactions, and our obligation is completed upon settlement of ATM transactions. Wire transfer and other remittance fees consist of fees earned for providing funds transfer services and issuing cashier's checks and money orders. Our obligation is satisfied at the time of the performance of the funds transfer service or upon issuance of the cashier's check or money order. Safe deposit box fees are generally recognized over time as we provide the services.

BROKERAGE FEES are earned for providing brokerage services and include fees earned on asset-based and transactional brokerage accounts, as well as other brokerage services.

Asset-based revenues are charged based on the market value of the client's assets. The services and related obligations associated with certain of these revenues, which include investment advice, active management of client assets, and assistance with selecting and engaging a third-party advisory manager, are generally satisfied over a month or quarter. The remaining revenues include trailing commissions which are earned for selling shares to investors. Our obligation associated with earning trailing commissions is satisfied at the time shares are sold. However, these fees are received and recognized over time during the period the customer owns the shares and we remain the broker of record. The amount of trailing commissions is variable based on the length of time the customer holds the shares and on changes in the value of the underlying assets.

Transactional revenues are earned for executing transactions at the client's direction. Our obligation is generally satisfied upon the execution of the transaction and the fees are based on the size and number of transactions executed.

Other revenues earned from other brokerage advisory services include omnibus and networking fees received from mutual fund companies in return for providing record keeping and other administrative services, and annual account maintenance fees charged to customers.

TRUST AND INVESTMENT MANAGEMENT FEES are earned for providing trust, investment management and other related services.

Investment management services include managing and administering assets, including mutual funds, and institutional separate accounts. Fees for these services are generally determined based on a tiered scale relative to the market value of assets under management (AUM). In addition to AUM, we have client assets under administration (AUA) that earn various administrative fees which are generally based on the extent of the services provided to administer the account. Services with AUM and AUA-based fees are generally satisfied over time.

Trust services include acting as a trustee or agent for corporate trust, personal trust, and agency assets. Obligations for trust services are generally satisfied over time, while obligations for activities that are transactional in nature are satisfied at the time of the transaction.

Other related services include the custody and safekeeping of accounts. Our obligation for these services is generally satisfied over time.

INVESTMENT BANKING FEES are earned for underwriting debt and equity securities, arranging syndicated loan transactions and performing other advisory services. Our obligation for these services is generally satisfied at closing of the transaction.

CARD FEES include credit and debit card interchange and network revenues and various card-related fees. Credit and debit card interchange and network revenues are earned on credit and debit card transactions conducted through payment networks such as Visa, MasterCard, and American Express. Our obligation is satisfied concurrently with the delivery of services on a daily basis. Other card fees represent late fees, cash advance fees, balance transfer fees, and annual fees.

Note 21: Employee Benefits and Other Expenses

Pension and Postretirement Plans

We sponsor a frozen noncontributory qualified defined benefit retirement plan, the Wells Fargo & Company Cash Balance Plan (Cash Balance Plan), which covers eligible employees of Wells Fargo. The Cash Balance Plan was frozen on July 1, 2009, and no new benefits accrue after that date.

Prior to July 1, 2009, eligible employees' Cash Balance Plan accounts were allocated a compensation credit based on a percentage of their certified compensation; the freeze discontinued the allocation of compensation credits after June 30, 2009. Investment credits continue to be allocated to participants' accounts based on their accumulated balances.

We voluntarily made contributions of \$700 million to our Cash Balance Plan in 2020. We do not expect that we will be required to make a contribution to the Cash Balance Plan in 2021. For the nonqualified pension plans and postretirement benefit plans, there is no minimum required contribution beyond the amount needed to fund benefit payments.

We recognize settlement losses for our Cash Balance Plan based on an assessment of whether lump sum benefit payments will, in aggregate for the year, exceed the sum of its annual service and interest cost (threshold). Settlement losses of \$121 million and \$134 million were recognized during 2020 and 2018, respectively, representing the pro rata portion of the net loss in cumulative other comprehensive income based on the percentage reduction in the Cash Balance Plan's projected benefit obligation attributable to 2020 and 2018 lump sum payments (included in the "Benefits paid" line in Table 21.1). Settlement losses were not recognized in 2019 as lump sum payments did not exceed the 2019 threshold.

Our nonqualified defined benefit plans are unfunded and provide supplemental defined benefit pension benefits to certain eligible employees. The benefits under these plans were frozen in prior years.

We provide health care and life insurance benefits for certain retired employees, and we reserve the right to amend, modify or terminate any of the benefits at any time.

Note 21: Employee Benefits and Other Expenses (continued)

The information set forth in the following tables is based on current actuarial reports using the measurement date of December 31 for our pension and postretirement benefit plans.

Table 21.1 presents the changes in the benefit obligation and the fair value of plan assets, the funded status, and the

amounts recognized on the consolidated balance sheet. At both December 31, 2020 and 2019, changes in the benefit obligation for the qualified plans were primarily driven by the changes in the actuarial losses due to a decrease in the discount rates.

Table 21.1: Changes in Benefit Obligation and Fair Value of Plan Assets

(in millions)	December 31, 2020			December 31, 2019		
	Pension benefits		Other benefits	Pension benefits		Other benefits
	Qualified	Non-qualified		Qualified	Non-qualified	
Change in benefit obligation:						
Benefit obligation at beginning of year	\$ 11,116	572	525	10,129	557	555
Service cost	14	—	—	11	—	—
Interest cost	325	16	16	419	22	23
Plan participants' contributions	—	—	43	—	—	44
Actuarial loss (gain)	1,205	25	(15)	1,229	49	(11)
Benefits paid	(706)	(57)	(78)	(672)	(57)	(86)
Settlements, Curtailments, and Amendments	(1)	—	—	(2)	—	—
Foreign exchange impact	3	—	—	2	1	—
Benefit obligation at end of year	11,956	556	491	11,116	572	525
Change in plan assets:						
Fair value of plan assets at beginning of year	10,763	—	540	9,477	—	511
Actual return on plan assets	1,291	—	38	1,758	—	64
Employer contribution	712	57	6	199	57	7
Plan participants' contributions	—	—	43	—	—	44
Benefits paid	(706)	(57)	(78)	(672)	(57)	(86)
Settlement	(1)	—	—	(1)	—	—
Foreign exchange impact	2	—	—	2	—	—
Fair value of plan assets at end of year	12,061	—	549	10,763	—	540
Funded status at end of year	\$ 105	(556)	58	(353)	(572)	15
Amounts recognized on the consolidated balance sheet at end of year:						
Assets	\$ 181	—	84	1	—	44
Liabilities	(76)	(556)	(26)	(354)	(572)	(29)

Table 21.2 provides information for pension and post retirement plans with benefit obligations in excess of plan assets.

Table 21.2: Plans with Benefit Obligations in Excess of Plan Assets

(in millions)	December 31, 2020		December 31, 2019	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Projected benefit obligation	\$ 715	N/A	11,653	N/A
Accumulated benefit obligation	684	26	11,634	29
Fair value of plan assets	82	—	10,727	—

Table 21.3 presents the components of net periodic benefit cost and other comprehensive income (OCI). Service cost is reported in personnel expense and all other components of net

periodic benefit cost are reported in other noninterest expense on the consolidated statement of income.

Table 21.3: Net Periodic Benefit Cost and Other Comprehensive Income

(in millions)	December 31, 2020			December 31, 2019			December 31, 2018		
	Pension benefits		Other benefits	Pension benefits		Other benefits	Pension benefits		Other benefits
	Qualified	Non-qualified		Qualified	Non-qualified		Qualified	Non-qualified	
Service cost	\$ 14	—	—	11	—	—	11	—	—
Interest cost	325	16	16	419	22	23	392	21	21
Expected return on plan assets	(603)	—	(21)	(567)	—	(28)	(641)	—	(31)
Amortization of net actuarial loss (gain)	157	14	(19)	148	10	(17)	131	14	(18)
Amortization of prior service credit	—	—	(10)	—	—	(10)	—	—	(10)
Settlement loss	121	3	—	—	2	—	134	2	—
Net periodic benefit cost	14	33	(34)	11	34	(32)	27	37	(38)
Other changes in plan assets and benefit obligations recognized in other comprehensive income:									
Net actuarial loss (gain)	517	25	(32)	38	49	(47)	445	(27)	15
Amortization of net actuarial gain (loss)	(157)	(14)	19	(148)	(10)	17	(131)	(14)	18
Prior service cost	—	—	—	—	—	—	1	—	—
Amortization of prior service credit	—	—	10	—	—	10	—	—	10
Settlement	(121)	(3)	—	—	(2)	—	(134)	(2)	—
Total recognized in other comprehensive income	239	8	(3)	(110)	37	(20)	181	(43)	43
Total recognized in net periodic benefit cost and other comprehensive income	\$ 253	41	(37)	(99)	71	(52)	208	(6)	5

Table 21.4 provides the amounts recognized in cumulative OCI (pre-tax).

Table 21.4: Benefits Recognized in Cumulative OCI

(in millions)	December 31, 2020			December 31, 2019		
	Pension benefits		Other benefits	Pension benefits		Other benefits
	Qualified	Non-qualified		Qualified	Non-qualified	
Net actuarial loss (gain)	\$ 3,465	194	(370)	3,226	186	(357)
Net prior service cost (credit)	1	—	(136)	1	—	(146)
Total	\$ 3,466	194	(506)	3,227	186	(503)

Plan Assumptions

For additional information on our pension accounting assumptions, see Note 1 (Summary of Significant Accounting Policies). Table 21.5 presents the weighted-average assumptions used to estimate the projected benefit obligation.

Table 21.5: Weighted-Average Assumptions Used to Estimate Projected Benefit Obligation

	December 31, 2020			December 31, 2019		
	Pension benefits		Other benefits	Pension benefits		Other benefits
	Qualified	Non-qualified		Qualified	Non-qualified	
Discount rate	2.46 %	2.15	2.31	3.21	3.03	3.10
Interest crediting rate	2.66	0.87	N/A	2.70	1.35	N/A

Note 21: Employee Benefits and Other Expenses (continued)

Table 21.6 presents the weighted-average assumptions used to determine the net periodic benefit cost.

Table 21.6: Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost

	December 31, 2020			December 31, 2019			December 31, 2018		
	Pension benefits		Other benefits	Pension benefits		Other benefits	Pension benefits		Other benefits
	Qualified	Non-qualified		Qualified	Non-qualified		Qualified	Non-qualified	
Discount rate (1)	2.95 %	3.12	3.10	4.30	4.10	4.24	3.65	3.65	3.54
Interest crediting rate (1)	2.68	1.46	N/A	3.22	2.05	N/A	2.74	1.68	N/A
Expected return on plan assets	5.74	N/A	4.00	6.24	N/A	5.75	6.24	N/A	5.75

(1) Includes the impact of interim re-measurements as applicable.

To account for postretirement health care plans, we used health care cost trend rates to recognize the effect of expected changes in future health care costs due to medical inflation, utilization changes, new technology, regulatory requirements and Medicare cost shifting. In determining the end of year benefit obligation, we assumed an average annual increase of approximately 7.80% for health care costs in 2021. This rate is assumed to trend down 0.30%-0.40% per year until the trend rate reaches an ultimate rate of 4.50% in 2030. The 2020 periodic benefit cost was determined using an initial annual trend rate of 8.30%. This rate was assumed to decrease 0.40%-0.50% per year until the trend rate reached an ultimate rate of 4.50% in 2028.

Investment Strategy and Asset Allocation

We seek to achieve the expected long-term rate of return with a prudent level of risk, given the benefit obligations of the pension plans and their funded status. Our overall investment strategy is designed to provide our Cash Balance Plan with a moderate amount of long-term growth opportunities while ensuring that risk is mitigated through diversification across numerous asset classes and various investment strategies, coupled with an investment strategy for the fixed income assets that is generally designed to approximate the interest rate sensitivity of the Cash Balance Plan's benefit obligations. The Cash Balance Plan currently has a target asset allocation mix comprised of the following ranges: 65%-75% fixed income, 20%-30% equities, and 5%-10% in real estate, private equity and other investments. The Employee Benefit Review Committee (EBRC), which includes several members of senior management, formally reviews the investment risk and performance of our Cash Balance Plan on a quarterly basis. Annual Plan liability analysis and periodic asset/liability evaluations are also conducted.

Other benefit plan assets include (1) assets held in a 401(h) trust, which are invested with a target mix of 40%-60% for both equities and fixed income, and (2) assets held in the Retiree Medical Plan Voluntary Employees' Beneficiary Association (VEBA) trust, which are predominately invested in fixed income securities and cash. Members of the EBRC formally review the investment risk and performance of these assets on a quarterly basis.

Projected Benefit Payments

Future benefits that we expect to pay under the pension and other benefit plans are presented in Table 21.7.

Table 21.7: Projected Benefit Payments

(in millions)	Pension benefits		Other benefits
	Qualified	Non-qualified	
Year ended December 31,			
2021	\$ 763	47	39
2022	806	45	38
2023	732	43	36
2024	710	42	35
2025	716	40	34
2026-2030	3,397	173	146

Fair Value of Plan Assets

Table 21.8 presents the classification of the fair value of the pension plan and other benefit plan assets in the fair value hierarchy. See Note 17 (Fair Values of Assets and Liabilities) for a description of the fair value hierarchy.

Table 21.8: Pension and Other Benefit Plan Assets

(in millions)	Carrying value at year end							
	Pension plan assets				Other benefits plan assets			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
December 31, 2020								
Cash and cash equivalents	\$ 68	154	—	222	46	145	—	191
Long duration fixed income (1)	1,032	6,092	—	7,124	—	—	—	—
Intermediate (core) fixed income (2)	—	333	—	333	—	186	—	186
High-yield fixed income	—	232	—	232	—	—	—	—
International fixed income	—	136	—	136	—	—	—	—
Domestic large-cap stocks (3)	647	242	—	889	—	74	—	74
Domestic mid-cap stocks	216	121	—	337	—	20	—	20
Domestic small-cap stocks	212	10	—	222	—	12	—	12
Global stocks (4)	—	417	—	417	—	—	—	—
International stocks (5)	260	440	1	701	12	25	—	37
Emerging market stocks	51	216	—	267	—	—	—	—
Real estate	133	44	2	179	—	—	—	—
Hedge funds/absolute return	73	77	—	150	—	—	—	—
Other	174	65	9	248	5	—	24	29
Plan investments – excluding investments at NAV	\$ 2,866	8,579	12	11,457	63	462	24	549
Investments at NAV (6)				572				—
Net receivables				32				—
Total plan assets				\$ 12,061				549
December 31, 2019								
Cash and cash equivalents	\$ 3	287	—	290	53	145	—	198
Long duration fixed income (1)	821	5,259	—	6,080	—	—	—	—
Intermediate (core) fixed income (2)	—	167	—	167	—	177	—	177
High-yield fixed income	—	217	—	217	—	—	—	—
International fixed income	33	97	—	130	—	—	—	—
Domestic large-cap stocks (3)	700	290	—	990	—	73	—	73
Domestic mid-cap stocks	210	113	—	323	—	19	—	19
Domestic small-cap stocks	201	9	—	210	—	11	—	11
Global stocks (4)	92	374	—	466	—	—	—	—
International stocks (5)	567	120	—	687	12	22	—	34
Emerging market stocks	—	249	—	249	—	—	—	—
Real estate	141	35	7	183	—	—	—	—
Hedge funds/absolute return	68	50	—	118	—	—	—	—
Other	57	48	9	114	4	—	24	28
Plan investments – excluding investments at NAV	\$ 2,893	7,315	16	10,224	69	447	24	540
Investments at NAV (6)				478				—
Net receivables				61				—
Total plan assets				\$ 10,763				540

- (1) This category includes a diversified mix of assets, which are being managed in accordance with a duration target of approximately 12 years and 10 years, for December 31, 2020 and 2019, respectively, and an emphasis on corporate credit bonds combined with investments in U.S. Treasury securities and other U.S. agency and non-agency bonds.
- (2) This category includes assets that are intermediate duration, investment grade bonds held in investment strategies benchmarked to the Bloomberg Barclays Capital U.S. Aggregate Bond Index, including U.S. Treasury securities, agency and non-agency asset-backed bonds and corporate bonds.
- (3) This category covers a broad range of investment styles, including active, enhanced index and passive approaches, as well as style characteristics of value, core and growth emphasized strategies. Assets in this category are currently diversified across eight unique investment strategies with no single investment manager strategy representing more than 2.0% of total plan assets.
- (4) This category consists of five unique investment strategies providing exposure to broadly diversified, global equity investments with no single strategy representing more than 1.5% of total Plan assets.
- (5) This category includes assets diversified across five and four unique investment strategies for December 31, 2020 and 2019, respectively, providing exposure to companies in developed market, non-U.S. countries with no single strategy representing more than 2.5% of total plan assets in both years.
- (6) Consists of certain investments that are measured at fair value using NAV per share (or its equivalent) as a practical expedient and are excluded from the fair value hierarchy.

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Note 21: Employee Benefits and Other Expenses (continued)

Table 21.9 presents the changes in Level 3 pension plan and other benefit plan assets measured at fair value.

Table 21.9: Fair Value Level 3 Pension and Other Benefit Plan Assets

(in millions)	Balance beginning of year	Gains (losses) (1)	Purchases, sales and settlements (net)	Transfer into/(out of) Level 3	Balance end of year
Year ended December 31, 2020					
Pension plan assets	\$ 16	(1)	(4)	1	12
Other benefits plan assets	24	—	—	—	24
Year ended December 31, 2019					
Pension plan assets	22	4	(10)	—	16
Other benefits plan assets	24	—	—	—	24

- (1) Represents unrealized and realized gains (losses). All unrealized gains (losses) relate to instruments held at period end.

VALUATION METHODOLOGIES Following is a description of the valuation methodologies used for assets measured at fair value.

Cash and Cash Equivalents – includes investments in collective investment funds valued at fair value based upon the fund's NAV per share held at year-end. The NAV per share is quoted on a private market that is not active; however, the NAV per share is based on underlying investments traded on an active market. This group of assets also includes investments in registered investment companies valued at the NAV per share held at year-end and in interest-bearing bank accounts.

Long Duration, Intermediate (Core), High-Yield, and International Fixed Income – includes investments traded on the secondary markets; prices are measured by using quoted market prices for similar securities, pricing models, and discounted cash flow analyses using significant inputs observable in the market where available, or a combination of multiple valuation techniques. This group of assets also includes highly liquid government securities such as U.S. Treasuries, limited partnerships valued at the NAV, registered investment companies and collective investment funds described above.

Domestic, Global, International and Emerging Market Stocks – investments in exchange-traded equity securities are valued at quoted market values. This group of assets also includes investments in registered investment companies and collective investment funds described above.

Real Estate – includes investments in real estate, which are valued at fair value based on an income capitalization valuation approach. Market values are estimates, and the actual market price of the real estate can only be determined by negotiation between independent third parties in sales transactions. This group of assets also includes investments in exchange-traded equity securities and collective investment funds described above.

Hedge Funds / Absolute Return – includes investments in registered investment companies, and limited partnerships, as described above.

Other – insurance contracts that are stated at cash surrender value. This group of assets also includes investments in registered investment companies and collective investment funds described above.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While we believe our valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Defined Contribution Retirement Plans

We sponsor a qualified defined contribution retirement plan, the Wells Fargo & Company 401(k) Plan (401(k) Plan). Under the 401(k) Plan, after 1 month of service, eligible employees may contribute up to 50% of their certified compensation, subject to statutory limits. Eligible employees who complete one year of service are eligible for quarterly company matching contributions, which are generally dollar for dollar up to 6% of an employee's eligible certified compensation. Matching contributions are 100% vested. The 401(k) Plan includes an employer discretionary profit sharing contribution feature to allow us to make a contribution to eligible employees' 401(k) Plan accounts for a plan year. Eligible employees who complete one year of service are eligible for profit sharing contributions. Profit sharing contributions are vested after three years of service. Total defined contribution retirement plan expenses were \$1.1 billion in both 2020, 2019 and \$1.2 billion, in 2018.

Effective January 2021, we implemented the following changes to the 401(k) Plan: (1) added a new base contribution of 1% of certified compensation for employees with annual compensation of less than \$75,000; (2) replaced the discretionary profit sharing contribution with a discretionary contribution for employees with annual compensation of less than \$150,000; (3) revised the contribution and vesting timing, whereby the match, base and discretionary employer contributions require one year of service, vest after three years of service, and are made annually at year-end for employees who are eligible for benefits on December 15; and (4) allow participants to elect installment distributions in addition to lump sum and partial lump sum distributions.

Other Expenses

Regulatory Charges and Assessments expense, which is included in other noninterest expense, was \$834 million, \$723 million, and \$1.1 billion in 2020, 2019 and 2018, respectively, and primarily consisted of Federal Deposit Insurance Corporation (FDIC) deposit assessment expense.

Note 22: Restructuring Charges

The Company is pursuing various initiatives to reduce expenses and create a more efficient and streamlined organization. Actions from these initiatives may include (i) reorganizing and simplifying business processes and structures to improve internal operations and the customer experience, (ii) reducing headcount, (iii) optimizing third-party spending, including for our technology infrastructure, and (iv) rationalizing our branch and administrative locations, which may include consolidations and closures. The evaluation of potential actions will continue in future periods.

Restructuring charges are recorded as a component of noninterest expense on our consolidated statement of income.

The following costs associated with these initiatives are included in restructuring charges.

- Personnel costs – Severance costs associated with headcount reductions with payments made over time in accordance with our severance plan, as well as payments for other employee benefit costs such as incentive compensation.
- Facility closure costs – Write-downs and acceleration of depreciation and amortization of owned or leased assets for branch and administrative locations, as well as related decommissioning costs.
- Other – Impairment of other assets and costs associated with our technology infrastructure.

Table 22.1 provides details on our restructuring charges.

Table 22.1: Accruals for Restructuring Charges

(in millions)	Personnel costs	Facility closure costs	Other	Total
Beginning balance at January 1, 2020	\$ —	—	—	—
Restructuring charges	1,371	80	144	1,595
Payments and utilization	(105)	(80)	(100)	(285)
Changes in estimates (1)	(96)	—	—	(96)
Ending balance at December 31, 2020	\$ 1,170	—	44	1,214

(1) Represents reduction of expense for changes in previously estimated amounts based on refinements of assumptions.

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Note 23: Income Taxes

Table 23.1 presents the components of income tax expense (benefit).

Table 23.1: Income Tax Expense (Benefit)

(in millions)	Year ended December 31,		
	2020	2019	2018
Current:			
U.S. Federal	\$ 389	5,244	2,382
U.S. State and local	(291)	2,005	1,140
Non-U.S.	211	154	170
Total current	309	7,403	3,692
Deferred:			
U.S. Federal	(2,460)	(2,374)	1,706
U.S. State and local	(794)	(863)	236
Non-U.S.	(60)	(9)	28
Total deferred	(3,314)	(3,246)	1,970
Total	\$ (3,005)	4,157	5,662

The tax effects of our temporary differences that gave rise to significant portions of our deferred tax assets and liabilities are presented in Table 23.2.

Table 23.2: Net Deferred Taxes (1)

(in millions)	Dec 31, 2020	Dec 31, 2019
Deferred tax assets		
Allowance for credit losses	\$ 4,871	2,587
Deferred compensation and employee benefits	3,225	2,969
Accrued expenses	1,098	874
Basis difference in debt securities	555	690
Net operating loss and tax credit carry forwards	366	363
Other	906	1,276
Total deferred tax assets	11,021	8,759
Deferred tax assets valuation allowance	(310)	(306)
Deferred tax liabilities		
Mark to market, net	(4,043)	(4,146)
Leasing	(3,849)	(4,413)
Mortgage servicing rights	(2,647)	(3,080)
Basis difference in investments	(1,894)	(1,626)
Net unrealized gains on debt securities	(994)	(504)
Intangible assets	(605)	(511)
Insurance reserves	(586)	(561)
Other	(851)	(890)
Total deferred tax liabilities	(15,469)	(15,731)
Net deferred tax liability (2)	\$ (4,758)	(7,278)

(1) Prior period amounts have been revised to conform with the current period presentation.

(2) The net deferred tax liability is included in accrued expenses and other liabilities. Balances as of December 31, 2020, include a \$322 million impact as a result of the Company's adoption of CECL.

Deferred taxes related to net unrealized gains (losses) on debt securities, net unrealized gains (losses) on derivatives, foreign currency translation, and employee benefit plan adjustments are recorded in cumulative OCI. See Note 25 (Other Comprehensive Income) for more information.

We have determined that a valuation allowance is required for 2020 in the amount of \$310 million, attributable to deferred tax assets in various state and non-U.S. jurisdictions where we believe it is more likely than not that these deferred tax assets will not be realized due to lack of sources of taxable income, limitations on carry back of losses or credits and the inability to implement tax planning to realize these deferred tax assets. We have concluded that it is more likely than not that the remaining deferred tax assets will be realized based on our history of earnings, sources of taxable income in carry back periods, and our ability to implement tax planning strategies.

At December 31, 2020, we had net operating loss and tax credit carry forwards with related deferred tax assets of \$366 million. If these carry forwards are not utilized, they will mostly expire in varying amounts through December 31, 2040.

We do not intend to distribute earnings of certain non-U.S. subsidiaries in a taxable manner, and therefore intend to limit distributions to non-U.S. earnings previously taxed in the U.S., that would qualify for the 100% dividends received deduction, and that would not result in any significant state or non-U.S. taxes. All other undistributed non-U.S. earnings will continue to be permanently reinvested outside the U.S. and the related tax liability on these earnings is insignificant.

Table 23.3 reconciles the statutory federal income tax rate to the effective income tax rate. Our effective tax rate is calculated by dividing income tax expense (benefit) by income

before income tax expense (benefit) less the net income from noncontrolling interests.

Table 23.3: Effective Income Tax Expense (Benefit) and Rate (1)

(in millions)	2020		2019		December 31, 2018	
	Amount	Rate	Amount	Rate	Amount	Rate
Statutory federal income tax expense and rate	\$ 62	21.0 %	\$ 4,978	21.0 %	\$ 5,892	21.0 %
Change in tax rate resulting from:						
State and local taxes on income, net of federal income tax benefit	(20)	(6.8)	896	3.8	1,076	3.9
Tax-exempt interest	(358)	(121.0)	(460)	(2.0)	(494)	(1.8)
Tax credits	(2,014)	(680.6)	(1,715)	(7.2)	(1,537)	(5.5)
Nondeductible expenses	199	67.2	799	3.3	500	1.8
Changes in prior year unrecognized tax benefits, inclusive of interest	(938)	(316.9)	(88)	(0.4)	432	1.5
Other	64	21.5	(253)	(1.0)	(207)	(0.7)
Effective income tax expense (benefit) and rate	\$ (3,005)	(1,015.6) %	\$ 4,157	17.5 %	\$ 5,662	20.2 %

(1) In 2020, we reclassified certain items within the effective income tax reconciliation. Prior period amounts have been revised to conform with the current period presentation.

All three years include the impact of litigation accruals that are not deductible for U.S. federal income tax purposes. The 2018 effective tax rate reflects \$164 million of income tax expense resulting from the final measurement of our initial estimates regarding the impacts of the Tax Cuts & Jobs Act (Tax Act) signed into law December 2017. In addition, the 2018 effective tax rate includes the reconsideration of reserves for state income taxes following the U.S. Supreme Court opinion in *South Dakota v. Wayfair, Inc.*

Table 23.4 presents the change in unrecognized tax benefits.

Table 23.4: Change in Unrecognized Tax Benefits (1)

(in millions)	Year ended December 31,	
	2020	2019
Balance at beginning of year	\$ 6,996	7,143
Additions:		
For tax positions related to the current year	52	268
For tax positions related to prior years	263	91
Reductions:		
For tax positions related to prior years	(1,820)	(378)
Lapse of statute of limitations	(3)	(5)
Settlements with tax authorities	(662)	(123)
Balance at end of year	\$ 4,826	6,996

(1) Prior period amounts have been revised to reflect the impact of certain refund claims, which also impacted the balance at the beginning of the year ended December 31, 2020. The revisions did not impact income tax expense (benefit).

Of the \$4.8 billion of unrecognized tax benefits at December 31, 2020, approximately \$3.4 billion would, if recognized, affect the effective tax rate. The remaining \$1.4 billion of unrecognized tax benefits relates to income tax positions on temporary differences.

We account for interest and penalties related to unrecognized tax benefits as a component of income tax expense. As of December 31, 2020 and 2019, we have accrued approximately \$951 million and \$998 million, respectively, for interest and penalties, net of tax. In 2020 and 2019, we recognized income tax expense, net of tax, of \$10 million and \$35 million, respectively, related to interest and penalties.

We are subject to U.S. federal income tax as well as income tax in numerous state and non-U.S. jurisdictions. We are routinely examined by tax authorities in these various jurisdictions. With few exceptions, Wells Fargo and its subsidiaries are not subject to federal, state, local and non-U.S. income tax examinations for taxable years prior to 2011. It is possible that one or more of the examinations or appeals may be resolved within the next twelve months resulting in a decrease of up to \$1.4 billion of our gross unrecognized tax benefits. Table 23.5 summarizes our major tax jurisdiction examination status as of December 31, 2020.

Table 23.5: Tax Examination Status

Jurisdiction	Tax Year(s)	Status
United States	2004-2007	Administrative appeals
United States	2011-2014	Administrative appeals
United States	2015-2018	Field examination
California	2015-2016	Field examination
New York State and City	2015-2016	Field examination

Note 24: Earnings and Dividends Per Common Share

Table 24.1 shows earnings per common share and diluted earnings per common share and reconciles the numerator and denominator of both earnings per common share calculations. See Note 1 (Summary of Significant Accounting Policies) for

discussion on share repurchases, and the Consolidated Statement of Changes in Equity and Note 19 (Common Stock and Stock Plans) for information about stock and options activity and terms and conditions of warrants.

Table 24.1: Earnings Per Common Share Calculations

	Year ended December 31,		
(in millions, except per share amounts)	2020	2019	2018
Wells Fargo net income	\$ 3,301	19,549	22,393
Less: Preferred stock dividends and other (1)	1,591	1,611	1,704
Wells Fargo net income applicable to common stock (numerator)	\$ 1,710	17,938	20,689
Earnings per common share			
Average common shares outstanding (denominator)	4,118.0	4,393.1	4,799.7
Per share	\$ 0.42	4.08	4.31
Diluted earnings per common share			
Average common shares outstanding	4,118.0	4,393.1	4,799.7
Add: Stock options (2)	—	0.8	8.0
Restricted share rights (2)	16.2	31.5	26.3
Warrants (2)	—	—	4.4
Diluted average common shares outstanding (denominator)	4,134.2	4,425.4	4,838.4
Per share	\$ 0.41	4.05	4.28

- (1) The years ended December 31, 2020, 2019 and 2018, includes \$301 million, \$220 million and \$155 million, respectively, from the elimination of discounts or issuance costs associated with redemptions of preferred stock.
- (2) Calculated using the treasury stock method.

Table 24.2 presents the outstanding securities that were anti-dilutive and therefore not included in the calculation of diluted earnings per common share.

Table 24.2: Outstanding Anti-Dilutive Securities

	Weighted-average shares		
	Year ended December 31,		
(in millions)	2020	2019	2018
Convertible Preferred Stock, Series L (1)	25.3	25.3	25.3
Restricted share rights (2)	1.1	—	—
Stock options (2)	—	—	0.3

- (1) Calculated using the if-converted method.
- (2) Calculated using the treasury stock method.

Table 24.3 presents dividends declared per common share.

Table 24.3: Dividends Declared Per Common Share

	Year ended December 31,		
	2020	2019	2018
Per common share	\$ 1.22	1.92	1.64

Note 25: Other Comprehensive Income

Table 25.1 provides the components of other comprehensive income (OCI), reclassifications to net income by income statement line item, and the related tax effects.

Table 25.1: Summary of Other Comprehensive Income

(in millions)	Year ended December 31,								
	2020			2019			2018		
	Before tax	Tax effect	Net of tax	Before tax	Tax effect	Net of tax	Before tax	Tax effect	Net of tax
Debt securities:									
Net unrealized gains (losses) arising during the period	\$ 2,317	(570)	1,747	5,439	(1,337)	4,102	(4,493)	1,100	(3,393)
Reclassification of net (gains) losses to net income:									
Interest income on debt securities (1)	532	(132)	400	263	(65)	198	357	(88)	269
Net gains on debt securities	(873)	213	(660)	(140)	34	(106)	(108)	27	(81)
Other noninterest income	—	—	—	(1)	—	(1)	(1)	—	(1)
Subtotal reclassifications to net income	(341)	81	(260)	122	(31)	91	248	(61)	187
Net change	1,976	(489)	1,487	5,561	(1,368)	4,193	(4,245)	1,039	(3,206)
Derivatives and hedging activities:									
Fair Value Hedges:									
Change in fair value of excluded components on fair value hedges (2)	(31)	7	(24)	(3)	1	(2)	(254)	63	(191)
Cash Flow Hedges:									
Net unrealized gains (losses) arising during the period on cash flow hedges	10	(2)	8	(21)	5	(16)	(278)	67	(211)
Reclassification of net losses to net income:									
Interest income on loans	215	(53)	162	291	(72)	219	292	(72)	220
Interest expense on long-term debt	4	(1)	3	8	(2)	6	2	—	2
Subtotal reclassifications to net income	219	(54)	165	299	(74)	225	294	(72)	222
Net change	198	(49)	149	275	(68)	207	(238)	58	(180)
Defined benefit plans adjustments:									
Net actuarial and prior service losses arising during the period	(510)	126	(384)	(40)	10	(30)	(434)	106	(328)
Reclassification of amounts to noninterest expense (3):									
Amortization of net actuarial loss	152	(37)	115	141	(35)	106	127	(31)	96
Settlements and other	114	(26)	88	(8)	5	(3)	126	(29)	97
Subtotal reclassifications to noninterest expense	266	(63)	203	133	(30)	103	253	(60)	193
Net change	(244)	63	(181)	93	(20)	73	(181)	46	(135)
Foreign currency translation adjustments:									
Net unrealized gains (losses) arising during the period	53	(2)	51	73	(2)	71	(156)	1	(155)
Net change	53	(2)	51	73	(2)	71	(156)	1	(155)
Other comprehensive income (loss)	\$ 1,983	(477)	1,506	6,002	(1,458)	4,544	(4,820)	1,144	(3,676)
Less: Other comprehensive income (loss) from noncontrolling interests, net of tax			1			—			(2)
Wells Fargo other comprehensive income (loss), net of tax		\$	1,505			4,544			(3,674)

- (1) Represents net unrealized gains and losses amortized over the remaining lives of securities that were transferred from the available-for-sale portfolio to the held-to-maturity portfolio.
- (2) Represents changes in fair value of cross-currency swaps attributable to changes in cross-currency basis spreads, which are excluded from the assessment of hedge effectiveness and recorded in other comprehensive income.
- (3) These items are included in the computation of net periodic benefit cost (see Note 21 (Employee Benefits and Other Expenses) for more information).

Note 25: Other Comprehensive Income (continued)

Table 25.2 provides the cumulative OCI balance activity on an after-tax basis.

Table 25.2: Cumulative OCI Balances

(in millions)	Debt securities	Fair value hedges (1)	Cash flow hedges (2)	Defined benefit plans adjustments	Foreign currency translation adjustments	Cumulative other comprehensive income (loss)
Balance, December 31, 2017	\$ 171	11	(429)	(1,808)	(89)	(2,144)
Transition adjustment (3)	(118)	—	—	—	—	(118)
Balance, January 1, 2018	53	11	(429)	(1,808)	(89)	(2,262)
Reclassification of certain tax effects to retained earnings (4)	31	2	(89)	(353)	9	(400)
Net unrealized losses arising during the period	(3,393)	(191)	(211)	(328)	(155)	(4,278)
Amounts reclassified from accumulated other comprehensive income	187	—	222	193	—	602
Net change	(3,175)	(189)	(78)	(488)	(146)	(4,076)
Less: Other comprehensive loss from noncontrolling interests	—	—	—	—	(2)	(2)
Balance, December 31, 2018	(3,122)	(178)	(507)	(2,296)	(233)	(6,336)
Transition adjustment (5)	481	—	—	—	—	481
Balance, January 1, 2019	(2,641)	(178)	(507)	(2,296)	(233)	(5,855)
Net unrealized gain (losses) arising during the period	4,102	(2)	(16)	(30)	71	4,125
Amounts reclassified from accumulated other comprehensive income	91	—	225	103	—	419
Net change	4,193	(2)	209	73	71	4,544
Less: Other comprehensive income (loss) from noncontrolling interests	—	—	—	—	—	—
Balance, December 31, 2019	1,552	(180)	(298)	(2,223)	(162)	(1,311)
Net unrealized gains (losses) arising during the period	1,747	(24)	8	(384)	51	1,398
Amounts reclassified from accumulated other comprehensive income	(260)	—	165	203	—	108
Net change	1,487	(24)	173	(181)	51	1,506
Less: Other comprehensive income from noncontrolling interests	—	—	—	—	1	1
Balance, December 31, 2020	\$ 3,039	(204)	(125)	(2,404)	(112)	194

(1) Substantially all of the amounts for fair value hedges are foreign exchange contracts.

(2) Substantially all of the amounts for cash flow hedges are foreign exchange contracts for the years ended December 31, 2020 and 2019, and interest rate contracts for the year- ended December 31, 2018.

(3) The transition adjustment relates to our adoption of ASU 2016-01 – Financial Instruments – Overall (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities*.

(4) Represents the reclassification from other comprehensive income to retained earnings as a result of our adoption of ASU 2018-02 – Income Statement-Reporting Comprehensive Income (Topic 220): *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* in third quarter 2018.

(5) The transition adjustment relates to our adoption of ASU 2017-08 – Receivables – Nonrefundable Fees and Other Costs (Subtopic 310-20): *Premium Amortization on Purchased Callable Debt Securities* in first quarter 2019.

Note 26: Operating Segments

We reorganized our management reporting into four reportable operating segments: Consumer Banking and Lending; Commercial Banking; Corporate and Investment Banking; and Wealth and Investment Management. All other business activities that are not included in the reportable operating segments have been included in Corporate. We define our reportable operating segments by type of product and customer segment, and their results are based on our management reporting process. The management reporting process measures the performance of the reportable operating segments based on the Company's management structure, and the results are regularly reviewed 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.

Prior period reportable operating segment results have been revised to reflect the reorganization of our management reporting structure. The reorganization did not impact the previously reported consolidated financial results of the Company.

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.

Commercial Banking provides financial solutions to private, family owned and certain public companies. Products and services include banking and credit products across multiple industry sectors and municipalities, secured lending and lease products, and treasury management.

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

Wealth and Investment Management provides personalized wealth management, investment and retirement products and services to clients across U.S.-based businesses including Wells Fargo Advisors, The Private Bank, Abbot Downing, and Wells Fargo Asset Management. We 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. We also provide investment management capabilities delivered to global investment institutional clients through separate accounts and the Wells Fargo Funds.

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 partnerships. In addition, Corporate includes all restructuring charges related to efficiency initiatives. See Note 22 (Restructuring Charges) for more 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, including our student loan and rail car leasing businesses, as well as previously divested businesses.

Basis of Presentation

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

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

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

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

Note 26: Operating Segments (continued)

Table 26.1 presents our results by operating segment.

Table 26.1: Operating Segments

	Year ended December 31,						
(\$ in millions)	Consumer Banking and Lending	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate	Reconciling Items (1)	Consolidated Company
2020							
Net interest income (2)	\$ 23,378	6,191	7,501	2,993	247	(475)	39,835
Noninterest income	10,638	3,547	6,319	11,519	3,216	(2,734)	32,505
Total revenue	34,016	9,738	13,820	14,512	3,463	(3,209)	72,340
Provision for credit losses	5,662	3,744	4,946	249	(472)	—	14,129
Noninterest expense	26,976	6,908	7,703	12,051	3,992	—	57,630
Income (loss) before income tax expense (benefit)	1,378	(914)	1,171	2,212	(57)	(3,209)	581
Income tax expense (benefit)	302	(238)	330	552	(742)	(3,209)	(3,005)
Net income (loss) before noncontrolling interests	1,076	(676)	841	1,660	685	—	3,586
Less: Net income (loss) from noncontrolling interests	—	5	(1)	4	277	—	285
Net income (loss)	\$ 1,076	(681)	842	1,656	408	—	3,301
2019							
Net interest income (2)	\$ 25,786	8,184	8,005	3,917	1,950	(611)	47,231
Noninterest income	12,105	4,154	6,223	11,815	5,859	(2,324)	37,832
Total revenue	37,891	12,338	14,228	15,732	7,809	(2,935)	85,063
Provision for credit losses	2,184	190	173	2	138	—	2,687
Noninterest expense	26,998	7,068	7,432	13,363	3,317	—	58,178
Income (loss) before income tax expense (benefit)	8,709	5,080	6,623	2,367	4,354	(2,935)	24,198
Income tax expense (benefit)	2,814	1,266	1,658	590	764	(2,935)	4,157
Net income before noncontrolling interests	5,895	3,814	4,965	1,777	3,590	—	20,041
Less: Net income (loss) from noncontrolling interests	—	6	(1)	9	478	—	492
Net income	\$ 5,895	3,808	4,966	1,768	3,112	—	19,549
2018							
Net interest income (2)	\$ 26,985	8,748	8,345	4,317	2,259	(659)	49,995
Noninterest income	12,930	4,332	5,726	11,552	4,013	(2,140)	36,413
Total revenue	39,915	13,080	14,071	15,869	6,272	(2,799)	86,408
Provision for credit losses	1,931	(79)	13	(9)	(112)	—	1,744
Noninterest expense	26,162	7,368	7,471	12,551	2,574	—	56,126
Income (loss) before income tax expense (benefit)	11,822	5,791	6,587	3,327	3,810	(2,799)	28,538
Income tax expense (benefit)	2,915	1,456	1,663	831	1,596	(2,799)	5,662
Net income before noncontrolling interests	8,907	4,335	4,924	2,496	2,214	—	22,876
Less: Net income (loss) from noncontrolling interests	—	27	(7)	1	462	—	483
Net income	\$ 8,907	4,308	4,931	2,495	1,752	—	22,393
2020							
Loans (average)	\$ 376,463	211,436	255,324	78,775	19,790	—	941,788
Assets (average)	432,042	228,653	521,861	87,505	673,440	—	1,943,501
Deposits (average)	722,085	200,381	234,332	162,521	56,692	—	1,376,011
Loans (period-end)	362,796	188,977	244,456	80,785	10,623	—	887,637
Assets (period-end)	420,995	209,134	508,793	89,380	726,861	—	1,955,163
Deposits (period-end)	784,565	208,284	203,004	175,515	33,013	—	1,404,381
2019							
Loans (average)	\$ 379,766	229,354	248,310	74,986	18,540	—	950,956
Assets (average)	439,396	248,169	520,973	83,590	621,316	—	1,913,444
Deposits (average)	629,110	186,942	238,651	139,151	92,407	—	1,286,261
Loans (period-end)	385,002	224,781	253,436	77,140	21,906	—	962,265
Assets (period-end)	448,971	244,984	538,383	86,505	608,712	—	1,927,555
Deposits (period-end)	647,152	194,469	261,134	143,873	75,998	—	1,322,626

- (1) Taxable-equivalent adjustments related to tax-exempt income on certain loans and debt securities are included in net interest income, while taxable-equivalent adjustments related to income tax credits for low-income housing and renewable energy investments are included in noninterest income, in each case with corresponding impacts to income tax expense (benefit). Adjustments are included in Corporate, Commercial Banking, and Corporate and Investment Banking and are eliminated to reconcile to the Company's consolidated financial results.
- (2) Net interest income is the difference between interest earned on assets and the cost of liabilities to fund those assets. Interest earned includes actual interest earned on segment assets as well as interest credits for any funding of a segment available to be provided to other segments. The cost of liabilities includes actual interest expense on segment liabilities as well as funding charges for any funding provided from other segments.

Note 27: Parent-Only Financial Statements

The following tables present Parent-only condensed financial statements.

Table 27.1: Parent-Only Statement of Income

(in millions)	Year ended December 31,		
	2020	2019	2018
Income			
Dividends from subsidiaries (1)	\$ 42,578	21,930	22,427
Interest income from subsidiaries	1,295	3,356	3,298
Other interest income	3	43	49
Other income	(231)	(162)	(424)
Total income	43,645	25,167	25,350
Expense			
Interest expense:			
Indebtedness to nonbank subsidiaries	155	664	644
Short-term borrowings	—	—	2
Long-term debt	3,591	4,931	4,541
Other	—	2	3
Noninterest expense	794	1,327	286
Total expense	4,540	6,924	5,476
Income before income tax benefit and equity in undistributed income of subsidiaries	39,105	18,243	19,874
Income tax benefit	(1,694)	(945)	(544)
Equity in undistributed income of subsidiaries	(37,498)	361	1,975
Net income	\$ 3,301	19,549	22,393

(1) Includes dividends paid from indirect bank subsidiaries of \$1.8 billion, \$21.8 billion and \$20.8 billion in 2020, 2019 and 2018, respectively.

Table 27.2: Parent-Only Statement of Comprehensive Income

(in millions)	Year ended December 31,		
	2020	2019	2018
Net income	\$ 3,301	19,549	22,393
Other comprehensive income (loss), net of tax:			
Debt securities	(10)	(45)	(12)
Derivatives and hedging activities	(2)	(12)	(198)
Defined benefit plans adjustments	(178)	75	(132)
Equity in other comprehensive income (loss) of subsidiaries	1,695	4,526	(3,332)
Other comprehensive income (loss), net of tax:	1,505	4,544	(3,674)
Total comprehensive income	\$ 4,806	24,093	18,719

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Note 27: Parent-Only Financial Statements (continued)

Table 27.3: Parent-Only Balance Sheet

(in millions)	Dec 31,	
	2020	2019
Assets		
Cash, cash equivalents, and restricted cash due from:		
Subsidiary banks	\$ 14,817	14,948
Nonaffiliates	—	1
Debt securities:		
Available-for-sale, at fair value	—	1
Loans to nonbank subsidiaries	185,046	145,383
Investments in subsidiaries (1)	172,844	208,076
Equity securities	144	1,007
Other assets	5,857	4,608
Total assets	\$ 378,708	374,024
Liabilities and equity		
Accrued expenses and other liabilities	\$ 8,249	8,050
Long-term debt	181,956	152,628
Indebtedness to nonbank subsidiaries	3,616	26,200
Total liabilities	193,821	186,878
Stockholders' equity	184,887	187,146
Total liabilities and equity	\$ 378,708	374,024

(1) The years ended December 31, 2020, and December 31, 2019, include indirect ownership of bank subsidiaries with equity of \$173.5 billion and \$170.4 billion, respectively.

Table 27.4: Parent-Only Statement of Cash Flows

(in millions)	Year ended December 31,		
	2020	2019	2018
Cash flows from operating activities:			
Net cash provided by operating activities	\$ 50,193	27,601	19,024
Cash flows from investing activities:			
Equity securities, not held for trading:			
Proceeds from sales and capital returns	2,333	326	355
Purchases	(1,479)	(1,052)	(220)
Loans:			
Net repayments from (advances to) subsidiaries	10	(3)	(7)
Capital notes and term loans made to subsidiaries	(38,547)	(5,286)	(2,441)
Principal collected on notes/loans made to subsidiaries	558	1,703	756
Net decrease (increase) in investment in subsidiaries	425	(384)	2,407
Other, net	16	22	109
Net cash provided (used) by investing activities	(36,684)	(4,674)	959
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings and indebtedness to subsidiaries	(22,613)	(636)	12,467
Long-term debt:			
Proceeds from issuance	34,918	20,369	1,876
Repayment	(15,803)	(8,143)	(9,162)
Preferred stock:			
Proceeds from issuance	3,116	—	—
Redeemed	(3,602)	(1,550)	(2,150)
Cash dividends paid	(1,290)	(1,391)	(1,622)
Common stock:			
Proceeds from issuance	571	380	632
Stock tendered for payment of withholding taxes	(340)	(302)	(331)
Repurchased	(3,415)	(24,533)	(20,633)
Cash dividends paid	(4,852)	(8,198)	(7,692)
Other, net	(331)	(275)	(248)
Net cash used by financing activities	(13,641)	(24,279)	(26,863)
Net change in cash, cash equivalents, and restricted cash	(132)	(1,352)	(6,880)
Cash, cash equivalents, and restricted cash at beginning of year	14,949	16,301	23,181
Cash, cash equivalents, and restricted cash at end of year	\$ 14,817	14,949	16,301

Note 28: Regulatory Capital Requirements and Other Restrictions

Regulatory Capital Requirements

The Company and each of its subsidiary banks are subject to regulatory capital adequacy requirements promulgated by federal banking regulators. The FRB establishes capital requirements for the consolidated financial holding company, and the OCC has similar requirements for the Company's national banks, including Wells Fargo Bank, N.A. (the Bank).

Table 28.1 presents regulatory capital information for Wells Fargo & Company and the Bank in accordance with Basel III capital requirements. Our capital adequacy is assessed based on the lower of our risk-based capital ratios calculated under the Standardized Approach and under the Advanced Approach. The Standardized Approach applies assigned risk weights to broad risk categories, while the calculation of risk-weighted assets (RWAs) under the Advanced Approach differs by requiring applicable

banks to utilize a risk-sensitive methodology, which relies upon the use of internal credit models, and includes an operational risk component. The Basel III capital requirements for calculating Common Equity Tier 1 (CET1) and tier 1 capital, along with RWAs, are fully phased-in. However, the requirements for determining tier 2 and total capital are still in accordance with Transition Requirements and are scheduled to be fully phased-in by the end of 2021. Accordingly, the information presented below reflects fully phased-in CET1 capital, tier 1 capital, and RWAs, but reflects total capital still in accordance with Transition Requirements.

At December 31, 2020, the Bank and our other insured depository institutions were considered well-capitalized under the requirements of the Federal Deposit Insurance Act.

Table 28.1: Regulatory Capital Information (1)

(in millions, except ratios)	Wells Fargo & Company				Wells Fargo Bank, N.A.			
	December 31, 2020		December 31, 2019		December 31, 2020		December 31, 2019	
	Advanced Approach	Standardized Approach	Advanced Approach	Standardized Approach	Advanced Approach	Standardized Approach	Advanced Approach	Standardized Approach
Regulatory capital:								
Common Equity Tier 1	\$ 138,297	138,297	138,760	138,760	150,168	150,168	145,149	145,149
Tier 1	158,196	158,196	158,949	158,949	150,168	150,168	145,149	145,149
Total	186,934	196,660	188,333	196,223	164,412	173,719	158,615	166,056
Assets:								
Risk-weighted assets (2)	1,158,355	1,193,744	1,165,079	1,245,853	1,012,751	1,085,599	1,047,054	1,152,791
Adjusted average assets	1,900,258	1,900,258	1,913,297	1,913,297	1,735,406	1,735,406	1,695,807	1,695,807
Regulatory capital ratios:								
Common Equity Tier 1 capital (2)	11.94 %	11.59 *	11.91	11.14 *	14.83	13.83 *	13.86	12.59 *
Tier 1 capital (2)	13.66	13.25 *	13.64	12.76 *	14.83	13.83 *	13.86	12.59 *
Total capital (2)	16.14 *	16.47	16.16	15.75 *	16.23	16.00 *	15.15	14.40 *

	Wells Fargo & Company		Wells Fargo Bank, N.A.	
	December 31, 2020		December 31, 2019	
	Advanced Approach	Standardized Approach	Advanced Approach	Standardized Approach
Regulatory leverage:				
Total leverage exposure (3)	\$ 1,963,971	2,247,729	2,041,952	2,006,180
Supplementary leverage ratio (SLR) (3)	8.05 %	7.07	7.35	7.24
Tier 1 leverage ratio (4)	8.32	8.31	8.65	8.56

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

- (1) At December 31, 2020, the impact of the CECL transition provision issued by federal banking regulators on the regulatory capital of the Company was an increase in capital of \$1.7 billion, reflecting a \$991 million (post-tax) increase in capital recognized upon our initial adoption of CECL, offset by 25% of the \$10.8 billion increase in our ACL under CECL from January 1, 2020, through December 31, 2020. The impact of the CECL transition provision on the regulatory capital of the Bank at December 31, 2020, was an increase in capital of \$1.7 billion.
- (2) RWAs and capital ratios for December 31, 2019, have been revised as a result of a decrease in RWAs under the Advanced Approach due to the correction of duplicated operational loss amounts.
- (3) RWAs for the Company and the Bank included an increase of \$1.4 billion 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 the excess allowance for credit losses as of December 31, 2020.
- (4) The SLR consists of tier 1 capital divided by total leverage exposure. Total leverage exposure consists of total average assets, less goodwill and other permitted tier 1 capital deductions (net of deferred tax liabilities), plus certain off-balance sheet exposures.

At December 31, 2020, under transition requirements, the CET1, tier 1 and total capital ratio requirements for the Company included a global systemically important bank (G-SIB) surcharge of 2.00%. The G-SIB surcharge is not applicable to the Bank. In addition, the CET1, tier 1 and total capital ratio requirements for the Company and the Bank included a stress capital buffer of 2.50% under the Standardized Approach and a capital conservation buffer of 2.50% under the Advanced Approach. The Company is required to maintain these risk-based capital ratios and to maintain an SLR of at least 5.00% (comprised of a 3.00% minimum requirement plus a supplementary leverage buffer of 2.00%) to avoid restrictions on capital distributions and discretionary bonus payments. The Bank is required to maintain an SLR of at least 6.00% to be considered well-capitalized under applicable regulatory capital adequacy rules. Table 28.2 presents the risk-based capital and leverage requirements under Transition Requirements to which the Company and the Bank

were subject as of December 31, 2020 and 2019, which were the same under both the Standardized and Advanced Approaches.

Table 28.2: Risk-Based Capital and Leverage Ratios – Transition Requirements

	Wells Fargo & Company	Wells Fargo Bank, N.A.
	Dec 31, 2020 and Dec 31, 2019	Dec 31, 2020 and Dec 31, 2019
Common Equity Tier 1 capital	9.00 %	7.00
Tier 1 capital	10.50	8.50
Total capital	12.50	10.50
Tier 1 leverage	4.00	4.00
Supplementary leverage	5.00	6.00

Note 28: Regulatory Capital Requirements and Other Restrictions (continued)

Capital Planning Requirements

The FRB's capital plan rule establishes capital planning and other requirements that govern capital distributions, including dividends and share repurchases, by certain large bank holding companies (BHCs), including Wells Fargo. The FRB conducts an annual Comprehensive Capital Analysis and Review exercise and has also published guidance regarding its supervisory expectations for capital planning, including capital policies regarding the process relating to common stock dividend and repurchase decisions in the FRB's SR Letter 15-18. The Parent's ability to make certain capital distributions is subject to the requirements of the capital plan rule and is also subject to the Parent meeting or exceeding certain regulatory capital minimums.

On December 18, 2020, the FRB announced that it was extending, with certain adjustments, measures it announced on June 25, 2020, limiting large BHCs, including Wells Fargo, from making any capital distribution (excluding any capital distribution arising from the issuance of a capital instrument eligible for inclusion in the numerator of a regulatory capital ratio), unless otherwise approved by the FRB. For first quarter 2021, the FRB has generally authorized BHCs to (i) provided that the BHC does not increase the amount of its common stock dividends to be larger than the level paid in second quarter 2020, pay common stock dividends and make share repurchases that, in the aggregate, do not exceed an amount equal to the average of the BHC's net income for the four preceding calendar quarters; (ii) make share repurchases that equal the amount of share issuances related to expensed employee compensation; and (iii) redeem and make scheduled payments on additional tier 1 and tier 2 capital instruments. The FRB is expected to announce by March 31, 2021, whether these capital distribution limitations will be extended for another quarter.

Loan and Dividend Restrictions

Federal law restricts the amount and the terms of both credit and non-credit transactions between a bank and its nonbank affiliates. These covered transactions may not exceed 10% of the bank's capital and surplus (which for this purpose represents tier 1 and tier 2 capital, as calculated under the risk-based capital rules, plus the balance of the ACL excluded from tier 2 capital) with any single nonbank affiliate and 20% of the bank's capital and surplus with all its nonbank affiliates. Covered transactions that are extensions of credit may require collateral to be pledged to provide added security to the bank.

Federal laws and regulations limit the dividends that a national bank may pay. Dividends that may be paid by a national bank without the express approval of the Office of the Comptroller of the Currency (OCC) are limited to that bank's retained net profits for the preceding two calendar years plus retained net profits up to the date of any dividend declaration in the current calendar year. Retained net profits, as defined by the OCC, consist of net income less dividends declared during the period. Our national bank subsidiaries could have declared additional dividends of \$3.6 billion at December 31, 2020, without obtaining prior regulatory approval. We have elected to retain higher capital at our national bank subsidiaries to meet internal capital policy minimums and regulatory requirements.

Our nonbank subsidiaries are also limited by certain federal and state statutory provisions and regulations covering the amount of dividends that may be paid in any given year. In addition, under a Support Agreement dated June 28, 2017, as amended and restated on June 26, 2019, among Wells Fargo & Company, the parent holding company (the "Parent"), WFC Holdings, LLC, an intermediate holding company and subsidiary of the Parent (the "IHC"), Wells Fargo Bank, N.A., Wells Fargo Securities, LLC, Wells Fargo Clearing Services, LLC, and certain other direct and indirect subsidiaries of the Parent designated as material entities for resolution planning purposes or identified as related support entities in our resolution plan, the IHC may be restricted from making dividend payments to the Parent if certain liquidity and/or capital metrics fall below defined triggers or if the Parent's board of directors authorizes it to file a case under the U.S. Bankruptcy Code. Based on retained earnings at December 31, 2020, our nonbank subsidiaries could have declared additional dividends of \$28.3 billion at December 31, 2020, without obtaining prior regulatory approval.

Cash Restrictions

Cash and cash equivalents may be restricted as to usage or withdrawal. Table 28.3 provides a summary of restrictions on cash and cash equivalents.

Table 28.3: Nature of Restrictions on Cash and Cash Equivalents

(in millions)	Dec 31, 2020	Dec 31, 2019
Required reserve balance for the FRB (1)	\$ —	11,374
Reserve balance for non-U.S. central banks	243	460
Segregated for benefit of brokerage customers under federal and other brokerage regulations	957	733
Related to consolidated variable interest entities (VIEs) that can only be used to settle liabilities of VIEs	14	300

(1) Effective March 26, 2020, the FRB no longer required each of our subsidiary banks to maintain reserve balances on deposit with the Federal Reserve Banks. The amount for December 31, 2019, represents an average for the year ended December 31, 2019.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Wells Fargo & Company:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Wells Fargo & Company and Subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the years in

the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 23, 2021, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for the recognition and measurement of credit losses as of January 1, 2020 due to the adoption of ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (CECL).

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Assessment of the allowance for credit losses for loans

As discussed in Note 1 to the consolidated financial statements, the Company adopted ASU 2016-13, Financial Instruments – Credit Losses (ASU Topic 326), as of January 1, 2020. The total allowance for credit loss for loans as of January 1, 2020 (the January 1, 2020 ACL) was \$9.1 billion. As discussed in Notes 1 and 4 to the consolidated financial statements, the Company's allowance for credit losses for loans as of December 31, 2020 (the December 31, 2020 ACL) was \$19.7 billion. The January 1, 2020 ACL and the December 31, 2020 ACL include the measure of expected credit losses on a collective basis for those loans that share similar risk characteristics utilizing multiple credit loss models. The Company estimated the January 1, 2020 ACL and December 31, 2020 ACL for commercial loans by applying probability of default and severity of loss estimates to an expected exposure at default. The probability of default and severity of loss estimates are statistically derived through historical observation of default and losses after default for each credit risk rating. The Company estimated the January 1, 2020 ACL and December 31, 2020 ACL for consumer loans utilizing credit loss models which forecast expected credit losses in the portfolio based on historical experience of delinquency and default rates and loss severity. The Company's credit loss models utilize economic variables, including economic assumptions forecast over a reasonable and supportable forecast period. The Company forecasts multiple economic scenarios and applies weighting to the scenarios that are used to measure expected credit losses. After the reasonable and supportable forecast period, the Company reverts over the reversion period to its historical loss rates, evaluated through historical observations of default and losses after default. A portion of the January 1, 2020 ACL and December 31, 2020 ACL is comprised of adjustments for qualitative factors which may not be adequately captured in the loss models.

We identified the assessment of the January 1, 2020 ACL and the December 31, 2020 ACL as a critical audit matter. A high degree of audit effort, including specialized skills and knowledge, and subjective and complex auditor judgment was involved in the assessment of the January 1, 2020 ACL and the December 31, 2020 ACL. Specifically, the assessment encompassed the evaluation of the January 1, 2020 and the December 31, 2020 ACL methodology for collectively evaluated loans, including the methods and models used to estimate (1) probability of default and severity of loss estimates, significant economic assumptions, the reasonable and supportable forecast period, the historical observation period, and credit risk ratings for commercial loans, and (2) the adjustments for qualitative factors that may not be captured in the loss models. The assessment also included an evaluation of the conceptual soundness and performance of certain credit loss models. In addition, auditor judgment was required to evaluate the sufficiency of audit evidence obtained.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the measurement of the January 1, 2020 ACL and the December 31, 2020 ACL estimates,

including controls over the:

- development of the ACL methodology
- development of certain credit loss models
- performance monitoring of certain credit loss models
- identification and determination of the significant assumptions used in models
- development of the qualitative factors, including certain significant assumptions used in the measurement of the qualitative factors
- analysis of the ACL results, trends, and ratios.

We evaluated the Company's process to develop the January 1, 2020 ACL and December 31, 2020 estimates by testing certain sources of data, factors, and assumptions that the Company used, and considered the relevance and reliability of such data, factors, and assumptions. In addition, we involved credit risk professionals with specialized skills and knowledge, who assisted in:

- evaluating the Company's ACL methodology for compliance with U.S. generally accepted accounting principles
- evaluating judgments made by the Company relative to the development and performance testing of the credit loss models by comparing them to relevant Company-specific metrics and trends and the applicable industry and regulatory practices
- assessing the conceptual soundness of the credit loss models by inspecting the model documentation to determine whether the models are suitable for their intended use
- evaluating the methodology used to develop the economic forecast scenarios, underlying assumptions and weighting applied to scenarios by comparing it to the Company's business environment
- assessing the economic forecast scenarios through comparison to publicly available forecasts
- testing the historical observation period and reasonable and supportable forecast periods to evaluate the length of each period
- testing individual credit risk ratings for a selection of commercial loans by evaluating the financial performance of the borrower, sources of repayment, and any relevant guarantees or underlying collateral
- evaluating the methodology used to develop the qualitative factors and the effect of those factors on the ACL compared with relevant credit risk factors and consistency with credit trends and identified limitations of the underlying quantitative models.

We also assessed the sufficiency of the audit evidence obtained related to the January 1, 2020 and December 31, 2020 ACL estimate by evaluating the:

- cumulative results of the audit procedures
- qualitative aspects of the Company's accounting practices
- potential bias in the accounting estimates.

Assessment of the residential mortgage servicing rights (MSRs)

As discussed in Notes 1, 8, 9, 10, and 17 to the consolidated financial statements, the Company's residential MSR asset as of December 31, 2020 was \$6.1 billion on an underlying loan servicing portfolio of \$859 billion. The Company recognizes MSRs when it purchases servicing rights from third parties or retains servicing rights in connection with the sale or securitization of loans it originated and has elected to carry its residential MSRs at fair value with periodic changes reflected in earnings. The Company uses a valuation model for determining fair value that calculates the present value of estimated future net servicing income cash flows, which incorporates assumptions that market participants use in estimating future net servicing income cash flows. These assumptions include estimates of prepayment speeds, discount rates, default rates, cost to service (including delinquency and foreclosure costs), escrow account earnings, contractual servicing fee income, ancillary income and late fees. The estimated fair value of MSRs is periodically benchmarked to independent appraisals.

We identified the assessment of the valuation of residential MSRs as a critical audit matter. A high degree of audit effort, including specialized skills and knowledge, and subjective and complex auditor judgment was involved in the assessment of the MSRs. Specifically, there was a high degree of subjectivity used to evaluate the following assumptions because they are unobservable and the sensitivity of changes to those assumptions had a significant effect on the valuation: (1) prepayment speeds (2) discount rates, and (3) costs to service. There was also a high degree of subjectivity and potential for management bias related to updates made to these significant assumptions due to changes in market conditions, mortgage interest rates, or servicing standards.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the critical audit matter. This included controls related to the:

- assessment of the valuation model
- evaluation of the significant assumptions (prepayment speeds, discount rates, and costs to service) used in determining the MSR fair value
- comparison of the MSR fair value to independent appraisals.

We evaluated the Company's process to develop the MSR estimate by testing certain sources of data and assumptions that the Company used, and considered the relevance and reliability of such data and assumptions. In addition, we involved valuation professionals with specialized skills and knowledge, who assisted in:

- evaluating the design of the valuation model used to estimate the MSR fair value in accordance with relevant U.S. generally accepted accounting principles
- evaluating significant assumptions based on an analysis of backtesting results and a comparison of significant assumptions to available data for comparable entities and independent appraisals
- assessing significant assumption updates made during the year by considering backtesting results, external market events, independent appraisals, and whether other circumstances that a market participant would have expected to be incorporated in the valuation were not incorporated.

Assessment of goodwill impairment analysis

As discussed in Notes 1 and 10 to the consolidated financial statements, the Company's goodwill balance as of December 31, 2020 was \$26.4 billion. The Company tests goodwill for impairment annually in the fourth quarter, or more frequently if events or circumstances indicate that the carrying value of goodwill may be impaired, by comparing the fair value of the reporting unit with its carrying amount, including goodwill. Management determines the fair value of its reporting units using a discounted cash flow income approach and a market approach that utilizes observable market data from comparable publicly traded companies.

We identified the assessment of the goodwill impairment analysis for the Commercial Banking reporting unit, which had \$2.9 billion of allocated goodwill as of December 31, 2020, as a critical audit matter as it involved a high degree of challenging and subjective auditor judgment due to the significant estimation required. We performed sensitivity analyses as a risk assessment procedure over assumptions used to estimate the fair value of the reporting unit and determined that certain forecasted financial information and the discount rate used in the discounted cash flow income approach represented the significant assumptions. These assumptions for the reporting unit were the most sensitive to changes and were challenging to test as they represented subjective determinations of future financial results. Additionally, the audit effort associated with this estimate required specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's determination of the estimated fair value of the Commercial Banking reporting unit, including controls over the:

- development of the assumption regarding certain forecasted financial information
- selection of the discount rate assumption used to develop the estimate.

We evaluated the reasonableness of certain forecasted financial information for the reporting unit by evaluating historical performance and current industry and economic trends. We also evaluated the consistency of certain forecasted financial information by comparing the projections to other analyses used by the Company and inquiries performed of senior management regarding the strategic plans for the reporting unit. We compared certain historical forecasted financial information to actual results to assess the Company's ability to accurately forecast. In addition, we involved a valuation professional with specialized skills and knowledge, who assisted in:

- evaluating the discount rate used in the fair value determination, by comparing the inputs to the discount rate to publicly available data for comparable entities and assessing the resulting discount rate
- evaluating the reasonableness of the total fair value through comparison to the Company's market capitalization and analysis of the resulting premium to applicable market transactions.

/s/ KPMG LLP

We have served as the Company's auditor since 1931.

San Francisco, California
February 23, 2021

Quarterly Financial Data

Condensed Consolidated Statement of Income – Quarterly (Unaudited)

	2020				2019			
	Quarter ended				Quarter ended			
(in millions, except per share amounts)	Dec 31,	Sep 30,	Jun 30,	Mar 31,	Dec 31,	Sep 30,	Jun 30,	Mar 31,
Interest income	\$ 10,470	10,800	11,801	14,727	15,595	16,499	16,986	17,003
Interest expense	1,195	1,432	1,921	3,415	4,395	4,874	4,891	4,692
Net interest income	9,275	9,368	9,880	11,312	11,200	11,625	12,095	12,311
Noninterest income								
Deposit and lending-related fees	1,689	1,651	1,465	1,797	1,888	1,854	1,841	1,710
Brokerage fees	2,440	2,336	2,117	2,482	2,380	2,346	2,318	2,193
Trust and investment management fees	747	737	687	701	728	729	795	786
Investment banking fees	486	441	547	391	464	484	455	394
Card fees	943	912	797	892	1,020	1,027	1,025	944
Mortgage banking	1,207	1,590	317	379	783	466	758	708
Net gains (losses) from trading and securities	984	1,274	1,552	(1,100)	574	1,235	871	1,296
Other	154	553	474	863	823	2,244	1,426	1,267
Total noninterest income	8,650	9,494	7,956	6,405	8,660	10,385	9,489	9,298
Total revenue	17,925	18,862	17,836	17,717	19,860	22,010	21,584	21,609
Provision for credit losses	(179)	769	9,534	4,005	644	695	503	845
Noninterest expense								
Personnel	8,948	8,624	8,916	8,323	8,819	8,604	8,487	9,218
Technology, telecommunications and equipment	838	791	672	798	936	821	734	785
Occupancy	826	851	871	715	749	760	719	717
Operating losses	621	1,219	1,219	464	1,916	1,920	247	238
Professional and outside services	1,664	1,760	1,676	1,606	1,789	1,737	1,715	1,504
Advertising and promotion	138	144	137	181	244	266	329	237
Restructuring charges	781	718	—	—	—	—	—	—
Other	986	1,122	1,060	961	1,161	1,091	1,218	1,217
Total noninterest expense	14,802	15,229	14,551	13,048	15,614	15,199	13,449	13,916
Income (loss) before income tax expense (benefit)	3,302	2,864	(6,249)	664	3,602	6,116	7,632	6,848
Income tax expense (benefit)	108	645	(3,917)	159	678	1,304	1,294	881
Net income (loss) before noncontrolling interests	3,194	2,219	(2,332)	505	2,924	4,812	6,338	5,967
Less: Net income (loss) from noncontrolling interests	202	184	47	(148)	51	202	132	107
Wells Fargo net income (loss)	\$ 2,992	2,035	(2,379)	653	2,873	4,610	6,206	5,860
Less: Preferred stock dividends and other	350	315	315	611	327	573	358	353
Wells Fargo net income (loss) applicable to common stock	\$ 2,642	1,720	(2,694)	42	2,546	4,037	5,848	5,507
Per share information								
Earnings per common share	\$ 0.64	0.42	(0.66)	0.01	0.61	0.93	1.31	1.21
Diluted earnings per common share	0.64	0.42	(0.66)	0.01	0.60	0.92	1.30	1.20
Average common shares outstanding	4,137.6	4,123.8	4,105.5	4,104.8	4,197.1	4,358.5	4,469.4	4,551.5
Diluted average common shares outstanding	4,151.3	4,132.2	4,105.5	4,135.3	4,234.6	4,389.6	4,495.0	4,584.0

Average Balances and Interest Rates (Taxable-Equivalent basis) – Quarterly (1) – (Unaudited)

(in millions)	Quarter ended December 31,					
	2020			2019		
	Average balance	Interest income/expense	Interest rates	Average balance	Interest income/expense	Interest rates
Assets						
Interest-earning deposits with banks	\$ 222,010	57	0.10 %	\$ 127,287	523	1.63 %
Federal funds sold and securities purchased under resale agreements	67,023	8	0.05	109,201	472	1.72
Debt securities:						
Trading debt securities	93,877	563	2.40	103,818	811	3.12
Available-for-sale debt securities	214,042	955	1.78	261,526	1,910	2.92
Held-to-maturity debt securities	192,697	942	1.95	153,152	965	2.51
Total debt securities	500,616	2,460	1.96	518,496	3,686	2.84
Loans held for sale (2)(3)	29,436	262	3.56	25,350	249	3.91
Loans:						
Commercial loans:						
Commercial and industrial – U.S.	255,112	1,655	2.58	283,650	2,747	3.84
Commercial and industrial – Non-U.S.	60,812	328	2.14	67,307	577	3.40
Real estate mortgage	121,228	855	2.81	122,136	1,255	4.07
Real estate construction	22,559	177	3.13	20,076	239	4.71
Lease financing	16,757	182	4.34	19,421	214	4.41
Total commercial loans	476,468	3,197	2.67	512,590	5,032	3.90
Consumer loans:						
Residential mortgage – first lien	287,361	2,240	3.12	292,388	2,678	3.66
Residential mortgage – junior lien	24,210	253	4.16	30,147	403	5.32
Credit card	36,135	1,072	11.80	39,898	1,233	12.26
Auto	48,033	582	4.82	47,274	600	5.04
Other consumer	27,497	314	4.55	34,239	571	6.60
Total consumer loans	423,236	4,461	4.20	443,946	5,485	4.92
Total loans (3)	899,704	7,658	3.39	956,536	10,517	4.37
Equity securities	25,744	132	2.04	38,278	269	2.81
Other	7,896	—	—	6,478	22	1.36
Total interest-earning assets	\$ 1,752,429	10,577	2.41 %	\$ 1,781,626	15,738	3.51 %
Cash and due from banks	22,896	—	—	19,943	—	—
Goodwill	26,390	—	—	26,389	—	—
Other	125,157	—	—	113,885	—	—
Total noninterest-earning assets	\$ 174,443	—	—	160,217	—	—
Total assets	\$ 1,926,872	10,577		1,941,843	15,738	
Liabilities						
Deposits:						
Demand deposits	\$ 225,577	32	0.06 %	\$ 63,292	174	1.09 %
Savings deposits	611,674	46	0.03	732,705	1,094	0.59
Time deposits	56,308	75	0.53	119,427	596	1.98
Deposits in non-U.S. offices	32,170	10	0.12	54,751	208	1.50
Total interest-bearing deposits	925,729	163	0.07	970,175	2,072	0.85
Short-term borrowings	57,304	(12)	(0.08)	115,949	439	1.50
Long-term debt	214,223	956	1.78	230,430	1,743	3.02
Other liabilities	25,949	88	1.38	27,279	141	2.04
Total interest-bearing liabilities	\$ 1,223,205	1,195	0.39	\$ 1,343,833	4,395	1.30
Noninterest-bearing demand deposits	454,371	—	—	351,738	—	—
Other noninterest-bearing liabilities	63,548	—	—	53,879	—	—
Total noninterest-bearing liabilities	\$ 517,919	—	—	405,617	—	—
Total liabilities	\$ 1,741,124	1,195		1,749,450	4,395	
Total equity	185,748	—	—	192,393	—	—
Total liabilities and equity	\$ 1,926,872	1,195		1,941,843	4,395	
Interest rate spread on a taxable-equivalent basis (4)			2.02 %			2.21 %
Net interest margin and net interest income on a taxable-equivalent basis (4)	\$ 9,382		2.13 %	\$ 11,343		2.53 %

- (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) In fourth quarter 2020, loans held for sale and mortgage loans held for sale were combined into a single line item. Prior period balances have been revised to conform with the current period presentation.
- (3) Nonaccrual loans and related income are included in their respective loan categories.
- (4) Includes taxable-equivalent adjustments of \$107 million and \$143 million for the quarters ended December 31, 2020 and 2019, respectively, predominantly related to tax-exempt income on certain loans and securities. The federal statutory tax rate was 21% for the periods ended December 31, 2020 and 2019.

Glossary of Acronyms

ACL	Allowance for credit losses	HTM	Held-to-maturity
AFS	Available-for-sale	LCR	Liquidity coverage ratio
ALCO	Asset/Liability Committee	LHFS	Loans held for sale
ARM	Adjustable-rate mortgage	LIBOR	London Interbank Offered Rate
ASC	Accounting Standards Codification	LIHTC	Low-income housing tax credit
ASU	Accounting Standards Update	LOCOM	Lower of cost or fair value
AUA	Assets under administration	LTV	Loan-to-value
AUM	Assets under management	MBS	Mortgage-backed security
AVM	Automated valuation model	MSR	Mortgage servicing right
BCBS	Basel Committee on Bank Supervision	NAV	Net asset value
BHC	Bank holding company	NPA	Nonperforming asset
CCAR	Comprehensive Capital Analysis and Review	NSFR	Net stable funding ratio
CD	Certificate of deposit	OCC	Office of the Comptroller of the Currency
CECL	Current expected credit loss	OCI	Other comprehensive income
CET1	Common Equity Tier 1	OTC	Over-the-counter
CFPB	Consumer Financial Protection Bureau	OTTI	Other-than-temporary impairment
CLO	Collateralized loan obligation	PCD	Purchased credit-deteriorated
CLTV	Combined loan-to-value	PCI	Purchased credit-impaired
CPI	Collateral protection insurance	PTPP	Pre-tax pre-provision profit
CRE	Commercial real estate	RMBS	Residential mortgage-backed securities
DPD	Days past due	ROA	Return on average assets
ESOP	Employee Stock Ownership Plan	ROE	Return on average equity
FASB	Financial Accounting Standards Board	ROTCE	Return on average tangible common equity
FDIC	Federal Deposit Insurance Corporation	RWAs	Risk-weighted assets
FHA	Federal Housing Administration	SEC	Securities and Exchange Commission
FHLB	Federal Home Loan Bank	S&P	Standard & Poor's Ratings Services
FHLMC	Federal Home Loan Mortgage Corporation	SLR	Supplementary leverage ratio
FICO	Fair Isaac Corporation (credit rating)	SOFR	Secured Overnight Financing Rate
FNMA	Federal National Mortgage Association	SPE	Special purpose entity
FRB	Board of Governors of the Federal Reserve System	TDR	Troubled debt restructuring
GAAP	Generally accepted accounting principles	TLAC	Total Loss Absorbing Capacity
GNMA	Government National Mortgage Association	VA	Department of Veterans Affairs
GSE	Government-sponsored entity	VaR	Value-at-Risk
G-SIB	Globally systemic important bank	VIE	Variable interest entity
HQLA	High-quality liquid assets	WIM	Wealth and Investment Management

Exhibit 21**SUBSIDIARIES OF THE PARENT**

The table below is a list of direct and indirect subsidiaries of the Parent as of December 31, 2020, and the state or jurisdiction in which the subsidiaries are organized. Pursuant to Item 601(b)(21)(ii) of Regulation S-K, certain subsidiaries of the Parent have been omitted from this list because, considered in the aggregate as a single subsidiary, such subsidiaries would not constitute a “significant subsidiary” as that term is defined in Rule 1-02(w) of Regulation S-X.

Subsidiary	Jurisdiction of Incorporation or Organization
ATC Realty One, LLC	Delaware
Augustus Ventures, L.L.C.	Nevada
CDF Funding, Inc.	Delaware
CDF Joint Ventures, LLC	Delaware
Centurion Life Insurance Company	Iowa
CF Motor Vehicle Leases, LLC	Delaware
Danube Holdings I C.V.	Netherlands
Ecotrust Sub-CDE XIII, LLC	Delaware
Emerging Markets Small Cap Fund, a series of 525 Market Street Fund, LLC	Delaware
EVEREN Capital Corporation	Delaware
FNL Insurance Company, Ltd.	Hawaii
Galliard Capital Management, Inc.	Minnesota
Helm Pacific Corporation	California
HYG Financial Services, Inc.	Delaware
Norwest Equity Partners IX, LP	Delaware
Norwest Equity Partners VIII, LP	Delaware
Norwest Limited LP, LLLP	Delaware
Norwest Mezzanine Partners III, LP	Delaware
Norwest Mezzanine Partners IV-Debt, LP	Delaware
Norwest Mezzanine Partners IV-Equity, LP	Delaware
Norwest Venture Capital Management, Inc.	Minnesota
Norwest Venture Partners IX, LP	Delaware
Norwest Venture Partners VII-A, LP	Delaware
Norwest Venture Partners X, LP	Delaware
Norwest Venture Partners XI, LP	Delaware
Norwest Venture Partners XII, LP	Delaware
Norwest Venture Partners XIII, LP	Delaware
Norwest Venture Partners XIV, LP	Delaware
Norwest Venture Partners XV, LP	Delaware
NVP Associates, LLC	Delaware
Omnipius Capital Corporation	Delaware
Peony Asset Management, Inc.	Delaware
Silver Asset Management, Inc.	Delaware
Strata WF Solar Statutory Trust	Delaware
Superior Guaranty Insurance Company	Vermont
TRITRI House S.á r.l.	Luxembourg
Union Hamilton Reinsurance, Ltd.	Bermuda

Subsidiary	Jurisdiction of Incorporation or Organization
Wachovia Asset Securitization Issuance II, LLC	Delaware
Wachovia Service Corporation	Delaware
Wells Capital Management Incorporated	California
Wells Fargo (Lux) Worldwide Fund - Alternative Risk Premia Fund	Luxembourg
Wells Fargo (Lux) Worldwide Fund - Global Factor Enhanced Equity Fund	Luxembourg
Wells Fargo (Lux) Worldwide Fund - Global Investment Grade Credit Fund	Luxembourg
Wells Fargo (Lux) Worldwide Fund - Small Cap Innovation Fund	Luxembourg
Wells Fargo (Lux) Worldwide Fund - U.S. Small Cap Value Fund	Luxembourg
Wells Fargo Advisors Financial Network, LLC	Delaware
Wells Fargo Affordable Housing Community Development Corporation	North Carolina
Wells Fargo Affordable Housing Corp.	North Carolina
Wells Fargo Asset Management (International) Limited	United Kingdom
Wells Fargo Asset Management Holdings, LLC	Delaware
Wells Fargo Bank International Unlimited Company	Ireland
Wells Fargo Bank, National Association	United States
Wells Fargo Bank South Central, National Association	United States
Wells Fargo Canada Corporation	Nova Scotia
Wells Fargo Capital Finance Corporation Canada/Société De Financement Wells Fargo Capital Canada	Canada
Wells Fargo Capital Finance (UK) Limited	United Kingdom
Wells Fargo Capital Finance, LLC	Delaware
Wells Fargo CDF International Pte. Ltd.	Singapore
Wells Fargo Central Pacific Holdings, Inc.	California
Wells Fargo Clearing Services, LLC	Delaware
Wells Fargo Commercial Distribution Finance, LLC	Delaware
Wells Fargo Commodities, LLC	Delaware
Wells Fargo Community Development Corporation	Nevada
Wells Fargo Community Investment Holdings, LLC	Delaware
Wells Fargo Dealer Floorplan Master Note Trust	Delaware
Wells Fargo Delaware Trust Company, National Association	United States
Wells Fargo Enterprise Global Services, LLC - Manila, Philippines	Philippines
Wells Fargo Equipment Finance Company/Société De Financement D'équipement Wells Fargo	Nova Scotia
Wells Fargo Equipment Finance, Inc.	Minnesota
Wells Fargo Finance LLC	Delaware
Wells Fargo Financial Funding B.V.	Netherlands
Wells Fargo Financial Leasing, Inc.	Iowa
Wells Fargo Financial, LLC	Iowa
Wells Fargo Funding, LLC	Minnesota
Wells Fargo Funds Management, LLC	Delaware
Wells Fargo Insurance, Inc.	Minnesota
Wells Fargo International Finance (Australia) Pty Ltd	Australia
Wells Fargo International Finance (New Zealand) Limited	New Zealand
Wells Fargo International Finance, LLC	Delaware
Wells Fargo International Solutions Private Limited	India
Wells Fargo Investment Institute, Inc.	North Carolina
Wells Fargo Low Volatility U.S. Equity Fund	Delaware
Wells Fargo Municipal Capital Strategies, LLC	Delaware

Subsidiary	Jurisdiction of Incorporation or Organization
Wells Fargo National Bank West	United States
Wells Fargo Properties, Inc.	Minnesota
Wells Fargo Rail Corporation	North Carolina
Wells Fargo Rail Structured Holdings LLC	Delaware
Wells Fargo Real Estate Capital Investments, LLC	Delaware
Wells Fargo Risk Services, Inc.	Virginia
Wells Fargo Securities Asia Limited	Hong Kong
WELLS FARGO SECURITIES CANADA, LTD./VALEURS MOBILIÈRES WELLS FARGO CANADA, LTÉE	Nova Scotia
Wells Fargo Securities Europe	France
Wells Fargo Securities International Limited	United Kingdom
Wells Fargo Securities, LLC	Delaware
Wells Fargo Strategic Capital, Inc.	Texas
Wells Fargo Trade Capital Services, Inc.	New York
Wells Fargo Trust Company, National Association	United States
Wells Fargo USA Holdings, Inc.	New Jersey
Wells Fargo Vendor Financial Services, LLC	California
WFC Holdings, LLC	Delaware

Exhibit 22

Subsidiary guarantors and issuers of guaranteed securities

Wells Fargo & Company (the Parent) unconditionally guarantees the payment of principal, interest, and any other amounts that may be due on debt securities that Wells Fargo Finance LLC, a Delaware limited liability company and a 100% owned finance subsidiary of the Parent, may issue from time to time under its Series A medium-term note program. These guarantees rank on parity with all of the Parent's other unsecured and unsubordinated indebtedness. Securities issued by Wells Fargo Finance LLC are not secured and are not guaranteed by any other subsidiary of the Parent. All of the securities issued by Wells Fargo Finance LLC, and guaranteed by the Parent, have been issued under the Indenture dated as of April 25, 2018 among Wells Fargo Finance LLC, as issuer, the Parent, as guarantor, and Citibank, N.A., as trustee, and are registered with the Securities and Exchange Commission under the Registration Statement on Form S-3, File No. 333-239017-01, or the Registration Statement on Form S-3, File No. 333-221324-01.

Exhibit 23

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Wells Fargo & Company:

We consent to the incorporation by reference in the registration statements noted below on Form S-3, S-4, and S-8 of Wells Fargo & Company of our reports dated February 23, 2021, with respect to the consolidated balance sheets of Wells Fargo & Company and Subsidiaries as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the “consolidated financial statements”), and the effectiveness of internal control over financial reporting as of December 31, 2020, which reports appear in the December 31, 2020 Annual Report on Form 10-K of Wells Fargo & Company.

As discussed in Note 1 to the financial statements, the Company has changed its method of accounting for the recognition and measurement of credit losses as of January 1, 2020 due to the adoption of ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (CECL).

Registration Statement

<u>Number</u>	<u>Form</u>	<u>Description</u>
333-236148	S-3	Universal Shelf 2020
333-239017		
333-239017-01	S-3	Debt Shelf 2020
333-223517	S-3	Wells Fargo Direct Purchase and Dividend Reinvestment Plan
333-154879	S-4/S-8	Wachovia Corporation
333-232390	S-8	Deferred Compensation Plan
333-232389	S-8	Long-Term Incentive Compensation Plan
333-168819	S-8	Long-Term Incentive Compensation Plan
333-192903	S-8	Long-Term Incentive Compensation Plan
333-211639	S-8	401(k) Plan
333-180997	S-8	Directors Stock Compensation and Deferral Plan
333-176266	S-8	Special Deferral Plan for Select Employees and Special Award Plan
333-142941	S-8	Deferred Compensation Plan
333-207636	S-8	Deferred Compensation Plan
333-211638	S-8	Wells Fargo Stock Purchase Plan
333-161529	S-8	Wachovia Deferred Compensation Obligations
333-200400	S-8	Supplemental 401(k) Plan

/s/ KPMG LLP

San Francisco, California
February 23, 2021

Exhibit 24

WELLS FARGO & COMPANY

Power of Attorney of Director

KNOW ALL MEN BY THESE PRESENTS, that the undersigned director of WELLS FARGO & COMPANY, a Delaware corporation, does hereby make, constitute, and appoint CHARLES H. NOSKI, a director and Chairman of the Audit Committee of the Board of Directors, and MARK A. CHANCY, THEODORE F. CRAVER, JR., AND RONALD L. SARGENT directors and members of the Audit Committee of the Board of Directors, and each or any of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place, and stead, to sign and affix the undersigned's name as such director of said Company to an Annual Report on Form 10-K for the fiscal year ended December 31, 2020, and all amendments thereto, to be filed by said Company with the Securities and Exchange Commission, Washington, D.C. under the Securities Exchange Act of 1934, and the rules and regulations of said Commission, and to file the same, with all exhibits thereto and other supporting documents, with said Commission, granting unto said attorneys-in-fact, and each or either of them, full power and authority to do and perform any and all acts necessary or incidental to the performance and execution of the powers herein expressly granted.

IN WITNESS WHEREOF, the undersigned has executed this power of attorney this 23rd day of February, 2021.

/s/ STEVEN D. BLACK
/s/ MARK A. CHANCY
/s/ CELESTE A. CLARK
/s/ THEODORE F. CRAVER, JR.
/s/ WAYNE M. HEWETT
/s/ DONALD M. JAMES
/s/ MARIA R. MORRIS

/s/ CHARLES H. NOSKI
/s/ RICHARD B. PAYNE, JR.
/s/ JUAN A. PUJADAS
/s/ RONALD L. SARGENT
/s/ CHARLES W. SCHARF
/s/ SUZANNE M. VAUTRINOT

Exhibit 31(a)

CERTIFICATION

I, Charles W. Scharf, certify that:

1. I have reviewed this Annual Report on Form 10-K for the period ended December 31, 2020, of Wells Fargo & Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CHARLES W. SCHARF

Charles W. Scharf
Chief Executive Officer

Date: February 23, 2021

Exhibit 31(b)

CERTIFICATION

I, Michael P. Santomassimo, certify that:

1. I have reviewed this Annual Report on Form 10-K for the period ended December 31, 2020, of Wells Fargo & Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MICHAEL P. SANTOMASSIMO

Michael P. Santomassimo
Chief Financial Officer

Date: February 23, 2021

Exhibit 32(a)

**Certifications Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report on Form 10-K of Wells Fargo & Company (the "Company") for the period ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles W. Scharf, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ CHARLES W. SCHARF

Charles W. Scharf
Chief Executive Officer

Date: February 23, 2021

Exhibit 32(b)

**Certifications Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report on Form 10-K of Wells Fargo & Company (the "Company") for the period ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael P. Santomassimo, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MICHAEL P. SANTOMASSIMO

Michael P. Santomassimo
Chief Financial Officer

Date: February 23, 2021

Exhibit 99

Description of Replacement Capital Covenants of Wells Fargo & Company and Wachovia Corporation

(1) On December 5, 2006, Wells Fargo Capital X issued 5.95% Capital Securities (the Capital Securities) and used the proceeds to purchase from the Parent 5.95% Capital Efficient Notes (the Notes) due 2086 (scheduled maturity 2036). When it issued the Notes, the Parent entered into a Replacement Capital Covenant (the Covenant) in which it agreed for the benefit of the holders of the Parent's 5.625% Junior Subordinated Debentures due 2034 that it will not repay, redeem or repurchase, and that none of its subsidiaries will purchase, any part of the Notes or the Capital Securities on or before December 1, 2066, unless the repayment, redemption or repurchase is made from the net cash proceeds of the issuance of certain qualified securities and pursuant to the other terms and conditions set forth in the Covenant. For more information, refer to the Covenant, which was filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed December 5, 2006.

(2) On February 1, 2006, Wachovia Capital Trust III issued 5.80% Fixed-to-Floating Rate Wachovia Income Trust Securities (the Wachovia Trust Securities) and used the proceeds to purchase from Wachovia Remarketable Junior Subordinated Notes due 2042 (the Wachovia Notes). In connection with the issuance of the Wachovia Trust Securities, the Trust and Wachovia entered into a forward stock purchase contract that obligated the Trust to purchase Wachovia's Non-Cumulative Perpetual Class A Preferred Stock, Series I (the Series I Preferred Stock) and obligated Wachovia to make payments to the Trust of 0.60% per annum through the stock purchase date, March 15, 2011 (the Series I Stock Purchase Date). Prior to the Series I Stock Purchase Date, the Trust was required to remarket and sell the Wachovia Notes to third party investors to generate cash proceeds to satisfy its obligation to purchase the Series I Preferred Stock. When it issued the Wachovia Notes, Wachovia entered into a Declaration of Covenant (the Wachovia Covenant) in which it agreed for the benefit of the holders of Wachovia's Floating Rate Junior Subordinated deferrable Interest Debentures due January 15, 2027 that it will repurchase the Wachovia Trust Securities or redeem or repurchase shares of the Series I Preferred Stock only if and to the extent that the total redemption or repurchase price is equal to or less than the net cash proceeds of the issuance of certain qualified securities as described in the Wachovia Covenant. In connection with the Wachovia acquisition, the Parent assumed all of Wachovia's obligations under the Wachovia Covenant. For more information, refer to the Wachovia Covenant, which was filed as Exhibit 99.1 to Wachovia's Current Report on Form 8-K filed February 1, 2006.