UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

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	New York Stock Exchange (NYSE)
7.5% Non-Cumulative Perpetual Convertible Class A Preferred Stock, Series L	WFC.PRL	NYSE
Depositary Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series O	WFC.PRO	NYSE
Depositary 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
Depositary 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
Depositary Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series X	WFC.PRX	NYSE
Depositary Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series Y	WFC.PRY	NYSE
Depositary Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series Z	WFC.PRZ	NYSE
Depositary Shares, each representing a 1/1000th interest in a share of Non-Cumulative Perpetual Class A Preferred Stock, Series AA	WFC.PRA	NYSE
Depositary 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 Medium-Term Notes, Series A, due October 30, 2028 of Wells Fargo Finance LLC	WFC/28A	NYSE

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

	Shares Outstanding July 19, 2021
Common stock, $1-2/3 par value	4,106,410,513

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FINANCIAL REVIEW

Summary Financial Data (1)

($ in millions, except per share amounts)	Jun 30, 2021	Quarter ended Mar 31, 2021	Quarter ended Jun 30, 2020	Jun 30, 2021 % Change from Mar 31, 2021	Jun 30, 2021 % Change from Jun 30, 2020	Six months ended Jun 30, 2021	Six months ended Jun 30, 2020	% Change
Selected Income Statement Data								
Total revenue	**$ 20,270**	18,532	18,286	9 %	11	**$ 38,802**	36,459	6 %
Noninterest expense	**13,341**	13,989	14,551	(5)	(8)	**27,330**	27,599	(1)
Pre-tax pre-provision profit (PTPP) (2)	**6,929**	4,543	3,735	53	86	**11,472**	8,860	29
Provision for credit losses	**(1,260)**	(1,048)	9,534	(20)	NM	**(2,308)**	13,539	NM
Wells Fargo net income (loss)	**6,040**	4,636	(3,846)	30	NM	**10,676**	(2,930)	NM
Wells Fargo net income (loss) applicable to common stock	**5,743**	4,256	(4,160)	35	NM	**9,999**	(3,856)	NM
Common Share Data								
Diluted earnings (loss) per common share	**1.38**	1.02	(1.01)	35	NM	**2.40**	(0.94)	NM
Dividends declared per common share	**0.10**	0.10	0.51	—	(80)	**0.20**	1.02	(80)
Common shares outstanding	**4,108.0**	4,141.1	4,119.6	(1)	—			
Average common shares outstanding	**4,124.6**	4,141.3	4,105.5	—	—	**4,132.9**	4,105.2	1
Diluted average common shares outstanding (3)	**4,156.1**	4,171.0	4,105.5	—	1	**4,164.6**	4,105.2	1
Book value per common share (4)	**$ 41.74**	40.27	38.31	4	9			
Tangible book value per common share (4)(5)	**34.95**	33.49	31.52	4	11			
Selected Equity Data (period-end)								
Total equity	**193,127**	188,034	178,635	3	8			
Common stockholders' equity	**171,453**	166,748	157,835	3	9			
Tangible common equity (5)	**143,577**	138,702	129,842	4	11			
Performance Ratios								
Return on average assets (ROA) (6)	**1.25 %**	0.97	(0.79)			**1.11 %**	(0.30)	
Return on average equity (ROE) (7)	**13.6**	10.3	(10.2)			**12.0**	(4.7)	
Return on average tangible common equity (ROTCE) (5)	**16.3**	12.4	(12.3)			**14.4**	(5.7)	
Efficiency ratio (8)	**66**	75	80			**70**	76	
Net interest margin on a taxable-equivalent basis	**2.02**	2.05	2.25			**2.04**	2.42	
Selected Balance Sheet Data (average)								
Loans	**$ 854,747**	873,439	971,266	(2)	(12)	**$ 864,041**	968,156	(11)
Assets	**1,939,879**	1,934,425	1,947,180	—	—	**1,937,167**	1,948,025	(1)
Deposits	**1,435,824**	1,393,472	1,386,656	3	4	**1,414,765**	1,362,309	4
Selected Balance Sheet Data (period-end)								
Debt securities	**533,565**	505,826	472,580	5	13			
Loans	**852,300**	861,572	935,155	(1)	(9)			
Allowance for credit losses for loans	**16,391**	18,043	20,436	(9)	(20)			
Equity securities	**64,547**	57,702	50,776	12	27			
Assets	**1,945,996**	1,957,264	1,967,048	(1)	(1)			
Deposits	**1,440,472**	1,437,119	1,410,711	—	2			
Headcount (#) (period-end)	**259,196**	264,513	276,013	(2)	(6)			
Capital and other metrics								
Risk-based capital ratios and components (9):								
Standardized Approach:								
Common equity tier 1 (CET1)	**12.07 %**	11.85	10.97					
Tier 1 capital	**13.71**	13.54	12.60					
Total capital	**16.84**	16.75	15.88					
Risk-weighted assets (RWAs) (in billions)	**1,188.7**	1,179.0	1,213.1	1	(2)			
Advanced Approach:								
Common equity tier 1 (CET1)	**12.73 %**	12.60	11.13					
Tier 1 capital	**14.47**	14.39	12.79					
Total capital	**16.88**	16.92	15.29					
Risk-weighted assets (RWAs) (in billions)	**$ 1,126.5**	1,109.4	1,195.4	2	(6)			
Tier 1 leverage ratio	**8.53 %**	8.36	7.95					
Supplementary Leverage Ratio (SLR)	**7.09**	7.91	7.52					
Total Loss Absorbing Capacity (TLAC) Ratio (10)	**25.11**	25.18	25.33					
Liquidity Coverage Ratio (LCR) (11)	**123**	127	129					

NM – Not meaningful

(1) In second quarter 2021, we elected to change our accounting method for low-income housing tax credit investments and elected to change the presentation of investment tax credits related to solar energy investments. Prior period financial statement line items have been revised to conform with the current period presentation. Prior period risk-based capital and certain other regulatory related metrics were not revised. For additional information, see the "Recent Developments" section and Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

(2) Pre-tax pre-provision profit (PTPP) is total revenue less noninterest expense. Management believes that PTPP is a useful financial measure because it enables investors and others to assess the Company's ability to generate capital to cover credit losses through a credit cycle.

(3) In second quarter 2020, diluted average common shares outstanding equaled average common shares outstanding because our securities convertible into common shares had an anti-dilutive effect.

(4) Book value per common share is common stockholders' equity divided by common shares outstanding. Tangible book value per common share is tangible common equity divided by common shares outstanding.

(5) 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 and tangible book value per common share, which utilize tangible common equity, are useful financial measures because they enable management, 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.

(6) Represents Wells Fargo net income (loss) divided by average assets.

(7) Represents Wells Fargo net income (loss) applicable to common stock divided by average common stockholders' equity.

(8) The efficiency ratio is noninterest expense divided by total revenue (net interest income and noninterest income).

(9) The information presented reflects fully phased-in CET1, tier 1 capital, and RWAs, but reflects total capital in accordance with transition requirements. For additional information, see the "Capital Management" section and Note 23 (Regulatory Capital Requirements and Other Restrictions) to Financial Statements in this Report.

(10) Represents TLAC divided by the greater of RWAs determined under the Standardized and Advanced Approaches, which is our binding TLAC ratio.

(11) Represents high-quality liquid assets divided by projected net cash outflows, as each is defined under the LCR rule.

This Quarterly Report, including the Financial Review and the Financial Statements and related Notes, contains forward-looking statements, which may include forecasts of our financial results and condition, expectations for our operations and business, and our assumptions for those forecasts and expectations. Do not unduly rely on forward-looking statements. Actual results may differ materially from our forward-looking statements due to several factors. Factors that could cause our actual results to differ materially from our forward-looking statements are described in this Report, including in the "Forward-Looking Statements" section, *and in the "Risk Factors" and "Regulation and Supervision" sections of our Annual Report on Form 10-K for the year ended December 31, 2020 (2020 Form 10-K).*

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

Financial Review

Overview

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

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

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

On February 2, 2018, the Company entered into a consent order with the Board of Governors of the Federal Reserve System (FRB). As required by the consent order, the Company's Board of Directors (Board) submitted to the FRB a plan to further enhance the Board's governance and oversight of the Company, and the Company submitted to the FRB a plan to further improve the Company's compliance and operational risk management program. The Company continues to engage with the FRB as the Company works to address the consent order provisions. The consent order also requires the Company, following the FRB's acceptance and approval of the plans and the Company's adoption and implementation of the plans, to complete an initial third-party review of the enhancements and improvements provided for in the plans. Until this third-party review is complete and the plans are approved and implemented to the satisfaction of the FRB, the Company's total consolidated assets as defined under the consent order will be limited to the level as of December 31, 2017. Compliance with this asset cap is measured on a two-quarter daily average basis to allow for management of temporary fluctuations. Due to the COVID-19 pandemic, on April 8, 2020, the FRB amended the consent order to allow the Company to exclude from the asset cap any on-balance sheet exposure resulting from loans made by the Company in connection with the Small Business Administration's Paycheck Protection Program and the FRB's Main Street Lending Program. As required under the amendment to the consent order, to the extent the Company chooses to exclude these exposures from the asset cap, certain fees and other economic benefits received by the Company from loans made in connection with these programs shall be transferred to the U.S. Treasury or to non-profit organizations approved by the FRB that support small businesses. As of June 30, 2021, the Company had not excluded these exposures from the asset cap. After removal of the asset cap, a second third-party review must also be conducted to assess the efficacy and sustainability of the enhancements and improvements.

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

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

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 in our 2020 Form 10-K and Note 13 (Legal Actions) to Financial Statements in this Report.

Other Customer Remediation Activities

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

As our ongoing reviews continue, it is possible that in the future we may identify additional items or areas of potential concern. To the extent issues are identified, we will continue to assess any customer harm and provide remediation as appropriate. For additional information, including related legal and regulatory risk, see the "Risk Factors" section in our 2020 Form 10-K and Note 13 (Legal Actions) to Financial Statements in this Report.

Recent Developments

Change in Accounting Policies

In second quarter 2021, we retroactively changed the accounting for certain tax-advantaged investments to better align the financial statement presentation with the economic impact of these investments.

Specifically, we elected to change our accounting for low-income housing tax credit investments from the equity method of accounting to the proportional amortization method. Under the proportional amortization method, the amortization of the investments and the related tax impacts are recognized in income tax expense. Previously, we recognized the amortization of the investments in other noninterest income and the related tax impacts were recognized in income tax expense.

Also, we elected to change the presentation of investment tax credits related to solar energy investments. We reclassified the investment tax credits on our consolidated balance sheet from accrued expenses and other liabilities to a reduction of the carrying value of the investment balances. We also reclassified the investment tax credits from income tax expense to interest income for solar energy leases or noninterest income for solar energy equity investments.

These changes had a nominal impact on net income and retained earnings on an annual basis; however, our quarterly results were affected in both the second and third quarters of 2020 due to the impact of these changes on the estimated annual effective income tax rate applied to each quarter. These changes also improved our efficiency ratio and generally increased our effective income tax rate from what was previously reported.

Prior period financial statement line items have been revised to conform with the current period presentation. Prior period risk-based capital and certain other regulatory related metrics were not revised. For additional information, including the financial statement line items impacted by these changes, see Note 1 (Summary of Significant Accounting Policies) 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 program called the Paycheck Protection Program (PPP). Since its inception, we have funded approximately 282,000 loans under the PPP totaling approximately $14.0 billion, and more than $5.8 billion of principal forgiveness has been provided on qualifying PPP loans. We deferred approximately $420 million of SBA processing fees in 2020 that will be recognized as interest income over the terms of the loans. We voluntarily committed to donate all of the gross processing fees received from PPP loans funded in 2020. Through June 30, 2021, we donated approximately $260 million of these processing fees. We funded approximately $3.5 billion of PPP loans in the first half of 2021 and deferred approximately $270 million of related SBA processing fees that will be recognized as interest income over the terms of the loans. We have committed to donate any net profits from processing fees received from PPP loans funded in 2021. For additional information on the CARES Act and the PPP, see the "Overview – Recent Developments – COVID-19 Pandemic" section in our 2020 Form 10-K.

LIBOR Transition

The London Interbank Offered Rate (LIBOR) is a widely-referenced benchmark rate, which is published in five currencies and a range of tenors, and seeks to estimate the cost at which banks can borrow on an unsecured basis from other banks. On March 5, 2021, the Financial Conduct Authority and the administrator of LIBOR announced that LIBOR will no longer be published on a representative basis after December 31, 2021, with the exception of the most commonly used tenors of U.S. dollar (USD) LIBOR which will no longer be published on a representative basis after June 30, 2023. Federal banking agencies have issued guidance strongly encouraging banking organizations to cease using USD LIBOR as a reference rate in new contracts as soon as practicable and in any event by December 31, 2021.

For information on the amount of our LIBOR-linked assets and liabilities, as well as initiatives created by our LIBOR Transition Office in an effort to mitigate the risks associated with

a transition away from LIBOR, see the "Overview – Recent Developments – LIBOR Transition" section in our 2020 Form 10-K. For information regarding the risks and potential impact of LIBOR or any other referenced financial metric being significantly changed, replaced or discontinued, see the "Risk Factors" section in our 2020 Form 10-K.

Capital Actions and Restrictions

In June 2021, the Company completed the 2021 Comprehensive Capital Analysis and Review (CCAR) stress test process. We expect our stress capital buffer (SCB) for the period October 1, 2021, through September 30, 2022, to be 3.10%. The FRB has indicated it will publish our final SCB by August 31, 2021.

On July 27, 2021, the Board approved an increase to the Company's third quarter 2021 common stock dividend to $0.20 per share. Additionally, our capital plan includes gross common share repurchases of approximately $18 billion for the four-quarter period beginning third quarter 2021 through second quarter 2022.

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

In June 2021, we redeemed the remaining $350 million of our Non-Cumulative Perpetual Class A Preferred Stock, Series N. In July 2021, we issued $1.25 billion of our Preferred Stock, Series DD.

Business and Portfolio Divestitures

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 and continue to serve as a client and distribution partner. On March 23, 2021, we announced an agreement to sell our Corporate Trust Services business for a purchase price of $750 million. Both transactions are expected to close in the second half of 2021, subject to customary closing conditions.

In the first half of 2021, we completed substantially all of the previously announced sale of our student loan portfolio, which resulted in gains in other noninterest income of $208 million and $147 million in first and second quarter 2021, respectively, and goodwill write-downs in other noninterest expense of $104 million and $79 million in first and second quarter 2021, respectively.

Financial Performance

Consolidated Financial Highlights

	Quarter ended Jun 30,				Six months ended Jun 30,			
($ in millions)	**2021**	2020	$ Change	% Change	**2021**	2020	$ Change	% Change
Selected income statement data								
Net interest income	**$ 8,800**	9,892	(1,092)	(11)%	**$ 17,608**	21,222	(3,614)	(17)%
Noninterest income	**11,470**	8,394	3,076	37	**21,194**	15,237	5,957	39
Total revenue	**20,270**	18,286	1,984	11	**38,802**	36,459	2,343	6
Net charge-offs	**379**	1,114	(735)	(66)	**902**	2,055	(1,153)	(56)
Change in the allowance for credit losses	**(1,639)**	8,420	(10,059)	NM	**(3,210)**	11,484	(14,694)	NM
Provision for credit losses	**(1,260)**	9,534	(10,794)	NM	**(2,308)**	13,539	(15,847)	NM
Noninterest expense	**13,341**	14,551	(1,210)	(8)	**27,330**	27,599	(269)	(1)
Income tax expense	**1,445**	(2,001)	3,446	NM	**2,346**	(1,648)	3,994	NM
Wells Fargo net income	**6,040**	(3,846)	9,886	NM	**10,676**	(2,930)	13,606	NM
Wells Fargo net income applicable to common stock	**5,743**	(4,160)	9,903	NM	**9,999**	(3,856)	13,855	NM

NM – Not meaningful

In second quarter 2021, we generated $6.0 billion of net income and diluted earnings per common share (EPS) of $1.38, compared with a net loss of $3.8 billion and diluted loss per common share of $1.01 in the same period a year ago. Financial performance for second quarter 2021, compared with the same period a year ago, included the following:

- total revenue increased due to higher net gains from equity securities and mortgage banking income, partially offset by lower net interest income;
- provision for credit losses decreased reflecting lower net charge-offs and improvements in the economic environment;
- noninterest expense decreased due to lower operating losses and lower professional and outside services expense;
- average loans decreased due to paydowns exceeding originations in the residential mortgage and credit card portfolios, weak demand for commercial loans, and the reclassification of student loans, included in other consumer loans, to loans held for sale after the announced sale of the portfolio in fourth quarter 2020; and
- average deposits increased driven by growth in consumer deposits in the Consumer Banking and Lending and Wealth and Investment Management (WIM) operating segments due to higher levels of liquidity and savings for consumer customers reflecting government stimulus programs and payment deferral programs, as well as continued economic uncertainty associated with the COVID-19 pandemic, partially offset by actions taken to manage under the asset cap which reduced deposits in the Corporate and Investment Banking operating segment and Corporate.

In the first half of 2021, we generated $10.7 billion of net income and diluted EPS of $2.40, compared with a net loss of $2.9 billion and diluted loss per common share of $0.94 in the same period a year ago. Financial performance for the first half of 2021, compared with the same period a year ago, included the following:

- total revenue increased due to higher net gains from equity securities and mortgage banking income, partially offset by lower net interest income;
- provision for credit losses decreased reflecting lower net charge-offs due to better portfolio credit quality driven by improvements in the economic environment;

- noninterest expense decreased due to lower operating losses and lower professional and outside services expense, partially offset by higher personnel expense;
- average loans decreased due to paydowns exceeding originations in the residential mortgage and credit card portfolios, weak demand for commercial loans, and the reclassification of student loans, included in other consumer loans, to loans held for sale after the announced sale of the portfolio in fourth quarter 2020; and
- average deposits increased driven by growth in consumer deposits in the Consumer Banking and Lending and Wealth and Investment Management (WIM) operating segments due to higher levels of liquidity and savings for consumer customers reflecting government stimulus programs and payment deferral programs, as well as continued economic uncertainty associated with the COVID-19 pandemic, partially offset by actions taken to manage under the asset cap which reduced deposits in the Corporate and Investment Banking operating segment and Corporate.

Capital and Liquidity

We maintained a strong capital position in the first half of 2021, with total equity of $193.1 billion at June 30, 2021, compared with $185.7 billion at December 31, 2020. Our liquidity and regulatory capital ratios remained strong at June 30, 2021, including:

- our liquidity coverage ratio (LCR) was 123%, which continued to exceed the regulatory minimum of 100%;
- our Common Equity Tier 1 (CET1) ratio was 12.07%, which continued to exceed both the regulatory requirement of 9% and our current internal target; and
- our eligible external total loss absorbing capacity (TLAC) as a percentage of total risk-weighted assets was 25.11%, compared with the regulatory requirement of 21.50%.

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

Credit Quality

Credit quality reflected the improving economic environment.

- The allowance for credit losses (ACL) for loans of $16.4 billion at June 30, 2021, decreased $3.3 billion from December 31, 2020.
- Our provision for credit losses for loans was $(2.4) billion in the first half of 2021, down from $13.4 billion in the same period a year ago. The decrease in the ACL for loans and the provision for credit losses in the first half of 2021, compared with the same period a year ago, reflected improvements in current and forecasted economic conditions.
- The allowance coverage for total loans was 1.92% at June 30, 2021, compared with 2.22% at December 31, 2020.
- Commercial portfolio net loan charge-offs were $80 million, or 7 basis points of average commercial loans, in second quarter 2021, compared with net loan charge-offs of $602 million, or 44 basis points, in the same period a year ago, predominantly driven by lower losses in our commercial and industrial portfolio primarily within the oil, gas and pipelines industry, and in the real estate mortgage portfolio.
- Consumer portfolio net loan charge-offs were $301 million, or 32 basis points of average consumer loans, in second quarter 2021, compared with net loan charge-offs of $511 million, or 48 basis points, in the same period a year ago, driven by lower losses in all consumer loan portfolios as a result of payment deferral activities, government stimulus programs instituted in response to the COVID-19 pandemic, and the sale of a portion of our student loan portfolio.
- Nonperforming assets (NPAs) of $7.5 billion at June 30, 2021, decreased $1.4 billion, or 16%, from December 31, 2020, predominantly driven by decreases in our commercial and industrial portfolio reflecting improvements in the economic environment, and decreases in our residential mortgage portfolios reflecting loan sales and payment deferral activities. NPAs represented 0.88% of total loans at June 30, 2021.

Earnings Performance

Wells Fargo net income for second quarter 2021 was $6.0 billion ($1.38 diluted EPS), compared with a net loss of $3.8 billion ($1.01 diluted loss per common share) in the same period a year ago. Net income increased in second quarter 2021, compared with the same period a year ago, predominantly due to a $10.8 billion decrease in provision for credit losses, a $3.1 billion increase in noninterest income, and a $1.2 billion decrease in noninterest expense, partially offset by a $3.4 billion increase in income tax expense and a $1.1 billion decrease in net interest income.

Net income for the first half of 2021 was $10.7 billion ($2.40 diluted EPS), compared with a net loss of $2.9 billion ($0.94 diluted loss per common share) in the same period a year ago. Net income increased in the first half of 2021, compared with the same period a year ago, predominantly due to a $15.8 billion decrease in provision for credit losses and a $6.0 billion increase in noninterest income, partially offset by a $4.0 billion increase in income tax expense and a $3.6 billion decrease in net interest income.

Net Interest Income

Net interest income and net interest margin decreased in both the second quarter and first half of 2021, compared with the same periods a year ago, due to the impact of lower interest rates and lower loan balances reflecting soft demand and elevated prepayments, as well as higher mortgage-backed securities premium amortization, partially offset by a reduction in long-term debt. The first half of 2021 was also impacted by unfavorable hedge ineffectiveness accounting results.

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

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

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

	Quarter ended June 30,					
	2021			2020		
(in millions)	Average balance	Interest income/ expense	Interest rates	Average balance	Interest income/ expense	Interest rates
Assets						
Interest-earning deposits with banks	**$ 255,237**	**70**	**0.11 %**	$ 176,327	51	0.12 %
Federal funds sold and securities purchased under resale agreements	**72,513**	**3**	**0.02**	76,384	2	0.01
Debt securities:						
Trading debt securities	**84,612**	**501**	**2.37**	96,049	663	2.76
Available-for-sale debt securities	**192,418**	**686**	**1.43**	232,444	1,416	2.44
Held-to-maturity debt securities	**237,812**	**1,106**	**1.86**	166,804	968	2.33
Total debt securities	**514,842**	**2,293**	**1.78**	495,297	3,047	2.46
Loans held for sale (2)	**27,173**	**193**	**2.85**	27,610	237	3.45
Loans:						
Commercial loans:						
Commercial and industrial – U.S.	**248,153**	**1,627**	**2.63**	310,104	1,990	2.58
Commercial and industrial – Non-U.S.	**70,764**	**374**	**2.12**	72,241	445	2.48
Real estate mortgage	**120,526**	**823**	**2.74**	123,525	930	3.03
Real estate construction	**22,015**	**169**	**3.08**	21,361	179	3.37
Lease financing	**15,565**	**174**	**4.49**	18,087	210	4.62
Total commercial loans	**477,023**	**3,167**	**2.66**	545,318	3,754	2.77
Consumer loans:						
Residential mortgage – first lien	**247,815**	**1,957**	**3.16**	280,878	2,414	3.44
Residential mortgage – junior lien	**20,457**	**211**	**4.13**	27,700	292	4.24
Credit card	**34,211**	**979**	**11.48**	36,539	979	10.78
Auto	**50,014**	**563**	**4.52**	48,441	601	4.99
Other consumer	**25,227**	**233**	**3.70**	32,390	440	5.45
Total consumer loans	**377,724**	**3,943**	**4.18**	425,948	4,726	4.45
Total loans (2)	**854,747**	**7,110**	**3.33**	971,266	8,480	3.50
Equity securities	**29,773**	**133**	**1.77**	27,417	117	1.70
Other	**9,103**	**1**	**0.04**	7,715	—	(0.02)
Total interest-earning assets	**1,763,388**	**9,803**	**2.23**	1,782,016	11,934	2.69
Cash and due from banks	**24,336**	**—**		21,227	—	
Goodwill	**26,213**	**—**		26,384	—	
Other (3)	**125,942**	**—**		117,553	—	
Total noninterest-earning assets	**176,491**	**—**		165,164	—	
Total assets	**$ 1,939,879**	**9,803**		1,947,180	11,934	
Liabilities						
Deposits:						
Demand deposits	**$ 452,184**	**31**	**0.03 %**	$ 53,592	9	0.07 %
Savings deposits	**422,650**	**32**	**0.03**	799,949	311	0.16
Time deposits	**37,116**	**29**	**0.32**	86,971	224	1.04
Deposits in non-U.S offices	**29,796**	**—**	**—**	37,682	41	0.44
Total interest-bearing deposits	**941,746**	**92**	**0.04**	978,194	585	0.24
Short-term borrowings	**48,505**	**(11)**	**(0.09)**	63,535	(17)	(0.10)
Long-term debt	**181,101**	**712**	**1.57**	232,395	1,237	2.13
Other liabilities	**27,718**	**101**	**1.47**	29,947	116	1.53
Total interest-bearing liabilities	**1,199,070**	**894**	**0.30**	1,304,071	1,921	0.59
Noninterest-bearing demand deposits	**494,078**	**—**		408,462	—	
Other noninterest-bearing liabilities	**55,763**	**—**		50,575	—	
Total noninterest-bearing liabilities	**549,841**	**—**		459,037	—	
Total liabilities	**1,748,911**	**894**		1,763,108	1,921	
Total equity (3)	**190,968**	**—**		184,072	—	
Total liabilities and equity	**$ 1,939,879**	**894**		1,947,180	1,921	
Interest rate spread on a taxable-equivalent basis (3)			**1.93 %**			2.10 %
Net interest income and net interest margin on a taxable-equivalent basis (3)		**$ 8,909**	**2.02 %**		$ 10,013	2.25 %

(continued on following page)

Earnings Performance *(continued)*

(continued from previous page)

	Six months ended June 30,					
	2021			2020		
(in millions)	**Average balance**	**Interest income/ expense**	**Interest rates**	Average balance	Interest income/ expense	Interest rates
Assets						
Interest-earning deposits with banks	**$ 239,425**	**127**	**0.11 %**	$ 152,924	432	0.57 %
Federal funds sold and securities purchased under resale agreements	**72,332**	**10**	**0.03**	91,969	382	0.84
Debt securities:						
Trading debt securities	**85,990**	**1,035**	**2.41**	98,556	1,433	2.91
Available-for-sale debt securities	**199,642**	**1,527**	**1.53**	242,501	3,226	2.66
Held-to-maturity debt securities	**227,377**	**2,133**	**1.88**	162,348	1,977	2.44
Total debt securities	**513,009**	**4,695**	**1.83**	503,405	6,636	2.64
Loans held for sale (2)	**30,843**	**524**	**3.41**	24,728	446	3.62
Loans:						
Commercial loans:						
Commercial and industrial – U.S.	**250,510**	**3,223**	**2.59**	299,303	4,536	3.05
Commercial and industrial – Non-U.S.	**68,106**	**712**	**2.11**	71,451	1,001	2.82
Real estate mortgage	**120,629**	**1,635**	**2.73**	122,656	2,117	3.47
Real estate construction	**21,886**	**335**	**3.09**	20,819	408	3.94
Lease financing	**15,681**	**358**	**4.55**	18,687	443	4.74
Total commercial loans	**476,812**	**6,263**	**2.64**	532,916	8,505	3.21
Consumer loans:						
Residential mortgage – first lien	**256,982**	**4,025**	**3.13**	287,217	5,064	3.53
Residential mortgage – junior lien	**21,384**	**439**	**4.13**	28,303	662	4.70
Credit card	**34,705**	**2,012**	**11.69**	38,147	2,186	11.53
Auto	**49,351**	**1,123**	**4.59**	48,350	1,197	4.98
Other consumer	**24,807**	**466**	**3.79**	33,223	974	5.89
Total consumer loans	**387,229**	**8,065**	**4.18**	435,240	10,083	4.65
Total loans (2)	**864,041**	**14,328**	**3.33**	968,156	18,588	3.85
Equity securities	**29,604**	**270**	**1.82**	32,475	325	2.00
Other	**9,299**	**2**	**0.04**	7,573	14	0.37
Total interest-earning assets	**1,758,553**	**19,956**	**2.28**	1,781,230	26,823	3.02
Cash and due from banks	**24,466**	**—**		20,899	—	
Goodwill	**26,297**	**—**		26,386	—	
Other(3)	**127,851**	**—**		119,510	—	
Total noninterest-earning assets	**178,614**	**—**		166,795	—	
Total assets	**$ 1,937,167**	**19,956**		1,948,025	26,823	
Liabilities						
Deposits:						
Demand deposits	**$ 448,495**	**64**	**0.03 %**	$ 58,339	144	0.50 %
Savings deposits	**417,153**	**64**	**0.03**	781,044	1,289	0.33
Time deposits	**40,552**	**76**	**0.38**	99,524	690	1.39
Deposits in non-U.S. offices	**30,260**	**—**	**—**	45,508	204	0.90
Total interest-bearing deposits	**936,460**	**204**	**0.04**	984,415	2,327	0.48
Short-term borrowings	**53,764**	**(20)**	**(0.08)**	83,256	275	0.66
Long-term debt	**189,673**	**1,738**	**1.83**	230,699	2,477	2.15
Other liabilities	**28,294**	**210**	**1.49**	30,073	258	1.71
Total interest-bearing liabilities	**1,208,191**	**2,132**	**0.35**	1,328,443	5,337	0.81
Noninterest-bearing demand deposits	**478,305**	**—**		377,894	—	
Other noninterest-bearing liabilities	**60,645**	**—**		55,706	—	
Total noninterest-bearing liabilities	**538,950**	**—**		433,600	—	
Total liabilities	**1,747,141**	**2,132**		1,762,043	5,337	
Total equity (3)	**190,026**	**—**		185,982	—	
Total liabilities and equity	**$ 1,937,167**	**2,132**		1,948,025	5,337	
Interest rate spread on a taxable-equivalent basis (3)			**1.93 %**			2.21 %
Net interest margin and net interest income on a taxable-equivalent basis (3)		**$ 17,824**	**2.04 %**		$ 21,486	2.42 %

(1) The average balance amounts represent amortized costs. The interest rates are based on interest income or expense amounts for the period and are annualized. Interest rates and amounts include the effects of hedge and risk management activities associated with the respective asset and liability categories.
(2) Nonaccrual loans and any related income are included in their respective loan categories.
(3) Includes taxable-equivalent adjustments of $109 million and $121 million for the quarters ended June 30, 2021 and 2020, respectively, and $216 million and $264 million for the first half of 2021 and 2020, respectively, predominantly related to tax-exempt income on certain loans and securities.

Noninterest Income

Table 2: Noninterest Income

(in millions)	Quarter ended June 30, 2021	2020	$ Change	% Change	Six months ended June 30, 2021	2020	$ Change	% Change
Deposit-related fees	$ **1,342**	1,142	200	18 %	$ **2,597**	2,589	8	— %
Lending-related fees	**362**	323	39	12	**723**	673	50	7
Investment advisory and other asset-based fees	**2,794**	2,254	540	24	**5,550**	4,760	790	17
Commissions and brokerage services fees	**580**	550	30	5	**1,216**	1,227	(11)	(1)
Investment banking fees	**570**	547	23	4	**1,138**	938	200	21
Card fees	**1,077**	797	280	35	**2,026**	1,689	337	20
Servicing income, net	**(21)**	(689)	668	97	**(120)**	(418)	298	71
Net gains on mortgage loan originations/sales	**1,357**	1,006	351	35	**2,782**	1,114	1,668	150
Mortgage banking	**1,336**	317	1,019	321	**2,662**	696	1,966	282
Net gains from trading activities	**21**	807	(786)	(97)	**369**	871	(502)	(58)
Net gains on debt securities	**—**	212	(212)	(100)	**151**	449	(298)	(66)
Net gains (losses) from equity securities	**2,696**	533	2,163	406	**3,088**	(868)	3,956	NM
Lease income	**313**	335	(22)	(7)	**628**	688	(60)	(9)
Other	**379**	577	(198)	(34)	**1,046**	1,525	(479)	(31)
Total	$ **11,470**	8,394	3,076	37	$ **21,194**	15,237	5,957	39

NM – Not meaningful

Second quarter 2021 vs. second quarter 2020

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

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

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

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

Servicing income, net increased due to:
- higher income from mortgage servicing right (MSR) valuation changes and related hedges driven by negative valuation adjustments in second quarter 2020 for higher expected servicing costs and prepayment estimates due to changes in economic conditions;

partially offset by:
- lower servicing fees due to a lower balance of loans serviced for others resulting from prepayments.

Net gains on mortgage loan originations/sales increased driven by:
- higher gains related to the re-securitization of loans we purchased from Government National Mortgage Association (GNMA) loan securitization pools in 2020; and
- higher residential real estate held for sale (HFS) origination volumes in our retail production channel;

partially offset by:
- lower HFS origination volumes in our correspondent production channel; and
- lower margins in our retail and correspondent production channels.

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

Net gains from trading activities decreased driven by fewer gains in asset-backed finance and credit products due to limited credit spread movement compared with a second quarter 2020 that reflected gains driven by volatility in credit spreads from the impact of the COVID-19 pandemic.

Net gains on debt securities decreased due to lower gains from fewer sales of agency mortgage-backed securities (MBS) and municipal bonds.

Net gains (losses) from equity securities increased driven by:
- higher unrealized gains on nonmarketable equity securities from our affiliated venture capital and private equity businesses; and
- higher realized gains on the sales of equity securities;

partially offset by:
- lower gains on deferred compensation plan investments (largely offset in personnel expense). Refer to Table 3a for the results for our deferred compensation plan and related hedges.

Other income decreased due to:
- lower gains on the sales of residential mortgage loans which were reclassified to held for sale in 2019; and
- higher valuation losses related to the retained litigation risk, including the timing and amount of final settlement, associated with shares of Visa Class B common stock that

we sold. For additional information, see the "Risk Management – Asset/Liability Management – Market Risk – Equity Securities" section in our 2020 Form 10-K;

partially offset by:

- a gain on the sale of a portion of our student loan portfolio.

First half of 2021 vs. first half of 2020

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

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

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

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

Servicing income, net increased reflecting:

- higher income from MSR valuation changes and related hedges driven by negative valuation adjustments to the MSR in the first half of 2020 for higher expected servicing costs and prepayment estimates due to changes in economic conditions;

partially offset by:

- lower servicing fees due to a lower balance of loans serviced for others resulting from prepayments.

Net gains on mortgage loan originations/sales increased driven by:

- higher margins in our retail production channel;
- higher HFS origination volume in our retail production channel;
- higher gains related to the re-securitization of loans we purchased from GNMA loan securitization pools in 2020; and
- higher gains due to losses in the first half of 2020 driven by the impact of interest rate volatility on hedging activities associated with our residential mortgage loans held for sale portfolio and pipeline, as well as valuation losses on certain residential and commercial loans held for sale due to market conditions.

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

Net gains from trading activities decreased reflecting:

- lower client trading activity for interest rate products, equities, and commodities;

partially offset by:

- higher client trading activity for asset-backed finance products.

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

Net gains (losses) from equity securities increased driven by:

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

Other income decreased due to:

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

partially offset by:

- a gain on the sale of substantially all of our student loan portfolio; and
- higher income from investments accounted for under the equity method.

Noninterest Expense

Table 3: Noninterest Expense

(in millions)	Quarter ended June 30, 2021	2020	$ Change	% Change	Six months ended June 30, 2021	2020	$ Change	% Change
Personnel	$ **8,818**	8,916	(98)	(1)%	$ **18,376**	17,239	1,137	7 %
Technology, telecommunications and equipment	**815**	672	143	21	**1,659**	1,470	189	13
Occupancy	**735**	871	(136)	(16)	**1,505**	1,586	(81)	(5)
Operating losses	**303**	1,219	(916)	(75)	**516**	1,683	(1,167)	(69)
Professional and outside services	**1,450**	1,676	(226)	(13)	**2,838**	3,282	(444)	(14)
Leases (1)	**226**	244	(18)	(7)	**452**	504	(52)	(10)
Advertising and promotion	**132**	137	(5)	(4)	**222**	318	(96)	(30)
Restructuring charges	**(4)**	—	(4)	NM	**9**	—	9	NM
Other	**866**	816	50	6	**1,753**	1,517	236	16
Total	$ **13,341**	14,551	(1,210)	(8)	$ **27,330**	27,599	(269)	(1)

NM – Not meaningful
(1) Represents expenses for assets we lease to customers.

Second quarter 2021 vs. second quarter 2020

Personnel expense decreased driven by:
- lower salaries as a result of reduced headcount; and
- lower deferred compensation expense;

partially offset by:
- higher incentive compensation expense, including the impact of higher market valuations on stock-based compensation; and
- higher revenue-related compensation expense.

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

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

Operating losses decreased driven by lower expense for litigation accruals and customer remediation accruals.

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

Other expenses increased driven by a write-down of goodwill in second quarter 2021 related to the sale of a portion of our student loan portfolio.

First half of 2021 vs. first half of 2020

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

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

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

Table 3a: Deferred Compensation and Related Hedges

(in millions)	Quarter ended June 30, 2021	2020	Six months ended June 30, 2021	2020
Net interest income	$ **—**	3	$ **—**	15
Net gains (losses) from equity securities	**1**	346	**1**	(275)
Total revenue (losses) from deferred compensation plan investments	**1**	349	**1**	(260)
Decrease (increase) in deferred compensation plan liabilities	**(257)**	(490)	**(422)**	108
Net derivative gains from economic hedges of deferred compensation	**239**	141	**399**	141
Decrease (increase) in personnel expense	**(18)**	(349)	**(23)**	249
Loss before income tax expense	$ **(17)**	—	$ **(22)**	(11)

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

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

Operating losses decreased driven by lower expense for litigation accruals and customer remediation accruals.

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

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

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

Other expenses increased driven by:
- a write-down of goodwill in the first half of 2021 related to the sale of substantially all of our student loan portfolio;
- higher charitable donations expense driven by the donation of PPP processing fees; and
- higher Federal Deposit Insurance Corporation (FDIC) deposit assessment expense driven by a higher assessment rate;

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

Income Tax Expense

Income tax expense was $1.4 billion in second quarter 2021, compared with an income tax benefit of $2.0 billion in the same period a year ago. The effective income tax rate was 19.3% for second quarter 2021, compared with 34.2% for the same period a year ago.

Income tax expense was $2.3 billion in the first half of 2021, compared with an income tax benefit of $1.6 billion in the same period a year ago. The effective income tax rate was 18.0% for the first half of 2021, compared with 36.0% for the same period a year ago.

The increase in our income tax expense for both the second quarter and first half of 2021, compared with the same periods a year ago, was driven by higher pre-tax income, including the impact of the changes in accounting policy for certain tax-advantaged investments. For additional information on the changes in accounting policy, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

Operating Segment Results

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

In March 2021, we announced an agreement to sell our Corporate Trust Services business and, in second quarter 2021, we moved the business from the Commercial Banking operating segment to Corporate. Prior period balances have been revised to conform with the current period presentation. This change did not impact the previously reported consolidated financial results of the Company.

In second quarter 2021, we elected to change our accounting method for low-income housing tax credit (LIHTC) investments and elected to change the presentation of investment tax credits related to solar energy investments. These accounting policy changes had a nominal impact on reportable operating segment results. Prior period financial statement line items for the Company, as well as for the reportable operating segments, have been revised to conform with the current period presentation. Our LIHTC investments are included in the Corporate and Investment Banking operating segment and our solar energy investments are included in the Commercial Banking operating segment. For additional information, see the "Recent Developments" section and Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

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

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

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

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

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

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

Table 4: Management Reporting Structure

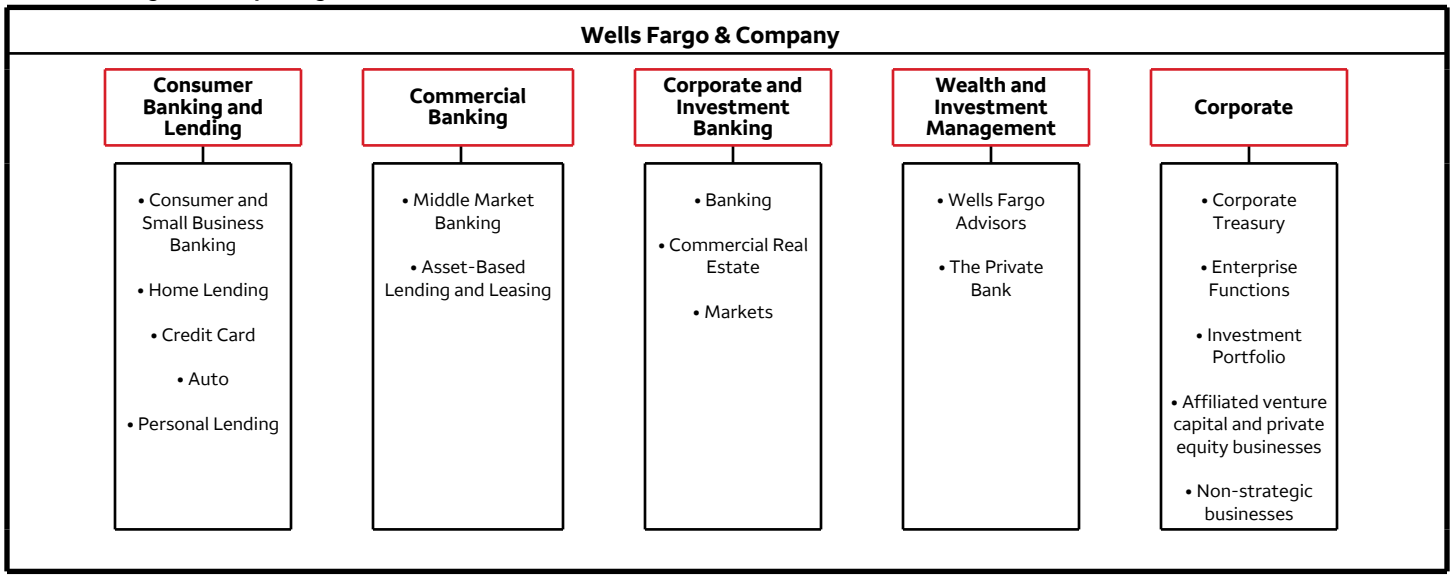


Table 5 and the following discussion present our results by reportable operating segment. For additional information, see Note 22 (Operating Segments) to Financial Statements in this Report.

Table 5: Operating Segment Results – Highlights

(in millions)	Consumer Banking and Lending	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate (1)	Reconciling Items (2)	Consolidated Company
Quarter ended June 30, 2021							
Net interest income	**$ 5,618**	**1,202**	**1,783**	**610**	**(304)**	**(109)**	**8,800**
Noninterest income	**3,068**	**906**	**1,555**	**2,926**	**3,327**	**(312)**	**11,470**
Total revenue	**8,686**	**2,108**	**3,338**	**3,536**	**3,023**	**(421)**	**20,270**
Provision for credit losses	**(367)**	**(382)**	**(501)**	**24**	**(34)**	**—**	**(1,260)**
Noninterest expense	**6,202**	**1,443**	**1,805**	**2,891**	**1,000**	**—**	**13,341**
Income (loss) before income tax expense (benefit)	**2,851**	**1,047**	**2,034**	**621**	**2,057**	**(421)**	**8,189**
Income tax expense (benefit)	**713**	**261**	**513**	**156**	**223**	**(421)**	**1,445**
Net income before noncontrolling interests	**2,138**	**786**	**1,521**	**465**	**1,834**	**—**	**6,744**
Less: Net income (loss) from noncontrolling interests	**—**	**2**	**(2)**	**—**	**704**	**—**	**704**
Net income	**$ 2,138**	**784**	**1,523**	**465**	**1,130**	**—**	**6,040**
Quarter ended June 30, 2020							
Net interest income	$ 5,717	1,554	1,963	719	60	(121)	9,892
Noninterest income	1,891	797	2,096	2,487	1,318	(195)	8,394
Total revenue	7,608	2,351	4,059	3,206	1,378	(316)	18,286
Provision for credit losses	3,102	2,295	3,756	255	126	—	9,534
Noninterest expense	6,933	1,580	2,044	2,743	1,251	—	14,551
Income (loss) before income tax expense (benefit)	(2,427)	(1,524)	(1,741)	208	1	(316)	(5,799)
Income tax expense (benefit)	(650)	(379)	(408)	52	(300)	(316)	(2,001)
Net income (loss) before noncontrolling interests	(1,777)	(1,145)	(1,333)	156	301	—	(3,798)
Less: Net income from noncontrolling interests	—	1	—	—	47	—	48
Net income (loss)	$ (1,777)	(1,146)	(1,333)	156	254	—	(3,846)
Six months ended June 30, 2021							
Net interest income	**$ 11,233**	**2,456**	**3,562**	**1,267**	**(694)**	**(216)**	**17,608**
Noninterest income	**6,107**	**1,733**	**3,380**	**5,813**	**4,744**	**(583)**	**21,194**
Total revenue	**17,340**	**4,189**	**6,942**	**7,080**	**4,050**	**(799)**	**38,802**
Provision for credit losses	**(786)**	**(781)**	**(785)**	**(19)**	**63**	**—**	**(2,308)**
Noninterest expense	**12,469**	**3,073**	**3,638**	**5,919**	**2,231**	**—**	**27,330**
Income (loss) before income tax expense (benefit)	**5,657**	**1,897**	**4,089**	**1,180**	**1,756**	**(799)**	**13,780**
Income tax expense (benefit)	**1,415**	**473**	**1,013**	**296**	**(52)**	**(799)**	**2,346**
Net income before noncontrolling interests	**4,242**	**1,424**	**3,076**	**884**	**1,808**	**—**	**11,434**
Less: Net income (loss) from noncontrolling interests	**—**	**3**	**(2)**	**—**	**757**	**—**	**758**
Net income	**$ 4,242**	**1,421**	**3,078**	**884**	**1,051**	**—**	**10,676**
Six months ended June 30, 2020							
Net interest income	$ 11,719	3,287	3,984	1,557	939	(264)	21,222
Noninterest income	4,538	1,409	3,483	4,919	1,303	(415)	15,237
Total revenue	16,257	4,696	7,467	6,476	2,242	(679)	36,459
Provision for credit losses	4,671	3,336	4,881	263	388	—	13,539
Noninterest expense	13,190	3,153	3,914	5,400	1,942	—	27,599
Income (loss) before income tax expense (benefit)	(1,604)	(1,793)	(1,328)	813	(88)	(679)	(4,679)
Income tax expense (benefit)	(445)	(442)	(307)	204	21	(679)	(1,648)
Net income (loss) before noncontrolling interests	(1,159)	(1,351)	(1,021)	609	(109)	—	(3,031)
Less: Net income (loss) from noncontrolling interests	—	2	—	—	(103)	—	(101)
Net income (loss)	$ (1,159)	(1,353)	(1,021)	609	(6)	—	(2,930)

(1) All other business activities that are not included in the reportable operating segments have been included in Corporate. For additional information, see the "Corporate" section below. In March 2021, we announced an agreement to sell our Corporate Trust Services business and, in second quarter 2021, we moved the business from the Commercial Banking operating segment to Corporate. Prior period balances have been revised to conform with the current period presentation.

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

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

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

	Quarter ended June 30,				Six months ended June 30,			
($ in millions, unless otherwise noted)	**2021**	2020	$ Change	% Change	**2021**	2020	$ Change	% Change
Income Statement								
Net interest income	**$ 5,618**	5,717	(99)	(2)%	**$ 11,233**	11,719	(486)	(4)%
Noninterest income:								
Deposit-related fees	**732**	575	157	27	**1,393**	1,454	(61)	(4)
Card fees	**1,017**	749	268	36	**1,909**	1,568	341	22
Mortgage banking	**1,158**	256	902	352	**2,417**	598	1,819	304
Other	**161**	311	(150)	(48)	**388**	918	(530)	(58)
Total noninterest income	**3,068**	1,891	1,177	62	**6,107**	4,538	1,569	35
Total revenue	**8,686**	7,608	1,078	14	**17,340**	16,257	1,083	7
Net charge-offs	**359**	553	(194)	(35)	**729**	1,174	(445)	(38)
Change in the allowance for credit losses	**(726)**	2,549	(3,275)	NM	**(1,515)**	3,497	(5,012)	NM
Provision for credit losses	**(367)**	3,102	(3,469)	NM	**(786)**	4,671	(5,457)	NM
Noninterest expense	**6,202**	6,933	(731)	(11)	**12,469**	13,190	(721)	(5)
Income (loss) before income tax expense (benefit)	**2,851**	(2,427)	5,278	NM	**5,657**	(1,604)	7,261	NM
Income tax expense (benefit)	**713**	(650)	1,363	NM	**1,415**	(445)	1,860	NM
Net income (loss)	**$ 2,138**	(1,777)	3,915	NM	**$ 4,242**	(1,159)	5,401	NM
Revenue by Line of Business								
Consumer and Small Business Banking	**$ 4,714**	4,401	313	7	**$ 9,264**	9,262	2	—
Consumer Lending:								
Home Lending	**2,072**	1,477	595	40	**4,299**	3,353	946	28
Credit Card	**1,363**	1,196	167	14	**2,709**	2,571	138	5
Auto	**415**	388	27	7	**818**	768	50	7
Personal Lending	**122**	146	(24)	(16)	**250**	303	(53)	(17)
Total revenue	**$ 8,686**	7,608	1,078	14	**$ 17,340**	16,257	1,083	7
Selected Metrics								
Consumer Banking and Lending:								
Return on allocated capital (1)	**17.3%**	(15.5)			**17.2%**	(5.5)		
Efficiency ratio (2)	**71**	91			**72**	81		
Headcount (#) (period-end)	**116,185**	133,876		(13)	**116,185**	133,876		(13)
Retail bank branches (#)	**4,878**	5,300		(8)	**4,878**	5,300		(8)
Digital active customers (# in millions) (3)	**32.6**	31.1		5	**32.6**	31.1		5
Mobile active customers (# in millions) (3)	**26.8**	25.2		6	**26.8**	25.2		6
Consumer and Small Business Banking:								
Deposit spread (4)	**1.5%**	1.8			**1.6%**	1.9		
Debit card purchase volume ($ in billions) (5)	**$ 122.0**	93.1	28.9	31	**$ 230.5**	183.7	46.8	25
Debit card purchase transactions (# in millions) (5)	**2,504**	2,027		24	**4,770**	4,222		13

(continued on following page)

Earnings Performance *(continued)*

(continued from previous page)

($ in millions, unless otherwise noted)	Quarter ended June 30, 2021	Quarter ended June 30, 2020	$ Change	% Change	Six months ended June 30, 2021	Six months ended June 30, 2020	$ Change	% Change
Home Lending:								
Mortgage banking:								
Servicing income, net	$ **(76)**	(666)	590	89%	$ **(199)**	(409)	210	51 %
Net gains on mortgage loan originations/sales	**1,234**	922	312	34	**2,616**	1,007	1,609	160
Total mortgage banking	$ **1,158**	256	902	352	$ **2,417**	598	1,819	304
Originations ($ in billions):								
Retail	$ **36.9**	30.5	6.4	21	$ **70.5**	53.6	16.9	32
Correspondent	**16.3**	28.7	(12.4)	(43)	**34.5**	53.6	(19.1)	(36)
Total originations	$ **53.2**	59.2	(6.0)	(10)	$ **105.0**	107.2	(2.2)	(2)
% of originations held for sale (HFS)	**65.6 %**	71.8			**70.7 %**	70.7		
Third-party mortgage loans serviced (period-end) ($ in billions) (6)	$ **769.4**	989.5	(220.1)	(22)	$ **769.4**	989.5	(220.1)	(22)
Mortgage servicing rights (MSR) carrying value (period-end)	**6,717**	6,819	(102)	(1)	**6,717**	6,819	(102)	(1)
Ratio of MSR carrying value (period-end) to third-party mortgage loans serviced (period-end) (6)	**0.87 %**	0.69			**0.87 %**	0.69		
Home lending loans 30+ days or more delinquency rate (7)(8)	**0.51**	0.54			**0.51**	0.54		
Credit Card:								
Point of sale (POS) volume ($ in billions)	$ **25.5**	17.5	8.0	46	$ **46.6**	37.4	9.2	25
New accounts (# in thousands) (9)	**323**	255		27	**589**	570		3
Credit card loans 30+ days or more delinquency rate (8)	**1.46 %**	2.10			**1.46 %**	2.10		
Auto:								
Auto originations ($ in billions)	$ **8.3**	5.6	2.7	48	$ **15.3**	12.1	3.2	26
Auto loans 30+ days or more delinquency rate (8)	**1.30 %**	1.70			**1.30 %**	1.70		
Personal Lending:								
New funded balances	$ **565**	315	250	79	$ **978**	982	(4)	—

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.

Second quarter 2021 vs. second quarter 2020

Revenue increased driven by:
- higher mortgage banking noninterest income due to higher gains related to the re-securitization of loans we purchased from GNMA loan securitization pools in 2020, as well as higher income from MSR valuation changes and related hedges;
- higher card fees reflecting higher interchange fees, net of rewards, driven by increased purchase and transaction volumes; and
- higher deposit-related fees driven by lower fee waivers and reversals compared with a second quarter 2020 that included elevated fee waivers due to our actions to support customers during the COVID-19 pandemic;

partially offset by:
- lower net interest income reflecting the lower interest rate environment and lower loan balances; and
- lower other income driven by lower gains on loan sales.

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

Noninterest expense decreased driven by:
- lower operating losses due to lower expense for litigation accruals and customer remediation accruals;
- lower personnel expense driven by additional payments in second quarter 2020 for certain customer-facing and support employees and for back-up child care services, as well as lower branch staffing expense in second quarter 2021 related to efficiency initiatives in Consumer and Small Business Banking, partially offset by higher revenue-related compensation in Home Lending; and
- lower expense allocated from enterprise functions, reflecting risk management and technology support related expenses;

partially offset by:
- higher charitable donations expense due to the donation of PPP processing fees; and
- higher FDIC deposit assessment expense driven by a higher assessment rate.

First half of 2021 vs. first half of 2020

Revenue increased driven by:
- higher mortgage banking noninterest income due to higher retail HFS origination volumes and margins, and higher income from MSR valuation changes and related hedges; and
- higher card fees reflecting higher interchange fees, net of rewards, driven by increased purchase and transaction volumes, partially offset by lower late fees due to higher payment rates;

partially offset by:
- lower net interest income reflecting the lower interest rate environment and lower loan balances;
- lower other income driven by lower gains on loan sales; and
- lower deposit-related fees driven by higher fee waivers and reversals, as well as higher average consumer deposit account balances due to the economic slowdown associated with the COVID-19 pandemic.

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

Noninterest expense decreased driven by:
- lower operating losses due to lower expense for litigation accruals and customer remediation accruals;
- lower personnel expense driven by a first half of 2020 that included additional payments for certain customer-facing and support employees and for back-up child care services, as well as lower branch staffing expense in the first half of 2021 related to efficiency initiatives in Consumer and Small Business Banking, partially offset by higher revenue-related compensation in Home Lending; and
- lower advertising and promotion expense;

partially offset by:
- higher charitable donations expense due to the donation of PPP processing fees;
- higher FDIC deposit assessment expense driven by a higher assessment rate; and
- higher expense allocated from enterprise functions, reflecting risk management and technology support related expenses.

Table 5b: Consumer Banking and Lending – Balance Sheet

	Quarter ended June 30,				Six months ended June 30,			
(in millions)	**2021**	2020	$ Change	% Change	**2021**	2020	$ Change	% Change
Selected Balance Sheet Data (average)								
Loans by Line of Business:								
Home Lending	**$ 223,229**	262,209	(38,980)	(15)%	**$ 233,078**	269,518	(36,440)	(14)%
Auto	**50,762**	49,611	1,151	2	**50,143**	49,552	591	1
Credit Card	**34,211**	36,539	(2,328)	(6)	**34,705**	38,147	(3,442)	(9)
Small Business	**18,768**	14,887	3,881	26	**19,449**	12,301	7,148	58
Personal Lending	**4,922**	6,385	(1,463)	(23)	**5,053**	6,578	(1,525)	(23)
Total loans	**$ 331,892**	369,631	(37,739)	(10)	**$ 342,428**	376,096	(33,668)	(9)
Total deposits	**835,752**	715,144	120,608	17	**812,723**	683,925	128,798	19
Allocated capital	**48,000**	48,000	—	—	**48,000**	48,000	—	—
Selected Balance Sheet Data (period-end)								
Loans by Line of Business:								
Home Lending	**$ 218,626**	258,582	(39,956)	(15)	**$ 218,626**	258,582	(39,956)	(15)
Auto	**51,784**	49,924	1,860	4	**51,784**	49,924	1,860	4
Credit Card	**34,936**	36,018	(1,082)	(3)	**34,936**	36,018	(1,082)	(3)
Small Business	**16,494**	18,116	(1,622)	(9)	**16,494**	18,116	(1,622)	(9)
Personal Lending	**4,920**	6,113	(1,193)	(20)	**4,920**	6,113	(1,193)	(20)
Total loans	**$ 326,760**	368,753	(41,993)	(11)	**$ 326,760**	368,753	(41,993)	(11)
Total deposits	**840,434**	746,602	93,832	13	**840,434**	746,602	93,832	13

Second quarter 2021 vs. second quarter 2020

Total loans (average) decreased as paydowns exceeded originations. Home lending loan balances were also impacted by actions taken to suspend certain non-conforming residential mortgage and home equity originations.

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

First half of 2021 vs. first half of 2020

Total loans (average and period-end) decreased as paydowns exceeded originations. Home lending loan balances were also impacted by actions taken to suspend certain non-conforming residential mortgage and home equity originations.

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

Commercial Banking provides financial solutions to private, family owned and certain public companies. Products and services include banking and credit products across multiple industry sectors and municipalities, secured lending and lease products, and treasury management. In March 2021, we announced an agreement to sell our Corporate Trust Services business and, in second quarter 2021, we moved the business from the Commercial Banking operating segment to Corporate. Prior period balances have been revised to conform with the current period presentation. Table 5c and Table 5d provide additional information for Commercial Banking.

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

	Quarter ended June 30,				Six months ended June 30,			
($ in millions)	**2021**	2020	$ Change	% Change	**2021**	2020	$ Change	% Change
Income Statement								
Net interest income	**$ 1,202**	1,554	(352)	(23)%	**$ 2,456**	3,287	(831)	(25)%
Noninterest income:								
Deposit-related fees	**325**	297	28	9	**642**	599	43	7
Lending-related fees	**135**	125	10	8	**271**	253	18	7
Lease income	**173**	189	(16)	(8)	**347**	387	(40)	(10)
Other	**273**	186	87	47	**473**	170	303	178
Total noninterest income	**906**	797	109	14	**1,733**	1,409	324	23
Total revenue	**2,108**	2,351	(243)	(10)	**4,189**	4,696	(507)	(11)
Net charge-offs	**53**	120	(67)	(56)	**92**	290	(198)	(68)
Change in the allowance for credit losses	**(435)**	2,175	(2,610)	NM	**(873)**	3,046	(3,919)	NM
Provision for credit losses	**(382)**	2,295	(2,677)	NM	**(781)**	3,336	(4,117)	NM
Noninterest expense	**1,443**	1,580	(137)	(9)	**3,073**	3,153	(80)	(3)
Income (loss) before income tax expense (benefit)	**1,047**	(1,524)	2,571	NM	**1,897**	(1,793)	3,690	NM
Income tax expense (benefit)	**261**	(379)	640	NM	**473**	(442)	915	NM
Less: Net income from noncontrolling interests	**2**	1	1	100	**3**	2	1	50
Net income (loss)	**$ 784**	(1,146)	1,930	NM	**$ 1,421**	(1,353)	2,774	NM
Revenue by Line of Business								
Middle Market Banking	**$ 1,151**	1,267	(116)	(9)	**$ 2,310**	2,722	(412)	(15)
Asset-Based Lending and Leasing	**957**	1,084	(127)	(12)	**1,879**	1,974	(95)	(5)
Total revenue	**$ 2,108**	2,351	(243)	(10)	**$ 4,189**	4,696	(507)	(11)
Revenue by Product								
Lending and leasing	**$ 1,207**	1,404	(197)	(14)	**$ 2,409**	2,835	(426)	(15)
Treasury management and payments	**680**	780	(100)	(13)	**1,401**	1,723	(322)	(19)
Other	**221**	167	54	32	**379**	138	241	175
Total revenue	**$ 2,108**	2,351	(243)	(10)	**$ 4,189**	4,696	(507)	(11)
Selected Metrics								
Return on allocated capital	**15.2 %**	(24.7)			**13.8 %**	(15.0)		
Efficiency ratio	**68**	67			**73**	67		
Headcount (#) (period-end)	**19,647**	21,984		(11)	**19,647**	21,984		(11)

NM – Not meaningful

Second quarter 2021 vs. second quarter 2020

Revenue decreased driven by:
- lower net interest income reflecting lower loan balances and the lower interest rate environment;

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

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

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

First half of 2021 vs. first half of 2020

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

partially offset by:
- higher other noninterest income due to gains on equity securities, impairments on equity securities in first quarter 2020, and higher income from renewable energy investments; and
- higher deposit-related fees due to higher treasury management fees, driven by a lower earnings credit rate due to the lower interest rate environment and repricing.

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

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

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

Table 5d: Commercial Banking – Balance Sheet

	Quarter ended June 30,				Six months ended June 30,			
(in millions)	**2021**	2020	$ Change	% Change	**2021**	2020	$ Change	% Change
Selected Balance Sheet Data (average)								
Loans:								
Commercial and industrial	**$ 117,585**	158,982	(41,397)	(26)%	**$ 119,248**	156,645	(37,397)	(24)%
Commercial real estate	**47,203**	53,157	(5,954)	(11)	**47,885**	53,223	(5,338)	(10)
Lease financing and other	**13,784**	16,284	(2,500)	(15)	**13,712**	16,773	(3,061)	(18)
Total loans	**$ 178,572**	228,423	(49,851)	(22)	**$ 180,845**	226,641	(45,796)	(20)
Loans by Line of Business:								
Middle Market Banking	**$ 102,054**	122,319	(20,265)	(17)	**$ 103,210**	119,276	(16,066)	(13)
Asset-Based Lending and Leasing	**76,518**	106,104	(29,586)	(28)	**77,635**	107,365	(29,730)	(28)
Total loans	**$ 178,572**	228,423	(49,851)	(22)	**$ 180,845**	226,641	(45,796)	(20)
Total deposits	**192,586**	184,132	8,454	5	**190,984**	175,929	15,055	9
Allocated capital	**19,500**	19,500	—	—	**19,500**	19,500	—	—
Selected Balance Sheet Data (period-end)								
Loans:								
Commercial and industrial	**$ 117,782**	142,315	(24,533)	(17)	**$ 117,782**	142,315	(24,533)	(17)
Commercial real estate	**46,905**	52,802	(5,897)	(11)	**46,905**	52,802	(5,897)	(11)
Lease financing and other	**14,218**	15,662	(1,444)	(9)	**14,218**	15,662	(1,444)	(9)
Total loans	**$ 178,905**	210,779	(31,874)	(15)	**$ 178,905**	210,779	(31,874)	(15)
Loans by Line of Business:								
Middle Market Banking	**$ 102,062**	115,105	(13,043)	(11)	**$ 102,062**	115,105	(13,043)	(11)
Asset-Based Lending and Leasing	**76,843**	95,674	(18,831)	(20)	**76,843**	95,674	(18,831)	(20)
Total loans	**$ 178,905**	210,779	(31,874)	(15)	**$ 178,905**	210,779	(31,874)	(15)
Total deposits	**197,461**	183,085	14,376	8	**197,461**	183,085	14,376	8

Second quarter 2021 vs. second quarter 2020

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

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

First half of 2021 vs. first half of 2020

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

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

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

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

	Quarter ended June 30,				Six months ended June 30,			
($ in millions)	**2021**	2020	$ Change	% Change	**2021**	2020	$ Change	% Change
Income Statement								
Net interest income	**$ 1,783**	1,963	(180)	(9)%	**$ 3,562**	3,984	(422)	(11)%
Noninterest income:								
Deposit-related fees	**277**	261	16	6	**543**	518	25	5
Lending-related fees	**190**	163	27	17	**373**	335	38	11
Investment banking fees	**580**	588	(8)	(1)	**1,191**	1,065	126	12
Net gains from trading activities	**30**	809	(779)	(96)	**361**	844	(483)	(57)
Other	**478**	275	203	74	**912**	721	191	26
Total noninterest income	**1,555**	2,096	(541)	(26)	**3,380**	3,483	(103)	(3)
Total revenue	**3,338**	4,059	(721)	(18)	**6,942**	7,467	(525)	(7)
Net charge-offs	**(19)**	401	(420)	NM	**18**	448	(430)	(96)
Change in the allowance for credit losses	**(482)**	3,355	(3,837)	NM	**(803)**	4,433	(5,236)	NM
Provision for credit losses	**(501)**	3,756	(4,257)	NM	**(785)**	4,881	(5,666)	NM
Noninterest expense	**1,805**	2,044	(239)	(12)	**3,638**	3,914	(276)	(7)
Income (loss) before income tax expense (benefit)	**2,034**	(1,741)	3,775	NM	**4,089**	(1,328)	5,417	NM
Income tax expense (benefit)	**513**	(408)	921	NM	**1,013**	(307)	1,320	NM
Less: Net loss from noncontrolling interests	**(2)**	**—**	(2)	NM	**(2)**	—	(2)	NM
Net income (loss)	**$ 1,523**	(1,333)	2,856	NM	**$ 3,078**	(1,021)	4,099	NM
Revenue by Line of Business								
Banking:								
Lending	**$ 474**	464	10	2	**$ 927**	921	6	1
Treasury Management and Payments	**353**	403	(50)	(12)	**723**	901	(178)	(20)
Investment Banking	**407**	444	(37)	(8)	**823**	805	18	2
Total Banking	**1,234**	1,311	(77)	(6)	**2,473**	2,627	(154)	(6)
Commercial Real Estate	**1,014**	837	177	21	**1,926**	1,740	186	11
Markets:								
Fixed Income, Currencies, and Commodities (FICC)	**888**	1,506	(618)	(41)	**2,032**	2,420	(388)	(16)
Equities	**206**	302	(96)	(32)	**458**	698	(240)	(34)
Credit Adjustment (CVA/DVA) and Other	**(16)**	139	(155)	NM	**20**	31	(11)	(35)
Total Markets	**1,078**	1,947	(869)	(45)	**2,510**	3,149	(639)	(20)
Other	**12**	(36)	48	NM	**33**	(49)	82	NM
Total revenue	**$ 3,338**	4,059	(721)	(18)	**$ 6,942**	7,467	(525)	(7)
Selected Metrics								
Return on allocated capital	**17.0 %**	(16.8)			**17.3 %**	(7.1)		
Efficiency ratio	**54**	50			**52**	52		
Headcount (#) (period-end)	**8,673**	8,213		6	**8,673**	8,213		6

NM – Not meaningful

Second quarter 2021 vs. second quarter 2020

Revenue decreased driven by:

- lower net gains from trading activities reflecting fewer gains in asset-backed finance and credit products due to limited credit spread movement compared with a second quarter 2020 that reflected gains driven by volatility in credit spreads from the impact of the COVID-19 pandemic; and
- lower net interest income reflecting the lower interest rate environment, lower deposit balances, and lower trading-related assets;

partially offset by:

- higher other noninterest income driven by higher mortgage banking income due to higher servicing income, reflecting a reversal of an impairment of commercial MSRs in second quarter 2021, compared with the related impairment recorded in second quarter 2020, as well as higher gains on the sales of mortgage loans;
- higher income from low income housing and equity investments; and

- higher deposit and lending-related fees reflecting growth in treasury management service charges and increased commitment fees related to revolver utilization.

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

Noninterest expense decreased driven by:
- lower operating losses due to lower expense for litigation accruals and customer remediation accruals; and
- lower expenses allocated from enterprise functions reflecting lower spending due to efficiency initiatives;

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

First half of 2021 vs. first half of 2020

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

partially offset by:
- higher investment banking fees due to higher loan syndication fees, advisory fees, and equity underwriting fees;
- higher other noninterest income driven by higher mortgage banking income due to higher servicing income, reflecting a reversal of an impairment of commercial MSRs in the first half of 2021, compared with the related impairment recorded in the first half of 2020, as well as higher gains on the sales of mortgage loans; and
- higher income from low income housing and equity investments.

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

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

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

Table 5f: Corporate and Investment Banking – Balance Sheet

(in millions)	Quarter ended June 30, 2021	Quarter ended June 30, 2020	$ Change	% Change	Six months ended June 30, 2021	Six months ended June 30, 2020	$ Change	% Change
Selected Balance Sheet Data (average)								
Loans:								
Commercial and industrial	**$ 167,076**	190,861	(23,785)	(12)%	**$ 164,696**	184,558	(19,862)	(11)%
Commercial real estate	**85,346**	82,726	2,620	3	**84,606**	81,357	3,249	4
Total loans	**$ 252,422**	273,587	(21,165)	(8)	**$ 249,302**	265,915	(16,613)	(6)
Loans by Line of Business:								
Banking	**$ 90,839**	105,983	(15,144)	(14)	**$ 88,699**	101,414	(12,715)	(13)
Commercial Real Estate	**108,893**	110,594	(1,701)	(2)	**108,255**	107,894	361	—
Markets	**52,690**	57,010	(4,320)	(8)	**52,348**	56,607	(4,259)	(8)
Total loans	**$ 252,422**	273,587	(21,165)	(8)	**$ 249,302**	265,915	(16,613)	(6)
Trading-related assets:								
Trading account securities	**$ 104,743**	106,836	(2,093)	(2)	**$ 105,546**	115,082	(9,536)	(8)
Reverse repurchase agreements/securities borrowed	**62,066**	70,335	(8,269)	(12)	**63,010**	79,734	(16,724)	(21)
Derivative assets	**24,731**	22,380	2,351	11	**25,910**	20,332	5,578	27
Total trading-related assets	**$ 191,540**	199,551	(8,011)	(4)	**$ 194,466**	215,148	(20,682)	(10)
Total assets	**513,414**	535,298	(21,884)	(4)	**512,476**	543,455	(30,979)	(6)
Total deposits	**190,810**	239,637	(48,827)	(20)	**192,645**	252,902	(60,257)	(24)
Allocated capital	**34,000**	34,000	—	—	**34,000**	34,000	—	—
Selected Balance Sheet Data (period-end)								
Loans:								
Commercial and industrial	**$ 166,969**	171,859	(4,890)	(3)	**$ 166,969**	171,859	(4,890)	(3)
Commercial real estate	**86,290**	83,715	2,575	3	**86,290**	83,715	2,575	3
Total loans	**$ 253,259**	255,574	(2,315)	(1)	**$ 253,259**	255,574	(2,315)	(1)
Loans by Line of Business:								
Banking	**$ 92,758**	91,093	1,665	2	**$ 92,758**	91,093	1,665	2
Commercial Real Estate	**108,885**	109,402	(517)	—	**108,885**	109,402	(517)	—
Markets	**51,616**	55,079	(3,463)	(6)	**51,616**	55,079	(3,463)	(6)
Total loans	**$ 253,259**	255,574	(2,315)	(1)	**$ 253,259**	255,574	(2,315)	(1)
Trading-related assets:								
Trading account securities	**$ 108,291**	97,708	10,583	11	**$ 108,291**	97,708	10,583	11
Reverse repurchase agreements/securities borrowed	**57,351**	70,949	(13,598)	(19)	**57,351**	70,949	(13,598)	(19)
Derivative assets	**25,288**	22,757	2,531	11	**25,288**	22,757	2,531	11
Total trading-related assets	**$ 190,930**	191,414	(484)	—	**$ 190,930**	191,414	(484)	—
Total assets	**516,518**	510,205	6,313	1	**516,518**	510,205	6,313	1
Total deposits	**188,219**	236,620	(48,401)	(20)	**188,219**	236,620	(48,401)	(20)

Second quarter 2021 vs. second quarter 2020

Total assets (average) decreased predominantly due to a decline in loan balances driven by lower demand due to the COVID-19 pandemic and higher paydowns reflecting continued high levels of client liquidity and strength in the capital markets.

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

First half of 2021 vs. first half of 2020

Total assets (average) decreased predominantly due to a decline in trading-related assets reflecting continued actions to manage under the asset cap and a decline in loan balances driven by lower demand due to the COVID-19 pandemic and higher paydowns reflecting continued high levels of client liquidity and strength in the capital markets.

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

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

Table 5g: Wealth and Investment Management

	Quarter ended June 30,				Six months ended June 30,			
($ in millions, unless otherwise noted)	**2021**	2020	$ Change	% Change	**2021**	2020	$ Change	% Change
Income Statement								
Net interest income	**$ 610**	719	(109)	(15)%	**$ 1,267**	1,557	(290)	(19)%
Noninterest income:								
Investment advisory and other asset-based fees	**2,382**	1,835	547	30	**4,688**	3,908	780	20
Commissions and brokerage services fees	**513**	470	43	9	**1,068**	1,063	5	—
Other	**31**	182	(151)	(83)	**57**	(52)	109	NM
Total noninterest income	**2,926**	2,487	439	18	**5,813**	4,919	894	18
Total revenue	**3,536**	3,206	330	10	**7,080**	6,476	604	9
Net charge-offs	**(6)**	1	(7)	NM	**(6)**	2	(8)	NM
Change in the allowance for credit losses	**30**	254	(224)	(88)	**(13)**	261	(274)	NM
Provision for credit losses	**24**	255	(231)	(91)	**(19)**	263	(282)	NM
Noninterest expense	**2,891**	2,743	148	5	**5,919**	5,400	519	10
Income before income tax expense	**621**	208	413	199	**1,180**	813	367	45
Income tax expense	**156**	52	104	200	**296**	204	92	45
Net income	**$ 465**	156	309	198	**$ 884**	609	275	45
Selected Metrics								
Return on allocated capital	**20.7 %**	6.6			**19.8 %**	13.4		
Efficiency ratio	**82**	86			**84**	83		
Headcount (#) (period-end)	**26,989**	29,088		(7)	**26,989**	29,088		(7)
Advisory assets ($ in billions)	**$ 931**	743	188	25	**$ 931**	743	188	25
Other brokerage assets and deposits ($ in billions)	**1,212**	1,042	170	16	**1,212**	1,042	170	16
Total client assets ($ in billions)	**$ 2,143**	1,785	358	20	**$ 2,143**	1,785	358	20
Annualized revenue per advisor ($ in thousands) (1)	**1,084**	898	186	21	**1,071**	904	167	18
Total financial and wealth advisors (#) (period-end)	**12,819**	14,206		(10)	**12,819**	14,206		(10)
Selected Balance Sheet Data (average)								
Total loans	**$ 81,784**	78,091	3,693	5	**$ 81,314**	77,987	3,327	4
Total deposits	**174,980**	165,103	9,877	6	**174,333**	155,246	19,087	12
Allocated capital	**8,750**	8,750	—	—	**8,750**	8,750	—	—
Selected Balance Sheet Data (period-end)								
Total loans	**$ 82,783**	78,101	4,682	6	**$ 82,783**	78,101	4,682	6
Total deposits	**174,267**	168,249	6,018	4	**174,267**	168,249	6,018	4

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

Second quarter 2021 vs. second quarter 2020

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

partially offset by:
- lower deferred compensation plan investment results included in other noninterest income (largely offset by personnel expense); and
- lower net interest income reflecting the lower interest rate environment, partially offset by higher deposit balances.

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

Noninterest expense increased due to:
- higher personnel expense driven by higher revenue-related compensation, partially offset by lower deferred compensation expense; and
- the reversal of a software licensing liability accrual in second quarter 2020.

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

First half of 2021 vs. first half of 2020

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

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

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

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

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

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

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

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

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

Table 5h: WIM Advisory Assets

	Quarter ended					Six months ended				
(in billions)	Balance, beginning of period	Inflows (1)	Outflows (2)	Market impact (3)	Balance, end of period	Balance, beginning of period	Inflows (1)	Outflows (2)	Market impact (3)	Balance, end of period
June 30, 2021										
Client-directed (4)	**$ 192.7**	**11.1**	**(12.2)**	**9.7**	**201.3**	**$ 186.3**	**21.7**	**(22.0)**	**15.3**	**201.3**
Financial advisor-directed (5)	**223.4**	**12.3**	**(10.9)**	**13.2**	**238.0**	**211.0**	**24.6**	**(19.9)**	**22.3**	**238.0**
Separate accounts (6)	**183.1**	**8.0**	**(7.7)**	**9.5**	**192.9**	**174.6**	**16.5**	**(14.7)**	**16.5**	**192.9**
Mutual fund advisory (7)	**94.7**	**4.3**	**(3.6)**	**4.7**	**100.1**	**91.4**	**8.3**	**(7.1)**	**7.5**	**100.1**
Total Wells Fargo Advisors	**$ 693.9**	**35.7**	**(34.4)**	**37.1**	**732.3**	**$ 663.3**	**71.1**	**(63.7)**	**61.6**	**732.3**
The Private Bank (8)	**191.5**	**9.3**	**(11.1)**	**8.7**	**198.4**	**189.4**	**18.2**	**(23.6)**	**14.4**	**198.4**
Total WIM advisory assets	**$ 885.4**	**45.0**	**(45.5)**	**45.8**	**930.7**	**$ 852.7**	**89.3**	**(87.3)**	**76.0**	**930.7**
June 30, 2020										
Client directed (4)	$ 142.7	7.3	(7.8)	20.0	162.2	$ 169.4	17.4	(17.4)	(7.2)	162.2
Financial advisor directed (5)	152.4	8.4	(6.6)	22.6	176.8	176.3	19.1	(15.2)	(3.4)	176.8
Separate accounts (6)	134.2	5.0	(5.8)	18.1	151.5	160.1	11.8	(14.3)	(6.1)	151.5
Mutual fund advisory (7)	69.5	2.2	(2.7)	9.9	78.9	83.7	5.4	(7.2)	(3.0)	78.9
Total Wells Fargo Advisors	$ 498.8	22.9	(22.9)	70.6	569.4	$ 589.5	53.7	(54.1)	(19.7)	569.4
The Private Bank (8)	161.8	7.2	(11.8)	16.0	173.2	188.0	15.7	(22.8)	(7.7)	173.2
Total WIM advisory assets	$ 660.6	30.1	(34.7)	86.6	742.6	$ 777.5	69.4	(76.9)	(27.4)	742.6

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

Corporate includes corporate treasury and enterprise functions, net of allocations (including funds transfer pricing, capital, liquidity and certain expenses), in support of the reportable operating segments, as well as our investment portfolio and affiliated venture capital and private equity businesses. In addition, Corporate includes all restructuring charges related to our efficiency initiatives. See Note 19 (Restructuring Charges) to Financial Statements in this Report for additional information on restructuring charges. Corporate also includes certain lines of business that management has determined are no longer consistent with the long-term strategic goals of the Company, as well as results for previously divested businesses. In March 2021, we announced an agreement to sell our Corporate Trust Services business and, in second quarter 2021, we moved the business from the Commercial Banking operating segment to Corporate. Prior period balances have been revised to conform with the current period presentation. Table 5i, Table 5j, and Table 5k provide additional information for Corporate.

Table 5i: Corporate – Income Statement and Selected Metrics

	Quarter ended June 30,				Six months ended June 30,			
($ in millions, unless otherwise noted)	**2021**	2020	$ Change	% Change	**2021**	2020	$ Change	% Change
Income Statement								
Net interest income	**$ (304)**	60	(364)	NM	**$ (694)**	939	(1,633)	NM
Noninterest income	**3,327**	1,318	2,009	152 %	**4,744**	1,303	3,441	264 %
Total revenue	**3,023**	1,378	1,645	119	**4,050**	2,242	1,808	81
Net charge-offs	**(8)**	39	(47)	NM	**69**	141	(72)	(51)
Change in the allowance for credit losses	**(26)**	87	(113)	NM	**(6)**	247	(253)	NM
Provision for credit losses	**(34)**	126	(160)	NM	**63**	388	(325)	(84)
Noninterest expense	**1,000**	1,251	(251)	(20)	**2,231**	1,942	289	15
Income (loss) before income tax expense (benefit)	**2,057**	1	2,056	NM	**1,756**	(88)	1,844	NM
Income tax expense (benefit)	**223**	(300)	523	NM	**(52)**	21	(73)	NM
Less: Net income (loss) from noncontrolling interests (1)	**704**	47	657	NM	**757**	(103)	860	NM
Net income (loss)	**$ 1,130**	254	876	345	**$ 1,051**	(6)	1,057	NM
Selected Metrics								
Headcount (#) (period-end) (2)	**87,702**	82,852		6	**87,702**	82,852		6
Wells Fargo Asset Management assets under management ($ in billions)	**$ 603**	578	25	4	**$ 603**	578	25	4

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

Second quarter 2021 vs. second quarter 2020

Revenue increased driven by:
- higher gains on equity securities in our affiliated venture capital and private equity businesses; and
- a gain on the sale of a portion of our student loan portfolio and a modest gain on the sale of our Canadian equipment finance business;

partially offset by:
- lower net interest income reflecting the lower interest rate environment and lower loan balances;
- lower gains on debt securities due to fewer sales; and
- lower gains on deferred compensation plan investments (largely offset by personnel expense).

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

Noninterest expense decreased due to:
- lower operating losses due to lower expense for litigation accruals and customer remediation accruals; and
- lower deferred compensation plan expense;

partially offset by:
- a write-down of goodwill in second quarter 2021 related to the sale of a portion of our student loan portfolio.

First half of 2021 vs. first half of 2020

Revenue increased driven by:
- higher gains on equity securities in our affiliated venture capital and private equity businesses, as well as impairments on equity securities in first quarter 2020 due to the market impact of the COVID-19 pandemic ;
- higher gains on deferred compensation plan investments (largely offset by personnel expense); and
- a gain on the sale of substantially all of our student loan portfolio;

partially offset by:
- lower net interest income reflecting the lower interest rate environment, unfavorable hedge ineffectiveness accounting results, and lower loan balances; and
- lower gains on debt securities due to fewer sales.

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

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

Corporate includes our rail car leasing business, which had long-lived operating lease assets (as a lessor) of $5.6 billion, which was net of $1.9 billion of accumulated depreciation, as of June 30, 2021. The average age of our rail cars is 21 years and the rail cars are typically leased under short-term leases of 3 to 5 years. Our three largest concentrations, which represented 55% of our rail car fleet as of June 30, 2021, were rail cars used for the transportation of agricultural grain, coal, and cement/sand products. Impairments may result in the future based on changing economic and market conditions affecting the long-term demand and utility of specific types of rail cars. Our assumptions for impairment are sensitive to estimated utilization and rental rates, as well as the estimated economic life of the leased asset. For additional information on the accounting for impairment of operating lease assets, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2020 Form 10-K.

In addition, Corporate includes assets under management (AUM) and assets under administration (AUA) for Institutional Retirement and Trust (IRT) client assets of $20 billion and $580 billion, respectively, at June 30, 2021, which we continue to administer at the direction of the buyer pursuant to a transition services agreement. The transition services agreement terminates in December 2021, with available options to extend.

Table 5j: Corporate – Balance Sheet

	Quarter ended June 30,				Six months ended June 30,			
(in millions)	**2021**	2020	$ Change	% Change	**2021**	2020	$ Change	% Change
Selected Balance Sheet Data (average)								
Cash, cash equivalents, and restricted cash	**$ 255,043**	173,754	81,289	47 %	**$ 239,010**	148,108	90,902	61 %
Available-for-sale debt securities	**185,396**	223,222	(37,826)	(17)	**192,867**	234,028	(41,161)	(18)
Held-to-maturity debt securities	**237,788**	166,127	71,661	43	**227,623**	161,958	65,665	41
Equity securities	**11,499**	13,604	(2,105)	(15)	**11,203**	13,787	(2,584)	(19)
Total loans	**10,077**	21,534	(11,457)	(53)	**10,152**	21,517	(11,365)	(53)
Total assets	**754,629**	655,617	99,012	15	**741,203**	642,513	98,690	15
Total deposits	**41,696**	82,640	(40,944)	(50)	**44,080**	94,307	(50,227)	(53)
Selected Balance Sheet Data (period-end)								
Cash, cash equivalents, and restricted cash	**$ 248,784**	236,219	12,565	5	**$ 248,784**	236,219	12,565	5
Available-for-sale debt securities	**177,923**	217,339	(39,416)	(18)	**177,923**	217,339	(39,416)	(18)
Held-to-maturity debt securities	**260,054**	168,162	91,892	55	**260,054**	168,162	91,892	55
Equity securities	**13,142**	12,546	596	5	**13,142**	12,546	596	5
Total loans	**10,593**	21,948	(11,355)	(52)	**10,593**	21,948	(11,355)	(52)
Total assets	**761,915**	713,309	48,606	7	**761,915**	713,309	48,606	7
Total deposits	**40,091**	76,155	(36,064)	(47)	**40,091**	76,155	(36,064)	(47)

Second quarter 2021 vs. second quarter 2020

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

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

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

First half of 2021 vs. first half of 2020

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

partially offset by:
- a decline in available-for-sale debt securities related to portfolio rebalancing to manage liquidity and interest rate risk;
- a decline in average equity securities due to the transition from equity securities to derivative instruments for economic hedges of the deferred compensation plan liabilities in second quarter 2020 and a reduction in Federal Home Loan Bank stock, partially offset by higher balances in our venture capital business; and
- a decline in loans due to the sale of substantially all of our student loan portfolio in the first half of 2021.

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

Wells Fargo Asset Management (WFAM) Assets Under Management We earn investment advisory and other asset-based fees from managing and administering assets through WFAM, which offers Wells Fargo proprietary mutual funds and manages institutional separate accounts. Generally, we earn fees from AUM where we have discretionary management authority over the investments and generate fees as a percentage of the market value of the AUM. WFAM assets under management consist of equity, alternative, balanced, fixed income, money market, and stable value, and include client assets that are managed or sub-advised on behalf of other Wells Fargo lines of business. Table 5k presents WFAM AUM activity for the second quarter and first half of 2021 and 2020. Management believes that AUM is a useful metric because it allows management, investors, and others to assess how changes in asset amounts may impact the generation of certain asset-based fees.

Table 5k: WFAM Assets Under Management

	Quarter ended					Six months ended				
(in billions)	Balance, beginning of period	Inflows (1)	Outflows (2)	Market impact (3)	Balance, end of period	Balance, beginning of period	Inflows (1)	Outflows (2)	Market impact (3)	Balance, end of period
June 30, 2021										
Money market funds (4)	**$ 191.2**	**8.5**	**—**	**—**	**199.7**	**$ 197.4**	**2.3**	**—**	**—**	**199.7**
Other assets managed	**399.2**	**22.1**	**(28.5)**	**11.0**	**403.8**	**405.6**	**45.9**	**(58.8)**	**11.1**	**403.8**
Total WFAM assets under management	**$ 590.4**	**30.6**	**(28.5)**	**11.0**	**603.5**	**$ 603.0**	**48.2**	**(58.8)**	**11.1**	**603.5**
June 30, 2020										
Money market funds (4)	$ 166.2	35.7	—	—	201.9	$ 130.6	71.3	—	—	201.9
Other assets managed	351.6	26.9	(26.5)	24.4	376.4	378.2	53.1	(55.1)	0.2	376.4
Total WFAM assets under management	$ 517.8	62.6	(26.5)	24.4	578.3	$ 508.8	124.4	(55.1)	0.2	578.3

(1) Inflows include new managed account assets, contributions, dividends and interest.
(2) Outflows include closed managed account assets, withdrawals and client management fees.
(3) Market impact reflects gains and losses on portfolio investments.
(4) Money Market funds activity is presented on a net inflow or net outflow basis, because the gross flows are not meaningful nor used by management as an indicator of performance.

Balance Sheet Analysis

At June 30, 2021, our assets totaled $1.95 trillion, down $6.9 billion from December 31, 2020.

The following discussion provides additional information about the major components of our consolidated balance sheet.

See the "Capital Management" section in this Report for information on changes in our equity.

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

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

	June 30, 2021				December 31, 2020			
($ in millions)	Amortized cost, net (1)	Net unrealized gains	Fair value	Weighted average expected maturity (yrs)	Amortized cost, net (1)	Net unrealized gains	Fair value	Weighted average expected maturity (yrs)
Available-for-sale (2)	**186,309**	**3,588**	**189,897**	**4.9**	215,533	4,859	220,392	4.5
Held-to-maturity (3)	**260,941**	**3,146**	**264,087**	**6.1**	205,720	6,587	212,307	4.5
Total	**$ 447,250**	**6,734**	**453,984**	**n/a**	421,253	11,446	432,699	n/a

(1) Represents amortized cost of the securities, net of the allowance for credit losses of $33 million and $28 million related to available-for-sale debt securities and $77 million and $41 million related to held-to-maturity debt securities at June 30, 2021, and December 31, 2020.
(2) Available-for-sale debt securities are carried on the consolidated balance sheet at fair value.
(3) Held-to-maturity debt securities are carried on the consolidated balance sheet at amortized cost, net of the allowance for credit losses.

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

The fair value of AFS debt securities decreased from December 31, 2020, 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 net amortized cost of HTM debt securities increased from December 31, 2020, as purchases and transfers from AFS debt securities were partially offset by runoff.

At June 30, 2021, 94% 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 decreased from December 31, 2020, driven by higher interest rates, partially offset by tighter credit spreads. See Note 3 (Available-for-Sale and Held-to-Maturity Debt Securities) to Financial Statements in this Report for additional information on AFS and HTM debt securities, including a summary of debt securities by security type.

Loan Portfolios

Table 7 provides a summary of total outstanding loans by portfolio segment. Commercial loans were relatively flat compared with December 31, 2020. Consumer loans decreased from December 31, 2020, driven by a decrease in the residential mortgage – first lien portfolio due to paydowns and the transfer of $10.8 billion of first lien mortgage loans to loans held for sale (LHFS), substantially all of which related to the sales of loans purchased from GNMA loan securitization pools in prior periods, partially offset by originations of $30.8 billion.

Table 7: Loan Portfolios

(in millions)		June 30, 2021	December 31, 2020
Commercial	$	**476,422**	478,417
Consumer		**375,878**	409,220
Total loans	$	**852,300**	887,637
Change from prior year-end	$	**(35,337)**	(74,628)

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

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

Deposits

Deposits increased from December 31, 2020, reflecting:

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

partially offset by:

- actions taken to manage under the asset cap resulting in declines in time deposits, such as brokered certificates of deposit (CDs), and interest-bearing deposits in non-U.S. offices.

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

Table 8: Deposits

($ in millions)	Jun 30, 2021	% of total deposits	Dec 31, 2020	% of total deposits	% Change
Noninterest-bearing demand deposits	**$ 504,108**	**35 %**	$ 467,068	33 %	8
Interest-bearing demand deposits	**453,277**	**32**	447,446	32	1
Savings deposits	**419,812**	**29**	404,935	29	4
Time deposits	**35,269**	**2**	49,775	4	(29)
Interest-bearing deposits in non-U.S. offices	**28,006**	**2**	35,157	2	(20)
Total deposits	**$ 1,440,472**	**100 %**	$ 1,404,381	100 %	3

Off-Balance Sheet Arrangements

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

Commitments to Lend

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

Transactions with Unconsolidated Entities

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

Guarantees and Other Arrangements

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

Commitments to Purchase Debt and Equity Securities

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

Derivatives

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

Wells Fargo manages a variety of risks that can significantly affect our financial performance and our ability to meet the expectations of our customers, shareholders, regulators and other stakeholders. For additional information about how we manage risk, see the "Risk Management" section in our 2020 Form 10-K. The discussion that follows supplements our discussion of the management of certain risks contained in the "Risk Management" section in our 2020 Form 10-K.

Credit Risk Management

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

The Board's Risk Committee has primary oversight responsibility for credit risk. A Credit Subcommittee of the Risk Committee assists the Risk Committee in providing oversight of credit risk. At the management level, Credit Risk, which is part of IRM, has oversight responsibility for credit risk. Credit Risk reports to the CRO and supports periodic reports related to credit risk provided to the Board's Risk Committee or its Credit Subcommittee.

Loan Portfolio

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

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

(in millions)	Jun 30, 2021	Dec 31, 2020
Commercial:		
Commercial and industrial	$ **317,618**	318,805
Real estate mortgage	**120,678**	121,720
Real estate construction	**22,406**	21,805
Lease financing	**15,720**	16,087
Total commercial	**476,422**	478,417
Consumer:		
Residential mortgage – first lien	**244,371**	276,674
Residential mortgage – junior lien	**19,637**	23,286
Credit card	**34,936**	36,664
Auto	**51,073**	48,187
Other consumer	**25,861**	24,409
Total consumer	**375,878**	409,220
Total loans	$ **852,300**	887,637

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

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

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

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

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

- Nonaccrual loans were $7.4 billion at June 30, 2021, down from $8.7 billion at December 31, 2020. Commercial nonaccrual loans decreased to $3.5 billion at June 30, 2021, compared with $4.8 billion at December 31, 2020, and consumer nonaccrual loans declined to $3.8 billion at June 30, 2021, compared with $3.9 billion at December 31, 2020. Nonaccrual loans represented 0.86% of total loans at June 30, 2021, compared with 0.98% at December 31, 2020.
- Net loan charge-offs as a percentage of our average commercial and consumer loan portfolios were 0.07% and 0.32% in the second quarter and 0.10% and 0.35% in the first half of 2021, respectively, compared with 0.44% and 0.48% in the second quarter and 0.35% and 0.51% in the first half of 2020.
- Loans that are not government insured/guaranteed and 90 days or more past due and still accruing were $277 million and $460 million in our commercial and consumer portfolios, respectively, at June 30, 2021, compared with $78 million and $612 million at December 31, 2020.
- Our provision for credit losses for loans was $(1.2) billion and $(2.4) billion in the second quarter and first half of 2021, respectively, compared with $9.6 billion and $13.4 billion for the same periods a year ago.
- The ACL for loans decreased to $16.4 billion, or 1.92% of total loans, at June 30, 2021, compared with $19.7 billion, or 2.22%, at December 31, 2020.

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

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

Based on guidance in the CARES Act and the I*nteragency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus (Revised)* issued by federal banking regulators in April 2020 (the Interagency Statement), both of which we elected to apply, loan modifications related to COVID-19 and that meet certain other criteria are exempt from troubled debt restructuring (TDR) classification. Additionally, our election to apply the TDR relief provided by the CARES Act and the Interagency Statement impacts our regulatory capital ratios as these loan modifications related to COVID-19 are not adjusted to a higher risk-weighting normally required with TDR classification. At June 30, 2021, substantially all residential mortgage loans that were in a deferral period, excluding those that were government insured/guaranteed, met the criteria for TDR relief and were therefore not classified as TDRs. For additional information regarding the TDR relief provided by the CARES Act and the clarifying TDR accounting guidance from the Interagency Statement, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2020 Form 10-K.

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

Table 10: Consumer Loan Modifications Related to COVID-19

($ in millions)	Unpaid principal balance of modified loans still in deferral period at Jun 30, 2021	% of loan class (1)	% current at Jun 30, 2021 after exit from deferral period (2)
Consumer:			
Residential mortgage – first lien (3)	$ 6,810	3 %	96
Residential mortgage – junior lien (3)	997	5	90
All other consumer (4)	29	*	92
Subtotal	7,836	2	
Residential mortgage – first lien (government insured/guaranteed) (5)	11,400	5	
Total consumer	$ 19,236		

* Less than 1%.
(1) Based on total loans outstanding at June 30, 2021.
(2) Represents the UPB of loans that exited the deferral period and had a balance that was less than 30 days past due as of June 30, 2021.
(3) For residential mortgage loans still in active COVID-related accommodation programs as of June 30, 2021, 96% of first lien and 86% of junior lien mortgage loans had a loan-to-value ratio that was 80% or lower.
(4) Includes credit card, auto, and other consumer loans (including personal lines/loans).
(5) Represents residential mortgage – first lien loans insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA) that were primarily repurchased from GNMA loan securitization pools. For additional information on GNMA loan securitization pools, see the "Risk Management – Credit Risk Management – Risks Relating to Servicing Activities" section in this Report. FHA/VA loans are entitled to payment deferrals of scheduled principal and interest up to a total of 18 months.

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

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

We had $15.6 billion of the commercial and industrial loan and lease financing portfolio internally classified as criticized in accordance with regulatory guidance at June 30, 2021, compared with $19.3 billion at December 31, 2020. The change was driven by decreases in the oil, gas and pipelines, retail, materials and commodities, entertainment and recreation, and technology, telecom and media industries reflecting improvement in the economic environment.

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

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

The portfolio decreased slightly at June 30, 2021, compared with December 31, 2020, as a result of paydowns, partially offset by limited loan draws. Table 11 provides our commercial and industrial loans and lease financing by industry. The industry categories are based on the North American Industry Classification System.

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

	June 30, 2021				December 31, 2020			
($ in millions)	Nonaccrual loans	Total portfolio	% of total loans	Total commitments (1)	Nonaccrual loans	Total portfolio	% of total loans	Total commitments (1)
Financials except banks	$ 154	124,759	15%	$ 215,207	$ 160	117,726	13 %	$ 206,999
Technology, telecom and media	65	20,669	2	59,245	144	23,061	3	56,500
Real estate and construction	136	22,488	3	54,354	133	23,113	3	51,526
Equipment, machinery and parts manufacturing	41	16,833	2	40,174	81	18,158	2	41,332
Retail	44	16,726	2	39,732	94	17,393	2	41,669
Materials and commodities	19	13,033	2	35,232	39	12,071	1	33,879
Food and beverage manufacturing	9	11,955	1	29,460	17	12,401	1	28,908
Health care and pharmaceuticals	26	13,484	2	29,259	145	15,322	2	32,154
Oil, gas and pipelines	486	9,186	1	28,785	953	10,471	1	30,055
Auto related	63	9,873	1	25,036	79	11,817	1	25,034
Commercial services	76	10,018	1	23,965	107	10,284	1	24,442
Utilities	67	7,136	*	21,615	2	5,031	*	18,564
Insurance and fiduciaries	1	4,371	*	19,233	2	3,297	*	14,334
Diversified or miscellaneous	27	6,309	*	17,108	7	5,437	*	14,717
Transportation services	492	8,566	1	16,866	573	9,236	1	15,531
Entertainment and recreation	68	7,612	*	15,540	263	9,884	1	17,551
Banks	—	14,839	2	15,290	—	12,789	1	13,842
Agribusiness	57	5,402	*	11,221	81	6,314	*	11,642
Government and education	4	5,033	*	10,793	9	5,464	*	11,065
Other (2)	71	5,046	*	19,693	68	5,623	*	23,315
Total	$ 1,906	333,338	39%	$ 727,808	$ 2,957	334,892	33 %	$ 713,059

* Less than 1%.
(1) Total commitments consist of loans outstanding plus unfunded credit commitments, excluding issued letters of credit.
(2) No other single industry had total loans in excess of $3.4 billion and $3.8 billion at June 30, 2021, and December 31, 2020, respectively.

Loans to financials except banks, our largest industry concentration, is predominantly comprised of loans to investment firms, financial vehicles, and nonbank creditors. We had $88.1 billion and $80.0 billion of loans originated by our Asset Backed Finance (ABF) and Financial Institution Group (FIG) lines of business at June 30, 2021, and December 31, 2020, respectively. These loans include: (i) loans to customers related to their subscription or capital calls, (ii) loans to nonbank lenders collateralized by commercial loans, and (iii) loans to originators or servicers of financial assets collateralized by residential real estate or other consumer loans such as credit cards, auto loans and leases, student loans and other financial assets eligible for the securitization market. These ABF and FIG loans are limited to a percentage of the value of the underlying financial assets considering underlying credit risk, asset duration, and ongoing performance. These ABF and FIG loans may also have other features to manage credit risk such as cross-collateralization, credit enhancements, and contractual re-margining of collateral supporting the loans. In addition, loans to financials except banks included collateralized loan obligations (CLOs) in loan form, all of which were rated AA or above, of $8.1 billion and $7.9 billion at June 30, 2021, and December 31, 2020, respectively.

Oil, gas and pipelines loans included $6.6 billion and $7.5 billion of senior secured loans outstanding at June 30, 2021, and December 31, 2020, respectively. Oil, gas and pipelines nonaccrual loans decreased at June 30, 2021, compared with December 31, 2020, driven by loan payoffs.

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 $72.1 billion and $63.8 billion at June 30, 2021, and December 31, 2020, respectively. Significant industry concentrations of non-U.S. loans at June 30, 2021, and December 31, 2020, respectively, included:

- $43.5 billion and $36.2 billion in the financials except banks category;
- $14.7 billion and $12.8 billion in the banks category; and
- $1.4 billion and $1.6 billion in the oil, gas and pipelines category.

COMMERCIAL REAL ESTATE (CRE) We generally subject CRE loans to individual risk assessment using our internal borrower and collateral quality ratings. Our ratings are aligned to regulatory definitions of pass and criticized categories with criticized segmented among special mention, substandard, doubtful and loss categories. We had $15.6 billion of CRE mortgage loans classified as criticized at June 30, 2021, compared with $12.0 billion at December 31, 2020, and $2.6 billion of CRE construction loans classified as criticized at June 30, 2021,

compared with $1.6 billion at December 31, 2020. The increase in criticized CRE mortgage and construction loans was driven by the hotel/motel, apartment, institutional, and office property types and reflected the economic impact of the COVID-19 pandemic. Due to uncertainty in the recovery from the economic impacts of the COVID-19 pandemic, the credit quality of certain property types within our CRE loan portfolio, such as retail, hotel/motel, office buildings, and shopping centers, could continue to be adversely affected.

The total CRE loan portfolio decreased $441 million from December 31, 2020, driven by a decrease in CRE mortgage loans predominantly related to the office, retail (excluding shopping center), and shopping center property types, partially offset by an increase in loans related to apartments. The CRE loan portfolio included $8.4 billion of non-U.S. CRE loans at June 30, 2021. The portfolio is diversified both geographically and by property type. The largest geographic concentrations of CRE loans are in California, New York, Florida and Texas, which combined represented 48% of the total CRE portfolio. The largest property type concentrations are office buildings at 25% and apartments at 20% of the portfolio.

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

Table 12: CRE Loans by State and Property Type

						June 30, 2021
	Real estate mortgage		Real estate construction		Total	
($ in millions)	Nonaccrual loans	Total portfolio	Nonaccrual loans	Total portfolio	Nonaccrual loans	Total portfolio	% of total loans
By state:							
California	$ 218	30,684	3	4,380	221	35,064	4 %
New York	58	12,618	2	1,997	60	14,615	2
Florida	111	8,617	1	1,571	112	10,188	1
Texas	308	8,253	—	1,139	308	9,392	1
Washington	139	3,839	6	1,072	145	4,911	*
Georgia	51	3,820	—	585	51	4,405	*
North Carolina	11	3,526	—	871	11	4,397	*
Arizona	50	3,978	1	289	51	4,267	*
New Jersey	72	2,637	—	1,042	72	3,679	*
Colorado	12	3,146	—	440	12	3,586	*
Other (1)	568	39,560	32	9,020	600	48,580	6
Total	$ 1,598	120,678	45	22,406	1,643	143,084	17 %
By property:							
Office buildings	$ 146	33,098	2	3,173	148	36,271	4 %
Apartments	27	20,645	—	8,208	27	28,853	3
Industrial/warehouse	88	15,331	2	1,746	90	17,077	2
Retail (excluding shopping center)	230	13,091	3	142	233	13,233	2
Hotel/motel	361	10,552	—	1,719	361	12,271	1
Shopping center	509	10,002	—	911	509	10,913	1
Institutional	54	4,289	20	2,619	74	6,908	*
Mixed use properties	98	5,306	—	938	98	6,244	*
Collateral pool	—	2,947	—	191	—	3,138	*
1-4 family structure	—	8	—	1,348	—	1,356	*
Other	85	5,409	18	1,411	103	6,820	*
Total	$ 1,598	120,678	45	22,406	1,643	143,084	17 %

* Less than 1%.
(1) Includes 40 states; no state in Other had loans in excess of $3.6 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 June 30, 2021, non-U.S. loans totaled $80.8 billion, representing approximately 9% of our total consolidated loans outstanding, compared with $72.9 billion, or approximately 8% of our total consolidated loans outstanding, at December 31, 2020. Non-U.S. loans were approximately 4% of our total consolidated assets at both June 30, 2021, and December 31, 2020.

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

Our largest single country exposure outside the U.S. at June 30, 2021, was the United Kingdom, which totaled $34.4 billion, or approximately 2% of our total assets, and included $7.7 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 13 provides information regarding our top 20 exposures by country (excluding the U.S.), based on our assessment of risk, which gives consideration to the country of any guarantors and/or underlying collateral. With respect to Table 13:

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

Table 13: Select Country Exposures

							June 30, 2021		
	Lending and deposits		Securities		Derivatives and other		Total exposure		
($ in millions)	Sovereign	Non-sovereign	Sovereign	Non-sovereign	Sovereign	Non-sovereign	Sovereign	Non-sovereign (1)	Total
Top 20 country exposures:									
United Kingdom	$ 7,716	23,986	—	970	—	1,689	7,716	26,645	34,361
Canada	2	16,693	1	(19)	2	456	5	17,130	17,135
Japan	19	700	11,173	161	—	46	11,192	907	12,099
Cayman Islands	—	6,757	—	—	—	153	—	6,910	6,910
Ireland	254	5,050	—	155	—	117	254	5,322	5,576
Luxembourg	—	4,258	—	126	—	129	—	4,513	4,513
Guernsey	—	4,157	—	3	—	39	—	4,199	4,199
Bermuda	—	3,842	—	65	—	130	—	4,037	4,037
China	—	3,353	(2)	447	17	39	15	3,839	3,854
Germany	—	3,073	—	62	3	93	3	3,228	3,231
France	131	2,233	—	212	184	12	315	2,457	2,772
Netherlands	—	1,978	3	211	—	116	3	2,305	2,308
South Korea	—	1,991	—	198	2	13	2	2,202	2,204
Brazil	—	1,438	—	2	3	—	3	1,440	1,443
Switzerland	—	1,193	—	(13)	—	212	—	1,392	1,392
United Arab Emirates	—	1,014	—	87	—	—	—	1,101	1,101
Australia	—	992	—	8	—	11	—	1,011	1,011
Singapore	—	820	—	51	—	98	—	969	969
Chile	—	918	—	—	—	—	—	918	918
India	—	877	—	20	—	—	—	897	897
Total top 20 country exposures	$ 8,122	85,323	11,175	2,746	211	3,353	19,508	91,422	110,930

(1) Total non-sovereign exposure comprised $47.6 billion exposure to financial institutions and $43.8 billion to non-financial corporations at June 30, 2021.

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

The residential mortgage loan portfolio includes some loans with adjustable-rate features and some with an interest-only feature as part of the loan terms. Interest-only loans were approximately 3% of total loans at both June 30, 2021, and December 31, 2020. 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.

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

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. Additional information about appraisals, AVMs, and our policy for their use can be found in Note 4 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report and the "Risk Management – Credit Risk Management – Residential Mortgage Loans" section in our 2020 Form 10-K.

Part of our credit monitoring includes tracking delinquency, current FICO scores and loan/combined loan to collateral values (LTV/CLTV) on the entire residential mortgage loan portfolio. Excluding government insured/guaranteed loans, these credit risk indicators on the residential mortgage portfolio were:

- Loans 30 days or more delinquent at June 30, 2021, totaled $3.7 billion, or 1% of total mortgages, compared with $4.7 billion, or 2%, at December 31, 2020. 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 $4.3 billion, or 2% of total mortgages at June 30, 2021, compared with $5.6 billion, or 2%, at December 31, 2020; and
- Mortgages with a LTV/CLTV greater than 100% totaled $912 million at June 30, 2021, or less than 1% of total mortgages, compared with $1.6 billion, or 1%, at December 31, 2020.

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 14.

Table 14: Residential Mortgage Loans by State

	June 30, 2021			
($ in millions)	Residential mortgage – first lien	Residential mortgage – junior lien	Total residential mortgage	% of total loans
Residential mortgage loans:				
California (1)	$ 96,679	5,155	101,834	12 %
New York	29,635	1,117	30,752	4
New Jersey	10,491	1,988	12,479	1
Florida	9,839	1,804	11,643	1
Washington	8,088	414	8,502	1
Texas	6,956	388	7,344	1
Virginia	5,656	1,148	6,804	1
North Carolina	4,380	932	5,312	1
Colorado	4,668	400	5,068	1
Other (2)	47,748	6,291	54,039	6
Government insured/guaranteed loans (3)	20,231	—	20,231	2
Total	$ 244,371	19,637	264,008	31 %

(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 $5.1 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 $32.3 billion from December 31, 2020, driven by loan paydowns as a result of the low interest rate environment and the transfer of $10.8 billion of first lien mortgage loans to loans held for sale (LHFS) substantially all of which related to the sales of loans purchased from GNMA loan securitization pools in prior periods, partially offset by originations of $30.8 billion.

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

Table 15: Residential Mortgage – First Lien Portfolio Performance

	Outstanding balance		% of loans 30 days or more past due		Loss (recovery) rate (annualized) quarter ended				
($ in millions)	**Jun 30, 2021**	Dec 31, 2020	**Jun 30, 2021**	Dec 31, 2020	**Jun 30, 2021**	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020
California	**$ 96,679**	104,260	**0.84 %**	1.00	**(0.02)**	(0.02)	(0.03)	(0.01)	(0.01)
New York	**29,635**	31,028	**1.12**	1.40	**0.01**	(0.01)	0.01	0.02	0.02
New Jersey	**10,491**	12,073	**1.71**	1.92	**(0.03)**	—	(0.03)	(0.01)	0.03
Florida	**9,839**	10,623	**2.04**	2.56	**(0.14)**	(0.11)	0.01	0.03	(0.01)
Washington	**8,088**	9,094	**0.51**	0.66	**(0.02)**	0.02	(0.01)	0.01	(0.01)
Other	**69,408**	79,356	**1.42**	1.60	**(0.06)**	(0.09)	0.02	(0.01)	0.01
Total	**224,140**	246,434	**1.14**	1.34	**(0.03)**	(0.04)	—	—	—
Government insured/guaranteed loans	**20,231**	30,240							
Total first lien mortgage portfolio	**$ 244,371**	276,674							

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 June 30, 2021, compared with December 31, 2020, reflected loan paydowns. Table 16 shows certain delinquency and loss information for the residential mortgage – junior lien portfolio and lists the top five states by outstanding balance.

Table 16: Residential Mortgage – Junior Lien Portfolio Performance

	Outstanding balance		% of loans 30 days or more past due		Loss (recovery) rate (annualized) quarter ended				
($ in millions)	**Jun 30, 2021**	Dec 31, 2020	**Jun 30, 2021**	Dec 31, 2020	**Jun 30, 2021**	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020
California	**$ 5,155**	6,237	**2.49 %**	2.20	**(0.67)**	(0.69)	(0.46)	(0.34)	(0.26)
New Jersey	**1,988**	2,258	**2.78**	2.84	**(0.33)**	0.32	(0.06)	(0.02)	(0.12)
Florida	**1,804**	2,119	**2.67**	3.06	**(0.78)**	(0.11)	(0.35)	(0.22)	(0.01)
Pennsylvania	**1,196**	1,377	**2.22**	2.30	**(0.13)**	(0.22)	(0.62)	(0.19)	0.05
Virginia	**1,148**	1,355	**2.53**	2.41	**(0.62)**	(0.29)	(0.15)	(0.34)	(0.05)
Other	**8,346**	9,940	**2.37**	2.31	**(0.64)**	(0.36)	(0.43)	(0.17)	(0.21)
Total junior lien mortgage portfolio	**$ 19,637**	23,286	**2.47 %**	2.41	**(0.60)**	(0.35)	(0.39)	(0.22)	(0.17)

As of June 30, 2021, with respect to loans in the residential mortgage – junior lien portfolio that had a CLTV ratio in excess of 100%:

- such loans totaled 2% 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 4.11 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 June 30, 2021, 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 17 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 $49.8 billion at June 30, 2021.

Table 17: Residential Mortgage – Junior Lien Line and Loan and Residential Mortgage – First Lien Line Portfolios Payment Schedule

			Scheduled end of draw/term						
($ in millions)	Outstanding balance June 30, 2021	Remainder of 2021	2022	2023	2024	2025	2026 and thereafter (1)	Amortizing (2)
Residential mortgage – junior lien lines and loans	$ 19,637	384	2,271	1,563	1,239	2,059	6,050	6,071
Residential mortgage – first lien lines	7,957	212	1,212	929	721	1,006	2,495	1,382
Total	$ 27,594	596	3,483	2,492	1,960	3,065	8,545	7,453
% of portfolios	100 %	2	13	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 $914 million to $3.3 billion and averaging $1.7 billion per year.
(2) Includes $69 million of end-of-term balloon payments which were past due.

At June 30, 2021, $339 million, or 2%, of lines in their draw period were 30 days or more past due, compared with $347 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 June 2021, excluding borrowers with COVID-related loan modification payment deferrals:

- Approximately 43% of these borrowers paid only the minimum amount due and approximately 52% 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 67% paid more than the minimum amount due.

Table 18: Credit Card, Auto, and Other Consumer Loans

	June 30, 2021		December 31, 2020	
($ in millions)	Outstanding balance	% of total loans	Outstanding balance	% of total loans
Credit card	$ 34,936	4.10%	$ 36,664	4.13%
Auto	51,073	5.99	48,187	5.43
Other consumer (1)	25,861	3.03	24,409	2.75
Total	$ 111,870	13.13%	$ 109,260	12.31%

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

CREDIT CARD Our credit card portfolio totaled $34.9 billion at June 30, 2021, compared with $36.7 billion at December 31, 2020. The decrease in the outstanding balance at June 30, 2021, compared with December 31, 2020, was due to seasonal paydowns.

AUTO Our auto portfolio totaled $51.1 billion at June 30, 2021, compared with $48.2 billion at December 31, 2020. The outstanding balance at June 30, 2021, compared with December 31, 2020, increased as originations exceeded paydowns.

OTHER CONSUMER Other consumer loans, which include revolving credit and installment loans, totaled $25.9 billion at June 30, 2021, compared with $24.4 billion at December 31, 2020.

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

Table 19 summarizes nonperforming assets (NPAs) for each of the last four quarters.

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

	June 30, 2021		March 31, 2021		December 31, 2020		September 30, 2020	
($ in millions)	**Balance**	**% of total loans**	Balance	% of total loans	Balance	% of total loans	Balance	% of total loans
Nonaccrual loans:								
Commercial:								
Commercial and industrial	**$ 1,691**	**0.53 %**	$ 2,223	0.70 %	$ 2,698	0.85 %	$ 2,834	0.88 %
Real estate mortgage	**1,598**	**1.32**	1,703	1.41	1,774	1.46	1,343	1.10
Real estate construction	**45**	**0.20**	55	0.26	48	0.22	34	0.15
Lease financing	**215**	**1.37**	249	1.58	259	1.61	187	1.10
Total commercial	**3,549**	**0.74**	4,230	0.89	4,779	1.00	4,398	0.91
Consumer:								
Residential mortgage – first lien (1)	**2,852**	**1.17**	2,859	1.12	2,957	1.07	2,641	0.90
Residential mortgage – junior lien (1)	**713**	**3.63**	747	3.51	754	3.24	767	3.05
Auto	**221**	**0.43**	181	0.37	202	0.42	176	0.36
Other consumer	**36**	**0.14**	38	0.15	36	0.15	40	0.12
Total consumer	**3,822**	**1.02**	3,825	1.00	3,949	0.97	3,624	0.83
Total nonaccrual loans	**7,371**	**0.86**	8,055	0.93	8,728	0.98	8,022	0.87
Foreclosed assets:								
Government insured/guaranteed (2)	**15**		16		18		22	
Non-government insured/guaranteed	**114**		124		141		134	
Total foreclosed assets	**129**		140		159		156	
Total nonperforming assets	**$ 7,500**	**0.88 %**	$ 8,195	0.95 %	$ 8,887	1.00 %	$ 8,178	0.89 %
Change in NPAs from prior quarter	**$ (695)**		$ (692)		$ 709		$ 378	

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

Commercial nonaccrual loans decreased $1.2 billion from December 31, 2020, predominantly due to a decline in commercial and industrial nonaccrual loans, driven by a decrease in oil, gas, and pipeline nonaccrual loans, reflecting improvement in the economic environment. For additional information on commercial and industrial nonaccrual loans, see the "Risk Management – Credit Risk Management – Commercial and Industrial Loans and Lease Financing" section in this Report.

Consumer nonaccrual loans decreased $127 million from December 31, 2020, driven by a decline in residential mortgage nonaccrual loans.

Table 20 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 20: Analysis of Changes in Nonaccrual Loans

					Quarter ended	
(in millions)		**Jun 30, 2021**	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020
Commercial nonaccrual loans						
Balance, beginning of period	**$**	**4,230**	4,779	4,398	4,285	2,875
Inflows		**560**	773	1,696	1,316	2,741
Outflows:						
Returned to accruing		**(287)**	(177)	(99)	(166)	(64)
Foreclosures		**(3)**	(6)	(37)	—	—
Charge-offs		**(145)**	(202)	(367)	(382)	(560)
Payments, sales and other		**(806)**	(937)	(812)	(655)	(707)
Total outflows		**(1,241)**	(1,322)	(1,315)	(1,203)	(1,331)
Balance, end of period		**3,549**	4,230	4,779	4,398	4,285
Consumer nonaccrual loans						
Balance, beginning of period		**3,825**	3,949	3,624	3,320	3,281
Inflows		**563**	454	792	696	379
Outflows:						
Returned to accruing		**(200)**	(152)	(208)	(160)	(135)
Foreclosures		**(16)**	(19)	(5)	(4)	(6)
Charge-offs		**(17)**	(26)	(36)	(36)	(39)
Payments, sales and other		**(333)**	(381)	(218)	(192)	(160)
Total outflows		**(566)**	(578)	(467)	(392)	(340)
Balance, end of period		**3,822**	3,825	3,949	3,624	3,320
Total nonaccrual loans	**$**	**7,371**	8,055	8,728	8,022	7,605

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

- 96% of total commercial nonaccrual loans and 99% of total consumer nonaccrual loans are secured. Of the consumer nonaccrual loans, 93% are secured by real estate and 93% have a combined LTV (CLTV) ratio of 80% or less.
- 71% of commercial nonaccrual loans were current on interest and 66% of commercial nonaccrual loans were current on both principal and interest, but were on nonaccrual status because the full or timely collection of interest or principal had become uncertain.
- of the $1.0 billion of consumer loans in bankruptcy or discharged in bankruptcy, and classified as nonaccrual, $691 million were current.
- the remaining risk of loss of all nonaccrual loans has been considered in developing our allowance for loan losses.

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

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

Table 21: Foreclosed Assets

(in millions)		Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020
					Quarter ended	
Summary by loan segment						
Government insured/guaranteed	$	**15**	16	18	22	31
Commercial		**63**	64	70	39	45
Consumer		**51**	60	71	95	119
Total foreclosed assets	$	**129**	140	159	156	195
Analysis of changes in foreclosed assets						
Balance, beginning of period	$	**140**	159	156	195	252
Net change in government insured/guaranteed (1)		**(1)**	(2)	(4)	(9)	(12)
Additions to foreclosed assets (2)		**96**	88	114	60	51
Reductions:						
Sales		**(104)**	(107)	(104)	(88)	(98)
Write-downs and gains (losses) on sales		**(2)**	2	(3)	(2)	2
Total reductions		**(106)**	(105)	(107)	(90)	(96)
Balance, end of period	$	**129**	140	159	156	195

(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 June 30, 2021, included $49 million of foreclosed residential real estate, of which 30% 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 $129 million in foreclosed assets at June 30, 2021, 61% 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 22 provides information regarding the recorded investment of loans modified in TDRs. TDRs decreased from December 31, 2020, due to paydowns and a $436 million transfer from residential mortgage – first lien loans to LHFS related to the sales of loans purchased from GNMA loan securitization pools in 2020. The amount of our TDRs at June 30, 2021, would have otherwise been higher without the TDR relief provided by the CARES Act and Interagency Statement.

Table 22: TDR Balances

(in millions)		Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020
Commercial:						
Commercial and industrial	$	**1,225**	1,331	1,933	2,082	1,882
Real estate mortgage		**645**	652	774	805	717
Real estate construction		**15**	21	15	21	20
Lease financing		**9**	9	9	9	10
Total commercial TDRs		**1,894**	2,013	2,731	2,917	2,629
Consumer:						
Residential mortgage – first lien		**8,841**	9,446	9,764	9,420	7,176
Residential mortgage – junior lien		**1,097**	1,174	1,237	1,298	1,309
Credit card		**368**	411	458	494	510
Auto		**196**	156	176	156	108
Other consumer		**63**	67	67	190	173
Trial modifications		**77**	81	90	91	91
Total consumer TDRs		**10,642**	11,335	11,792	11,649	9,367
Total TDRs	$	**12,536**	13,348	14,523	14,566	11,996
TDRs on nonaccrual status	$	**3,711**	3,800	4,456	4,163	3,475
TDRs on accrual status:						
Government insured/guaranteed		**3,431**	3,708	3,721	3,467	1,277
Non-government insured/guaranteed		**5,394**	5,840	6,346	6,936	7,244
Total TDRs	$	**12,536**	13,348	14,523	14,566	11,996

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 $360 million and $565 million at June 30, 2021, and December 31, 2020, respectively. As part of our actions to support customers during the COVID-19 pandemic, we have provided borrowers relief in the form of loan modifications. Under the CARES Act and the Interagency Statement, loan modifications related to the COVID-19 pandemic will not be classified as TDRs if they meet certain eligibility criteria. For additional information on the CARES Act and the Interagency Statement, see the "Risk Management – Credit Risk Management – Credit Quality Overview – COVID-Related Lending Accommodations" section in this Report.

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

Table 23 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 23: Analysis of Changes in TDRs

					Quarter ended	
(in millions)		**Jun 30, 2021**	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020
Commercial TDRs						
Balance, beginning of period	**$**	**2,013**	2,731	2,917	2,629	2,042
Inflows (1)		**336**	155	486	866	971
Outflows						
Charge-offs		**(45)**	(49)	(72)	(77)	(60)
Foreclosure		**—**	(5)	—	—	—
Payments, sales and other (2)		**(410)**	(819)	(600)	(501)	(324)
Balance, end of period		**1,894**	2,013	2,731	2,917	2,629
Consumer TDRs						
Balance, beginning of period		**11,335**	11,792	11,649	9,367	9,523
Inflows (1)		**495**	633	1,226	2,805	425
Outflows						
Charge-offs		**(36)**	(43)	(57)	(58)	(46)
Foreclosure		**(15)**	(14)	(5)	(7)	(8)
Payments, sales and other (2)		**(1,133)**	(1,024)	(1,020)	(458)	(510)
Net change in trial modifications (3)		**(4)**	(9)	(1)	—	(17)
Balance, end of period		**10,642**	11,335	11,792	11,649	9,367
Total TDRs	**$**	**12,536**	13,348	14,523	14,566	11,996

(1) Inflows include loans that modify, even if they resolve within the period, as well as gross advances on term loans that modified in a prior period and net advances on revolving TDRs that modified in a prior period.
(2) Other outflows include normal amortization/accretion of loan basis adjustments and loans transferred to held for sale. Occasionally, loans that have been refinanced or restructured at market terms qualify as new loans, which are also included as other outflows.
(3) Net change in trial modifications includes: inflows of new TDRs entering the trial payment period, net of outflows for modifications that either (i) successfully perform and enter into a permanent modification, or (ii) did not successfully perform according to the terms of the trial period plan and are subsequently charged-off, foreclosed upon or otherwise resolved.

LOANS 90 DAYS OR MORE PAST DUE AND STILL ACCRUING Loans 90 days or more past due are still accruing if they are (1) well-secured and in the process of collection or (2) residential mortgage loans or consumer loans exempt under regulatory rules from being classified as nonaccrual until later delinquency, usually 120 days past due.

Table 24 reflects loans 90 days or more past due and still accruing by class for loans not government insured/guaranteed. For additional information on delinquencies by loan class, see Note 4 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

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

(in millions)		Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020
Total:	$	**4,703**	6,273	7,041	11,698	9,739
Less: FHA insured/VA guaranteed (1)		**3,966**	5,406	6,351	11,041	8,922
Total, not government insured/guaranteed	$	**737**	867	690	657	817
By segment and class, not government insured/guaranteed:						
Commercial:						
Commercial and industrial	$	**165**	55	39	61	101
Real estate mortgage		**105**	128	38	47	44
Real estate construction		**7**	86	1	—	—
Total commercial		**277**	269	78	108	145
Consumer:						
Residential mortgage – first lien		**73**	85	135	97	93
Residential mortgage – junior lien		**12**	15	19	28	19
Credit card		**271**	394	365	297	418
Auto		**43**	46	65	50	54
Other consumer		**61**	58	28	77	88
Total consumer		**460**	598	612	549	672
Total, not government insured/guaranteed	$	**737**	867	690	657	817

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

Loans 90 days or more past due and still accruing, excluding government insured/guaranteed loans, at June 30, 2021, were up from December 31, 2020, due to an increase in delinquent commercial real estate mortgage loans and commercial and industrial loans, partially offset by a decline in delinquent consumer loans in line with the decrease in our total consumer loan portfolio. Customer payment deferral activities instituted in response to the COVID-19 pandemic could continue to delay the recognition of delinquencies for customers who would have otherwise moved into past due status.

Loans 90 days or more past due and still accruing whose repayments are largely insured by the FHA or guaranteed by the VA for mortgages at June 30, 2021, were down from December 31, 2020, largely due to transfers to LHFS related to the sales of loans purchased from GNMA loan securitization pools in prior periods.

NET CHARGE-OFFS Table 25 presents net loan charge-offs for second quarter 2021 and the previous four quarters.

Table 25: Net Loan Charge-offs

	Quarter ended									
	Jun 30, 2021		Mar 31, 2021		Dec 31, 2020		Sep 30, 2020		Jun 30, 2020	
($ in millions)	Net loan charge-offs	% of avg. loans (1)	Net loan charge-offs	% of avg. loans (1)	Net loan charge-offs	% of avg. loans (1)	Net loan charge-offs	% of avg. loans (1)	Net loan charge-offs	% of avg. loans (1)
Commercial:										
Commercial and industrial	**$ 81**	**0.10 %**	$ 88	0.11 %	$ 111	0.14 %	$ 274	0.33 %	$ 521	0.55%
Real estate mortgage	**(5)**	**(0.02)**	46	0.16	162	0.53	56	0.18	67	0.22
Real estate construction	**(1)**	**—**	—	—	—	—	(2)	(0.03)	(1)	(0.02)
Lease financing	**5**	**0.12**	15	0.40	35	0.83	28	0.66	15	0.33
Total commercial	**80**	**0.07**	149	0.13	308	0.26	356	0.29	602	0.44
Consumer:										
Residential mortgage – first lien	**(19)**	**(0.03)**	(24)	(0.04)	(3)	—	(1)	—	2	—
Residential mortgage – junior lien	**(31)**	**(0.60)**	(19)	(0.35)	(24)	(0.39)	(14)	(0.22)	(12)	(0.17)
Credit card	**256**	**3.01**	236	2.71	190	2.09	245	2.71	327	3.60
Auto	**45**	**0.35**	52	0.44	51	0.43	31	0.25	106	0.88
Other consumer	**50**	**0.80**	119	1.97	62	0.88	66	0.80	88	1.09
Total consumer	**301**	**0.32**	364	0.37	276	0.26	327	0.30	511	0.48
Total	**$ 381**	**0.18 %**	$ 513	0.24 %	$ 584	0.26 %	$ 683	0.29 %	$ 1,113	0.46%

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

The decrease in commercial net loan charge-offs in second quarter 2021, compared with the prior quarter, was driven by lower charge-offs across the entire portfolio as well as higher recoveries in the CRE portfolio.

The decrease in consumer net loan charge-offs in second quarter 2021, compared with the prior quarter, was driven by lower losses in other consumer loans due to the sale of a portion of our student loan portfolio in first quarter 2021.

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 life-time credit losses in the loan portfolio and unfunded credit commitments, at the balance sheet date, excluding loans and unfunded credit commitments carried at fair value or held for sale. Additionally, we maintain an ACL for debt securities classified as either AFS or HTM, other financial assets measured at amortized cost, net investments in leases, and other off-balance sheet credit exposures.

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

Table 26 presents the allocation of the ACL for loans by loan portfolio segment and class for the most recent quarter and last four year ends.

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

($ in millions)	Jun 30, 2021 ACL	Jun 30, 2021 Loans as % of total loans	Dec 31, 2020 ACL	Dec 31, 2020 Loans as % of total loans	Dec 31, 2019 ACL	Dec 31, 2019 Loans as % of total loans	Dec 31, 2018 ACL	Dec 31, 2018 Loans as % of total loans	Dec 31, 2017 ACL	Dec 31, 2017 Loans as % of total loans
Commercial:										
Commercial and industrial	**$ 5,640**	**37 %**	$ 7,230	36 %	$ 3,600	37 %	$ 3,628	37 %	$ 3,752	35 %
Real estate mortgage	**2,884**	**14**	3,167	14	1,236	13	1,282	13	1,374	13
Real estate construction	**530**	**3**	410	2	1,079	2	1,200	2	1,238	3
Lease financing	**516**	**2**	709	2	330	2	307	2	268	2
Total commercial	**9,570**	**56**	11,516	54	6,245	54	6,417	54	6,632	53
Consumer:										
Residential mortgage – first lien	**1,283**	**29**	1,600	31	692	30	750	30	1,085	30
Residential mortgage – junior lien	**320**	**2**	653	3	247	3	431	3	608	4
Credit card	**3,663**	**4**	4,082	4	2,252	4	2,064	4	1,944	4
Auto	**1,026**	**6**	1,230	5	459	5	475	5	1,039	5
Other consumer	**529**	**3**	632	3	561	4	570	4	652	4
Total consumer	**6,821**	**44**	8,197	46	4,211	46	4,290	46	5,328	47
Total	**$ 16,391**	**100 %**	$ 19,713	100 %	$ 10,456	100 %	$ 10,707	100 %	$ 11,960	100 %
Components:										
Allowance for loan losses		**$ 15,148**		18,516		9,551		9,775		11,004
Allowance for unfunded credit commitments		**1,243**		1,197		905		932		956
Allowance for credit losses		**$ 16,391**		19,713		10,456		10,707		11,960
Ratio of allowance for loan losses to total net loan charge-offs (2)		**9.93x**		5.63		3.46		3.56		3.76
Allowance for loan losses as a percentage of total loans		**1.78 %**		2.09		0.99		1.03		1.15
Allowance for credit losses for loans as a percentage of total loans		**1.92**		2.22		1.09		1.12		1.25
Allowance for credit losses for loans as a percentage of total nonaccrual loans		**222**		226		196		165		156

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

The ratios for the allowance for loan losses and the ACL for loans presented in Table 26 may fluctuate from period to period due to such factors as the mix of loan types in the portfolio, borrower credit strength, and the value and marketability of collateral.

The ACL for loans decreased $3.3 billion, or 17%, from December 31, 2020, reflecting better portfolio credit quality and improvements in current and forecasted economic conditions. Total provision for credit losses for loans was $(1.2) billion in second quarter 2021, compared with $9.6 billion in the same period a year ago, reflecting lower net charge-offs and improvements in current and forecasted economic conditions. The detail of the changes in the ACL for loans by portfolio segment (including charge-offs and recoveries by loan class) is included in Note 4 (Loans and Related Allowance for Credit Losses) to Financial Statements in this Report.

We consider multiple economic scenarios to develop our estimate of the ACL for loans. The scenarios generally include a base scenario, along with an optimistic (upside) and one or more pessimistic (downside) scenarios. Our estimate of the ACL for loans at June 30, 2021, 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 economic improvements in the near term with a return to normalized levels near the end of 2022. The downside scenario assumed sustained adverse economic impacts resulting from the COVID-19 pandemic, compared with the base scenario. The downside scenario assumed U.S. real GDP growth rates decline in the first half of 2022 before returning to normalized levels after 2023 and the U.S. unemployment rate increases through 2022 and peaks in the first half of 2023. 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. We also considered the significant uncertainty related to the duration and severity of the economic impacts from the COVID-19 pandemic and the incremental risks to our loan portfolio.

The forecasted key economic variables used in our estimate of the ACL for loans at June 30 and March 31, 2021, are presented in Table 27.

Table 27: Forecasted Key Economic Variables

	4Q 2021	2Q 2022	4Q 2022
Blend of economic scenarios (1):			
U.S. unemployment rate (2):			
March 31, 2021	6.5 %	7.0	7.1
June 30, 2021	5.6	6.2	6.9
U.S. real GDP (3):			
March 31, 2021	(1.1)	(0.6)	1.8
June 30, 2021	1.0	(0.4)	0.6
Home price index (4):			
March 31, 2021	1.0	(5.2)	(5.7)
June 30, 2021	2.8	(6.5)	(5.2)
Commercial real estate asset prices (4):			
March 31, 2021	(10.0)	(11.5)	(9.0)
June 30, 2021	(7.8)	(11.9)	(10.4)

(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 both June 30 and March 31, 2021.
(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. We observed economic improvements in the first half of 2021; however, there remained significant uncertainty related to the length and severity of the economic impact of the COVID-19 pandemic and the impact of other factors that may influence the level of eventual losses and corresponding requirements for future amounts of the ACL, including the impact of economic stimulus programs and customer accommodation activity. The COVID-19 pandemic could continue to impact the recognition of credit losses in our loan portfolios and may result in increases in our ACL, particularly if the impact on the economy worsens.

We believe the ACL for loans of $16.4 billion at June 30, 2021, was appropriate to cover expected credit losses, including unfunded credit commitments, at that date. The entire allowance is available to absorb credit losses from the total loan portfolio. The ACL for loans is subject to change and reflects existing factors as of the date of determination, including economic or market conditions and ongoing internal and external examination processes. Due to the sensitivity of the ACL for loans to changes in the economic and business environment, it is possible that we will incur incremental credit losses not anticipated as of the balance sheet date. Our process for determining the ACL is discussed in the "Critical Accounting Policies – Allowance for Credit Losses" section and Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2020 Form 10-K.

LIABILITY FOR MORTGAGE LOAN REPURCHASE LOSSES For information on our repurchase liability, see the "Risk Management – Credit Risk Management – Liability For Mortgage Loan Repurchase Losses" section in our 2020 Form 10-K.

RISKS RELATING TO SERVICING ACTIVITIES In addition to servicing loans in our portfolio, we act as servicer and/or master servicer of residential mortgage loans included in GSE-guaranteed mortgage securitizations, GNMA-guaranteed mortgage securitizations of FHA-insured/VA-guaranteed mortgages and private label mortgage securitizations, as well as for unsecuritized loans owned by institutional investors.

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

Upon transfer as servicer, we retain the option to repurchase loans from GNMA loan securitization pools, which becomes exercisable when three scheduled loan payments remain unpaid by the borrower. We generally repurchase these loans for cash and as a result, our total consolidated assets do not change. As a result of the COVID-19 pandemic, our repurchases of these loans were elevated in 2020 but returned to more normalized levels in the first half of 2021.

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

For additional information about the risks related to our servicing activities, see the "Risk Management – Credit Risk Management – Risks Relating to Servicing Activities" section in our 2020 Form 10-K. For additional information on mortgage banking activities, see Note 9 (Mortgage Banking Activities) to Financial Statements in this Report.

Asset/Liability Management

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

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

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

- interest rates may have a direct or indirect effect on loan demand, collateral values, credit losses, mortgage origination volume, and the fair value of MSRs and other financial instruments.

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

Our most recent simulations, as presented in Table 28, 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 28:

- 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 28: Net Interest Income Sensitivity

($ in billions)	Jun 30, 2021	Dec 31, 2020
Parallel Shift:		
+100 bps shift in interest rates	**$ 7.0**	6.7
-100 bps shift in interest rates	**(2.9)**	(2.7)
Steeper yield curve:		
+50 bps shift in long-term interest rates	**1.2**	1.3
Flatter yield curve:		
+50 bps shift in short-term interest rates	**2.5**	2.2
-50 bps shift in long-term interest rates	**(1.2)**	(1.4)

The interest rate sensitivity included in Table 28 indicates that we would expect to benefit from higher interest rates as our assets would reprice faster and to a greater degree than our liabilities, while in the case of lower interest rates, our assets would reprice downward and to a greater degree than our liabilities resulting in lower net interest income.

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

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

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

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

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

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

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

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

Table 29 shows the Company's Trading General VaR by risk category. The decrease in average Company Trading General VaR for the quarter ended June 30, 2021, compared with the same period a year ago, was driven by a greater presence of market volatility dropping out of the 12-month historical lookback window used to calculate average Company Trading General VaR for the quarter ended June 30, 2021. Market volatility present in average Company Trading General VaR for the quarter ended June 30, 2020, was driven by the introduction of the COVID-19 pandemic, in particular, changes in interest rate curves and a significant widening of credit spreads.

Table 29: Trading 1-Day 99% General VaR by Risk Category

	Quarter ended											
	June 30, 2021				March 31, 2021				June 30, 2020			
(in millions)	Period end	Average	Low	High	Period end	Average	Low	High	Period end	Average	Low	High
Company Trading General VaR Risk Categories												
Credit	**$ 14**	**21**	**12**	**30**	22	94	21	112	86	82	61	99
Interest rate	**7**	**7**	**4**	**22**	36	73	26	120	155	106	42	161
Equity	**29**	**37**	**25**	**56**	35	36	28	72	14	10	6	17
Commodity	**28**	**7**	**2**	**28**	11	5	2	12	4	4	2	7
Foreign exchange	**0**	**1**	**0**	**1**	1	1	1	1	1	2	1	3
Diversification benefit (1)	**(38)**	**(30)**			(64)	(111)			(51)	(49)		
Company Trading General VaR	**40**	**43**			41	98			209	155		

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

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

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

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

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

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 bank holding companies (BHCs), such as Wells Fargo.

The FRB, OCC and FDIC have also issued a rule implementing a stable funding requirement, known as the net stable funding

ratio (NSFR), which requires a covered banking organization, such as Wells Fargo, to maintain a minimum amount of stable funding, including common equity, long-term debt and most types of deposits, in relation to its assets, derivative exposures and commitments over a one-year horizon period. The NSFR became 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. As of July 1, 2021, we were compliant with the NSFR requirement.

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

Table 30: Liquidity Coverage Ratio

	Average for Quarter ended		
(in millions, except ratio)	**Jun 30, 2021**	Mar 31, 2021	Jun 30, 2020
HQLA (1):			
Eligible cash	**$ 248,404**	216,403	166,947
Eligible securities (2)	**137,718**	186,270	242,520
Total HQLA	**386,122**	402,673	409,467
Projected net cash outflows	**314,678**	316,116	316,268
LCR	**123%**	127	129

(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 31, 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 31: Primary Sources of Liquidity

		June 30, 2021			December 31, 2020	
(in millions)	**Total**	**Encumbered**	**Unencumbered**	Total	Encumbered	Unencumbered
Interest-earning deposits with banks	**$ 248,869**	**—**	**248,869**	236,376	—	236,376
Debt securities of U.S. Treasury and federal agencies	**63,934**	**3,304**	**60,630**	70,756	5,370	65,386
Mortgage-backed securities of federal agencies	**280,984**	**52,700**	**228,284**	258,668	49,156	209,512
Total	**$ 593,787**	**56,004**	**537,783**	565,800	54,526	511,274

In addition to our primary sources of liquidity shown in Table 31, 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 June 30, 2021, we also maintained approximately $222.7 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 169% and 158% of total loans at June 30, 2021, and December 31, 2020, respectively. Additional funding is provided by long-term debt and short-term borrowings. Table 32 shows selected information for short-term borrowings, which generally mature in less than 30 days. We pledge certain financial instruments that we own to collateralize repurchase agreements and other securities financings. For additional information, see the "Pledged Assets" section of Note 12 (Pledged Assets and Collateral) to Financial Statements in this Report.

Table 32: Short-Term Borrowings

(in millions)		Quarter ended Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020
Balance, period end						
Federal funds purchased and securities sold under agreements to repurchase	**$**	**33,708**	46,871	46,362	44,055	49,659
Other short-term borrowings		**11,927**	12,049	12,637	11,169	10,826
Total	**$**	**45,635**	58,920	58,999	55,224	60,485
Average daily balance for period						
Federal funds purchased and securities sold under agreements to repurchase	**$**	**36,526**	47,358	46,069	46,504	52,868
Other short-term borrowings		**11,979**	11,724	11,235	10,788	10,667
Total	**$**	**48,505**	59,082	57,304	57,292	63,535
Maximum month-end balance for period						
Federal funds purchased and securities sold under agreements to repurchase (1)	**$**	**33,708**	47,050	46,879	49,148	50,397
Other short-term borrowings (2)		**12,563**	12,049	12,637	11,169	11,220

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

Long-Term Debt We access domestic and international capital markets for long-term funding (generally greater than one year) through issuances of registered debt securities, private placements and asset-backed secured funding. We issue long-term debt in a variety of maturities and currencies to achieve cost-efficient funding and to maintain an appropriate maturity profile. Proceeds from securities issued were used for general corporate purposes, and, unless otherwise specified in the applicable prospectus or prospectus supplement, we expect the proceeds from securities issued in the future will be used for the same purposes. Depending on market conditions, 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 $1.0 billion and $1.1 billion of long-term debt in the second quarter and first half of 2021, respectively. Table 33 provides the aggregate carrying value of long-term debt maturities (based on contractual payment dates) for the remainder of 2021 and the following years thereafter, as of June 30, 2021.

Table 33: Maturity of Long-Term Debt

(in millions)		June 30, 2021 Remaining 2021	2022	2023	2024	2025	Thereafter	Total
Wells Fargo & Company (Parent Only)								
Senior notes	$	6,501	13,563	8,260	12,233	15,151	71,163	126,871
Subordinated notes		—	—	3,706	753	1,124	22,752	28,335
Junior subordinated notes		—	—	—	—	—	1,388	1,388
Total long-term debt – Parent		6,501	13,563	11,966	12,986	16,275	95,303	156,594
Wells Fargo Bank, N.A. and other bank entities (Bank)								
Senior notes		3,208	2,833	2,861	3	188	231	9,324
Subordinated notes		—	—	1,098	—	168	4,236	5,502
Junior subordinated notes		—	—	—	—	—	382	382
Securitizations and other bank debt		1,579	1,383	876	424	146	1,476	5,884
Total long-term debt – Bank		4,787	4,216	4,835	427	502	6,325	21,092
Other consolidated subsidiaries								
Senior notes		358	190	517	107	428	338	1,938
Securitizations and other bank debt		—	—	—	—	—	32	32
Total long-term debt – Other consolidated subsidiaries		358	190	517	107	428	370	1,970
Total long-term debt	$	11,646	17,969	17,318	13,520	17,205	101,998	179,656

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

On April 22, 2021, Moody's Investors Service (Moody's) affirmed our ratings and retained the negative ratings outlook. On July 12, 2021, Moody's upgraded the senior debt rating of the Company to A1 from A2 as a result of revisions to its bank ratings methodology. On May 24, 2021, DBRS Morningstar confirmed our ratings and retained the negative ratings trend. On June 14, 2021, Fitch Ratings affirmed our ratings and retained the negative ratings outlook.

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

The credit ratings of the Parent and Wells Fargo Bank, N.A., as of June 30, 2021, are presented in Table 34.

Table 34: Credit Ratings as of June 30, 2021

	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	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.

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 June 30, 2021, increased $9.1 billion from December 31, 2020, predominantly as a result of $10.7 billion of Wells Fargo net income, partially offset by $1.5 billion of common and preferred stock dividends. During the first half of 2021, we issued $819 million of common stock, substantially all of which was issued in connection with employee compensation and benefits. During the first half of 2021, we repurchased 53 million shares of common stock at a cost of $2.2 billion. For additional information about capital planning, see the "Capital Planning and Stress Testing" section below.

In the first half of 2021, we issued $4.6 billion of preferred stock and redeemed $4.9 billion of preferred stock, including the redemption of the remaining $350 million of our Preferred Stock, Series N, in June 2021. In July 2021, we issued $1.25 billion of our Preferred Stock, Series DD. For additional information, see Note 16 (Preferred Stock) to Financial Statements in this Report.

Regulatory Capital Requirements

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

RISK-BASED CAPITAL AND RISK-WEIGHTED ASSETS The Company is subject to rules issued by federal banking regulators to implement Basel III capital requirements for U.S. banking organizations. The rules contain two frameworks for calculating capital requirements, a Standardized Approach and an Advanced Approach applicable to certain institutions, including Wells Fargo. Our capital adequacy is assessed based on the lower of our risk-based capital ratios calculated under the two approaches. The Company is required to satisfy the risk-based capital ratio requirements to avoid restrictions on capital distributions and discretionary bonus payments. Table 35 and Table 36 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 June 30, 2021.

Table 35: Risk-Based Capital Requirements – Standardized Approach

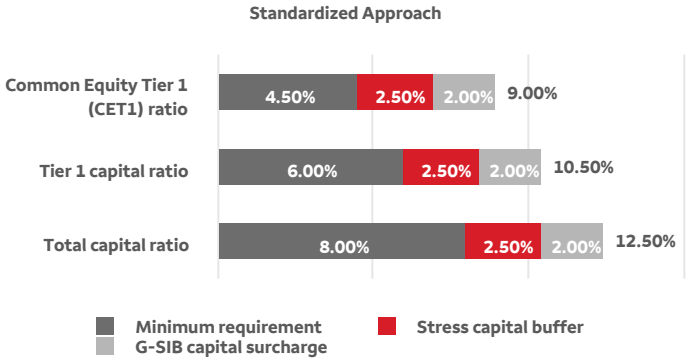
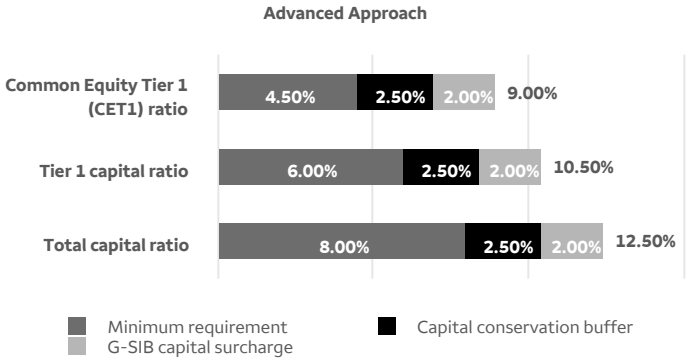


Table 36: Risk-Based Capital Requirements – Advanced Approach



In addition to the risk-based capital requirements described in Table 35 and Table 36, if the FRB determines that a period of excessive credit growth is contributing to an increase in systemic risk, a countercyclical buffer of up to 2.50% could be added to the risk-based capital ratio requirements under federal banking regulations.

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

The stress capital buffer is calculated based on the decrease in a BHC's risk-based capital ratios under the severely adverse scenario in the FRB's annual supervisory stress test and related Comprehensive Capital Analysis and Review (CCAR), plus four quarters of planned common stock dividends. Because the stress capital buffer is calculated annually based on data that can differ over time, our stress capital buffer, and thus our risk-based capital ratio requirements under the Standardized Approach, are subject to change in future periods. The Company's stress capital buffer for the period October 1, 2020, through September 30, 2021, is 2.50%. The Company expects its stress capital buffer for the period October 1, 2021, through September 30, 2022, to be 3.10%. The FRB has indicated that it will publish the final stress capital buffer for the period October 1, 2021, through September 30, 2022, for each BHC by August 31, 2021.

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

The Basel III capital requirements for calculating CET1 and tier 1 capital, along with risk-weighted assets (RWAs), are fully phased-in. However, the requirements for determining tier 2 and total capital are still in accordance with transition requirements and are scheduled to be fully phased-in 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 23 (Regulatory Capital Requirements and Other Restrictions) to Financial Statements in this Report.

Table 37 summarizes our CET1, tier 1 capital, total capital, RWAs and capital ratios on a fully phased-in basis at June 30, 2021, and December 31, 2020. Fully phased-in total capital amounts and ratios are considered non-GAAP financial measures that are used by management, bank regulatory agencies, investors and analysts to assess and monitor the Company's capital position. See Table 38 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 37: Capital Components and Ratios (Fully Phased-In)

			June 30, 2021		December 31, 2020	
(in millions, except ratios)		**Required Capital Ratios (1)**	**Advanced Approach**	**Standardized Approach**	Advanced Approach	Standardized Approach
Common Equity Tier 1	(A)		**$ 143,442**	**143,442**	138,297	138,297
Tier 1 Capital	(B)		**162,999**	**162,999**	158,196	158,196
Total Capital	(C)		**190,147**	**200,130**	186,803	196,529
Risk-Weighted Assets	(D)		**1,126,535**	**1,188,727**	1,158,355	1,193,744
Common Equity Tier 1 Capital Ratio	(A)/(D)	**9.00 %**	**12.73**	**12.07 ***	11.94	11.59 *
Tier 1 Capital Ratio	(B)/(D)	**10.50**	**14.47**	**13.71 ***	13.66	13.25 *
Total Capital Ratio	(C)/(D)	**12.50**	**16.88**	**16.84 ***	16.14 *	16.47

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

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

Table 38 provides information regarding the calculation and composition of our risk-based capital under the Advanced and Standardized Approaches at June 30, 2021, and December 31, 2020.

Table 38: Risk-Based Capital Calculation and Components

(in millions)			June 30, 2021		December 31, 2020	
			Advanced Approach	**Standardized Approach**	Advanced Approach	Standardized Approach
Total equity (1)		$	**193,127**	**193,127**	185,712	185,712
Effect of accounting policy changes (1)			**—**	**—**	208	208
Total equity (as reported)			**193,127**	**193,127**	185,920	185,920
Adjustments:						
Preferred stock			**(20,820)**	**(20,820)**	(21,136)	(21,136)
Additional paid-in capital on preferred stock			**136**	**136**	152	152
Unearned ESOP shares			**875**	**875**	875	875
Noncontrolling interests			**(1,865)**	**(1,865)**	(1,033)	(1,033)
Total common stockholders' equity		$	**171,453**	**171,453**	164,778	164,778
Adjustments:						
Goodwill			**(26,194)**	**(26,194)**	(26,392)	(26,392)
Certain identifiable intangible assets (other than MSRs)			**(301)**	**(301)**	(342)	(342)
Goodwill and other intangibles on nonmarketable equity securities (included in other assets)			**(2,256)**	**(2,256)**	(1,965)	(1,965)
Applicable deferred taxes related to goodwill and other intangible assets (2)			**875**	**875**	856	856
CECL transition provision (3)			**879**	**879**	1,720	1,720
Other			**(1,014)**	**(1,014)**	(358)	(358)
Common Equity Tier 1		$	**143,442**	**143,442**	138,297	138,297
Preferred stock			**20,820**	**20,820**	21,136	21,136
Additional paid-in capital on preferred stock			**(136)**	**(136)**	(152)	(152)
Unearned ESOP shares			**(875)**	**(875)**	(875)	(875)
Other			**(252)**	**(252)**	(210)	(210)
Total Tier 1 capital	(A)	$	**162,999**	**162,999**	158,196	158,196
Long-term debt and other instruments qualifying as Tier 2			**23,206**	**23,206**	24,387	24,387
Qualifying allowance for credit losses (4)			**4,304**	**14,287**	4,408	14,134
Other			**(362)**	**(362)**	(188)	(188)
Total Tier 2 capital (fully phased-in)	(B)	$	**27,148**	**37,131**	28,607	38,333
Effect of Basel III transition requirements			**26**	**26**	131	131
Total Tier 2 capital (Basel III transition requirements)		$	**27,174**	**37,157**	28,738	38,464
Total qualifying capital (fully phased-in)	(A)+(B)	$	**190,147**	**200,130**	186,803	196,529
Total Effect of Basel III transition requirements			**26**	**26**	131	131
Total qualifying capital (Basel III transition requirements)		$	**190,173**	**200,156**	186,934	196,660
Risk-Weighted Assets (RWAs)(5):						
Credit risk (6)		$	**729,917**	**1,140,459**	752,999	1,125,813
Market risk			**48,268**	**48,268**	67,931	67,931
Operational risk			**348,350**	**—**	337,425	—
Total RWAs		$	**1,126,535**	**1,188,727**	1,158,355	1,193,744

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

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

(3) At June 30, 2021, the impact of the CECL transition provision issued by federal banking regulators on our regulatory capital was an increase in capital of $879 million, reflecting a $991 million (post-tax) increase in capital recognized upon our initial adoption of CECL, offset by 25% of the $7.5 billion increase in our ACL under CECL from January 1, 2020, through June 30, 2021.

(4) Under the Advanced Approach the allowance for credit losses that exceeds expected credit losses is eligible for inclusion in tier 2 capital, to the extent the excess allowance does not exceed 0.60% of Advanced credit RWAs, and under the Standardized Approach, the allowance for credit losses is includable in tier 2 capital up to 1.25% of Standardized credit RWAs, in each case with any excess allowance for credit losses being deducted from the respective total RWAs.

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

(6) Includes an increase of $547 million under the Standardized Approach and a decrease of $1.4 billion under the Advanced Approach related to the impact of the CECL transition provision on our excess allowance for credit losses as of June 30, 2021. See footnote (4) to this table.

Table 39 presents the changes in CET1 for the six months ended June 30, 2021.

Table 39: Analysis of Changes in Common Equity Tier 1

(in millions)		
Common Equity Tier 1 at December 31, 2020	$	138,297
Net income applicable to common stock		9,999
Common stock dividends		(826)
Common stock issued, repurchased, and stock compensation-related items		(1,539)
Changes in cumulative other comprehensive income		(758)
Goodwill		198
Certain identifiable intangible assets (other than MSRs)		41
Goodwill and other intangibles on nonmarketable equity securities (included in other assets)		(291)
Applicable deferred taxes related to goodwill and other intangible assets (1)		19
CECL transition provision (2)		(841)
Other		(857)
Change in Common Equity Tier 1		5,145
Common Equity Tier 1 at June 30, 2021	**$**	**143,442**

(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 June 30, 2021, the impact of the CECL transition provision issued by federal banking regulators on our regulatory capital was an increase in capital of $879 million, reflecting a $991 million (post-tax) increase in capital recognized upon our initial adoption of CECL, offset by 25% of the $7.5 billion increase in our ACL under CECL from January 1, 2020, through June 30, 2021.

Table 40 presents net changes in the components of RWAs under the Advanced and Standardized Approaches for the six months ended June 30, 2021.

Table 40: Analysis of Changes in RWAs

(in millions)		Advanced Approach	Standardized Approach
RWAs at December 31, 2020	$	1,158,355	1,193,744
Net change in credit risk RWAs (1)		(23,082)	14,646
Net change in market risk RWAs		(19,663)	(19,663)
Net change in operational risk RWAs		10,925	—
Total change in RWAs		(31,820)	(5,017)
RWAs at June 30, 2021	**$**	**1,126,535**	**1,188,727**

(1) Includes an increase of $547 million under the Standardized Approach and a decrease of $1.4 billion under the Advanced Approach related to the impact of the CECL transition provision on our excess allowance for credit losses. See Table 38 for additional information.

TANGIBLE COMMON EQUITY We also evaluate our business based on certain ratios that utilize tangible common equity. Tangible common equity is a non-GAAP financial measure and represents total equity less preferred equity, noncontrolling interests, goodwill, certain identifiable intangible assets (other than MSRs) and goodwill and other intangibles on nonmarketable equity securities, net of applicable deferred taxes. The ratios are (i) tangible book value per common share, which represents tangible common equity divided by common shares outstanding; and (ii) return on average tangible common equity (ROTCE), which represents our annualized earnings as a percentage of tangible common equity. The methodology of determining tangible common equity may differ among companies. Management believes that tangible book value per common share and return on average tangible common equity, which utilize tangible common equity, are useful financial measures because they enable management, investors, and others to assess the Company's use of equity.

Table 41 provides a reconciliation of these non-GAAP financial measures to GAAP financial measures.

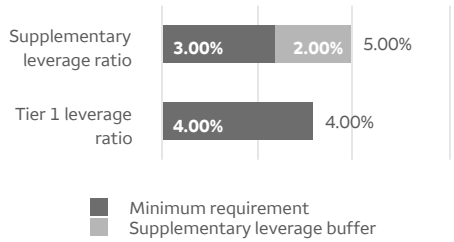
Table 41: Tangible Common Equity

		Balance at period end			Average balance				
		Quarter ended			Quarter ended			Six months ended	
(in millions, except ratios)		**Jun 30, 2021**	Mar 31, 2021	Jun 30, 2020	**Jun 30, 2021**	Mar 31, 2021	Jun 30, 2020	**Jun 30, 2021**	Jun 30, 2020
Total equity		**$ 193,127**	188,034	178,635	**190,968**	189,074	184,072	**190,026**	185,982
Adjustments:									
Preferred stock		**(20,820)**	(21,170)	(21,098)	**(21,108)**	(21,840)	(21,344)	**(21,472)**	(21,569)
Additional paid-in capital on preferred stock		**136**	139	159	**138**	145	140	**142**	138
Unearned ESOP shares		**875**	875	875	**875**	875	1,140	**875**	1,141
Noncontrolling interests		**(1,865)**	(1,130)	(736)	**(1,313)**	(1,115)	(643)	**(1,215)**	(714)
Total common stockholders' equity	(A)	**171,453**	166,748	157,835	**169,560**	167,139	163,365	**168,356**	164,978
Adjustments:									
Goodwill		**(26,194)**	(26,290)	(26,385)	**(26,213)**	(26,383)	(26,384)	**(26,297)**	(26,386)
Certain identifiable intangible assets (other than MSRs)		**(301)**	(322)	(389)	**(310)**	(330)	(402)	**(320)**	(414)
Goodwill and other intangibles on nonmarketable equity securities (included in other assets)		**(2,256)**	(2,300)	(2,050)	**(2,208)**	(2,217)	(1,922)	**(2,212)**	(2,037)
Applicable deferred taxes related to goodwill and other intangible assets (1)		**875**	866	831	**873**	863	828	**868**	823
Tangible common equity	(B)	**$ 143,577**	138,702	129,842	**141,702**	139,072	135,485	**140,395**	136,964
Common shares outstanding	(C)	**4,108.0**	4,141.1	4,119.6	**N/A**	N/A	N/A	**N/A**	N/A
Net income applicable to common stock	(D)	**N/A**	N/A	N/A	**$ 5,743**	4,256	(4,160)	**$ 9,999**	(3,856)
Book value per common share	(A)/(C)	**$ 41.74**	40.27	38.31	**N/A**	N/A	N/A	**N/A**	N/A
Tangible book value per common share	(B)/(C)	**34.95**	33.49	31.52	**N/A**	N/A	N/A	**N/A**	N/A
Return on average common stockholders' equity (ROE) (annualized)	(D)/(A)	**N/A**	N/A	N/A	**13.59 %**	10.33	(10.24)	**11.98 %**	(4.70)%
Return on average tangible common equity (ROTCE) (annualized)	(D)/(B)	**N/A**	N/A	N/A	**16.26**	12.41	(12.35)	**14.36 %**	(5.66)%

(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 42 presents the leverage requirements applicable to the Company as of June 30, 2021.

Table 42: Leverage Requirements Applicable to the Company



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

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

At June 30, 2021, the Company's SLR was 7.09%, and each of our IDIs exceeded their applicable SLR requirements. Table 43 presents information regarding the calculation and components of the Company's SLR and tier 1 leverage ratio.

Table 43: Leverage Ratios for the Company

(in millions, except ratios)			Quarter ended June 30, 2021
Tier 1 capital	(A)	$	162,999
Total average assets			1,940,757
Less: Goodwill and other permitted Tier 1 capital deductions (net of deferred tax liabilities)			29,103
Less: Other SLR exclusions			—
Total adjusted average assets			1,911,654
Plus adjustments for off-balance sheet exposures:			
Derivatives (1)			68,738
Repo-style transactions (2)			3,626
Other (3)			316,398
Total off-balance sheet exposures			388,762
Total leverage exposure	(B)	$	2,300,416
Supplementary leverage ratio	(A)/(B)		7.09%
Tier 1 leverage ratio (4)			8.53%

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

TOTAL LOSS ABSORBING CAPACITY As a G-SIB, we are required to have a minimum amount of equity and unsecured long-term debt for purposes of resolvability and resiliency, often referred to as Total Loss Absorbing Capacity (TLAC). U.S. G-SIBs are required to have a minimum amount of TLAC (consisting of CET1 capital and additional tier 1 capital issued directly by the top-tier or covered BHC plus eligible external long-term debt) to avoid restrictions on capital distributions and discretionary bonus payments, as well as a minimum amount of eligible unsecured long-term debt. The components used to calculate our minimum TLAC and eligible unsecured long-term debt requirements as of June 30, 2021, are presented in Table 44.

Table 44: Components Used to Calculate TLAC and Eligible Unsecured Long-Term Debt Requirements

TLAC requirement

Greater of:

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

Minimum amount of eligible unsecured long-term debt

Greater of:

6.00% of RWAs + Method two G-SIB capital surcharge	4.50% of total leverage exposure

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

Table 45 provides our TLAC and eligible unsecured long-term debt and related ratios as of June 30, 2021, and December 31, 2020.

Table 45: TLAC and Eligible Unsecured Long-Term Debt

($ in millions)	TLAC (1)	Regulatory Minimum (2)	Eligible Unsecured Long-term Debt	Regulatory Minimum
				June 30, 2021
Total eligible amount	**$298,496**		**129,411**	
Percentage of RWAs (3)	**25.11 %**	**21.50**	**10.89**	**8.00**
Percentage of total leverage exposure	**12.98**	**9.50**	**5.63**	**4.50**
				December 31, 2020
Total eligible amount	$307,226		140,703	
Percentage of RWAs (3)	25.74 %	22.00	11.79	8.00
Percentage of total leverage exposure (4)	15.64	9.50	7.16	4.50

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

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

Capital Planning and Stress Testing

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

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

On March 25, 2021, the FRB announced that it was extending measures it previously announced 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. The FRB 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. These limitations on capital distributions ended on June 30, 2021.

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.

In June 2021, the Company completed the 2021 CCAR stress test process. On July 27, 2021, the Board approved an increase to the Company's third quarter 2021 common stock dividend to $0.20 per share. Additionally, our capital plan includes gross common share repurchases of approximately $18 billion for the four-quarter period beginning third quarter 2021 through second quarter 2022.

Securities Repurchases

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

At June 30, 2021, we had remaining Board authority to repurchase approximately 615 million shares, subject to regulatory and legal conditions. For additional information about share repurchases during second quarter 2021, see Part II, Item 2 in this Report.

Regulatory Matters

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

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

"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 29, 2021, we submitted our most recent resolution plan to the FRB and FDIC.

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 subsidiaries of the Parent designated from time to time as material entities for resolution planning purposes (the "Covered Entities") or identified from time to time 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.

Critical Accounting Policies

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

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

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

Current Accounting Developments

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

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

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

Other Accounting Developments

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

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

Forward-Looking Statements

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

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

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

In addition to the above factors, we also caution that the amount and timing of any future common stock dividends or repurchases will depend on the earnings, cash requirements and

financial condition of the Company, market conditions, capital requirements (including under Basel capital standards), common stock issuance requirements, applicable law and regulations (including federal securities laws and federal banking regulations), and other factors deemed relevant by the Company's Board of Directors, and may be subject to regulatory approval or conditions.

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

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

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

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

Risk Factors

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

Controls and Procedures

Disclosure Controls and Procedures

The Company's management evaluated the effectiveness, as of June 30, 2021, 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 June 30, 2021.

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 second quarter 2021 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Financial Statements

Wells Fargo & Company and Subsidiaries

Consolidated Statement of Income (Unaudited)

(in millions, except per share amounts)	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Interest income				
Debt securities	**$ 2,199**	2,946	**$ 4,511**	6,418
Loans held for sale	**193**	237	**524**	446
Loans (1)	**7,095**	8,460	**14,296**	18,543
Equity securities	**132**	116	**269**	322
Other interest income	**74**	54	**139**	829
Total interest income	**9,693**	11,813	**19,739**	26,558
Interest expense				
Deposits	**92**	585	**204**	2,327
Short-term borrowings	**(12)**	(17)	**(21)**	274
Long-term debt	**712**	1,237	**1,738**	2,477
Other interest expense	**101**	116	**210**	258
Total interest expense	**893**	1,921	**2,131**	5,336
Net interest income	**8,800**	9,892	**17,608**	21,222
Noninterest income				
Deposit and lending-related fees	**1,704**	1,465	**3,320**	3,262
Investment advisory and other asset-based fees (2)	**2,794**	2,254	**5,550**	4,760
Commissions and brokerage services fees (2)	**580**	550	**1,216**	1,227
Investment banking fees	**570**	547	**1,138**	938
Card fees	**1,077**	797	**2,026**	1,689
Mortgage banking	**1,336**	317	**2,662**	696
Net gains on trading and securities	**2,717**	1,552	**3,608**	452
Other (1)	**692**	912	**1,674**	2,213
Total noninterest income	**11,470**	8,394	**21,194**	15,237
Total revenue	**20,270**	18,286	**38,802**	36,459
Provision for credit losses	**(1,260)**	9,534	**(2,308)**	13,539
Noninterest expense				
Personnel	**8,818**	8,916	**18,376**	17,239
Technology, telecommunications and equipment	**815**	672	**1,659**	1,470
Occupancy	**735**	871	**1,505**	1,586
Operating losses	**303**	1,219	**516**	1,683
Professional and outside services	**1,450**	1,676	**2,838**	3,282
Advertising and promotion	**132**	137	**222**	318
Restructuring charges	**(4)**	—	**9**	—
Other	**1,092**	1,060	**2,205**	2,021
Total noninterest expense	**13,341**	14,551	**27,330**	27,599
Income (loss) before income tax expense	**8,189**	(5,799)	**13,780**	(4,679)
Income tax expense (benefit) (1)	**1,445**	(2,001)	**2,346**	(1,648)
Net income (loss) before noncontrolling interests	**6,744**	(3,798)	**11,434**	(3,031)
Less: Net income (loss) from noncontrolling interests	**704**	48	**758**	(101)
Wells Fargo net income (loss) (1)	**$ 6,040**	(3,846)	**$ 10,676**	(2,930)
Less: Preferred stock dividends and other	**297**	314	**677**	926
Wells Fargo net income (loss) applicable to common stock (1)	**$ 5,743**	(4,160)	**$ 9,999**	(3,856)
Per share information (1)				
Earnings (loss) per common share	**$ 1.39**	(1.01)	**$ 2.42**	(0.94)
Diluted earnings (loss) per common share	**1.38**	(1.01)	**2.40**	(0.94)
Average common shares outstanding	**4,124.6**	4,105.5	**4,132.9**	4,105.2
Diluted average common shares outstanding	**4,156.1**	4,105.5	**4,164.6**	4,105.2

(1) In second quarter 2021, we elected to change our accounting method for low-income housing tax credit investments and elected to change the presentation of investment tax credits related to solar energy investments. Prior period balances have been revised to conform with the current period presentation. For additional information, see Note 1 (Summary of Significant Accounting Policies).

(2) In first quarter 2021, trust and investment management fees and asset-based brokerage fees were combined into a single line item for investment advisory and other asset-based fees, and brokerage commissions and other brokerage services fees were combined into a single line item for commissions and brokerage services fees. 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 (Unaudited)

(in millions)	Quarter ended June 30, 2021	Quarter ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Net income (loss) before noncontrolling interests (1)	**$ 6,744**	(3,798)	**11,434**	(3,031)
Other comprehensive income (loss), after tax:				
Net change in debt securities	**304**	1,143	**(1,221)**	915
Net change in derivatives and hedging activities	**27**	3	**63**	140
Defined benefit plans adjustments	**334**	(431)	**369**	(401)
Net change in foreign currency translation adjustments	**22**	51	**33**	(142)
Other comprehensive income (loss), after tax	**687**	766	**(756)**	512
Total comprehensive income (loss) before noncontrolling interests (1)	**7,431**	(3,032)	**10,678**	(2,519)
Less: Other comprehensive income (loss) from noncontrolling interests	**1**	—	**2**	(1)
Less: Net income (loss) from noncontrolling interests	**704**	48	**758**	(101)
Wells Fargo comprehensive income (loss) (1)	**$ 6,726**	(3,080)	**9,918**	(2,417)

(1) In second quarter 2021, we elected to change our accounting method for low-income housing tax credit investments and elected to change the presentation of investment tax credits related to solar energy investments. Prior period balances have been revised to conform with the current period presentation. For additional information, see Note 1 (Summary of Significant Accounting Policies).

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries

Consolidated Balance Sheet

(in millions, except shares)		Jun 30, 2021	Dec 31, 2020
Assets		**(Unaudited)**	
Cash and due from banks	**$**	**25,304**	28,236
Interest-earning deposits with banks		**248,869**	236,376
Total cash, cash equivalents, and restricted cash		**274,173**	264,612
Federal funds sold and securities purchased under resale agreements		**70,149**	65,672
Debt securities:			
Trading, at fair value		**82,727**	75,095
Available-for-sale, at fair value (includes amortized cost of $186,309 and $215,533, net of allowance for credit losses)		**189,897**	220,392
Held-to-maturity, at amortized cost, net of allowance for credit losses (fair value $264,087 and $212,307)		**260,941**	205,720
Loans held for sale (includes $18,894 and $18,806 carried at fair value)		**25,594**	36,384
Loans		**852,300**	887,637
Allowance for loan losses		**(15,148)**	(18,516)
Net loans		**837,152**	869,121
Mortgage servicing rights (includes $6,717 and $6,125 carried at fair value)		**8,009**	7,437
Premises and equipment, net		**8,745**	8,895
Goodwill		**26,194**	26,392
Derivative assets		**25,415**	25,846
Equity securities (includes $35,331 and $34,009 carried at fair value) (1)		**64,547**	60,008
Other assets		**72,453**	87,337
Total assets (2)	**$**	**1,945,996**	1,952,911
Liabilities			
Noninterest-bearing deposits	**$**	**504,108**	467,068
Interest-bearing deposits		**936,364**	937,313
Total deposits		**1,440,472**	1,404,381
Short-term borrowings		**45,635**	58,999
Derivative liabilities		**14,551**	16,509
Accrued expenses and other liabilities (includes $22,043 and $22,441 carried at fair value) (1)		**72,555**	74,360
Long-term debt		**179,656**	212,950
Total liabilities (3)		**1,752,869**	1,767,199
Equity			
Wells Fargo stockholders' equity:			
Preferred stock		**20,820**	21,136
Common stock – $1-2/3 par value, authorized 9,000,000,000 shares; issued 5,481,811,474 shares		**9,136**	9,136
Additional paid-in capital		**60,018**	60,197
Retained earnings (1)		**171,765**	162,683
Cumulative other comprehensive income (loss)		**(564)**	194
Treasury stock – 1,373,813,200 shares and 1,337,799,931 shares		**(69,038)**	(67,791)
Unearned ESOP shares		**(875)**	(875)
Total Wells Fargo stockholders' equity		**191,262**	184,680
Noncontrolling interests		**1,865**	1,032
Total equity		**193,127**	185,712
Total liabilities and equity	**$**	**1,945,996**	1,952,911

(1) In second quarter 2021, we elected to change our accounting method for low-income housing tax credit investments and elected to change the presentation of investment tax credits related to solar energy investments. Prior period balances have been revised to conform with the current period presentation. For additional information, see Note 1 (Summary of Significant Accounting Policies).
(2) Our consolidated assets at June 30, 2021, and December 31, 2020, included the following assets of certain variable interest entities (VIEs) that can only be used to settle the liabilities of those VIEs: Debt securities, $518 million and $967 million; Loans, $4.1 billion and $10.9 billion; All other assets, $334 million and $310 million; and Total assets, $4.9 billion and $12.1 billion, respectively.
(3) Our consolidated liabilities at June 30, 2021, and December 31, 2020, include the following VIE liabilities for which the VIE creditors do not have recourse to Wells Fargo: Long-term debt, $178 million and $203 million; All other liabilities, $587 million and $900 million; and Total liabilities, $765 million and $1.1 billion, respectively.

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries

Consolidated Statement of Changes in Equity – Quarter ended June 30 (Unaudited)

	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 March 31, 2021 (1)	***5.6***	**$ 21,170**	***4,141.1***	**$ 9,136**	**59,854**	**166,458**	**(1,250)**	**(67,589)**	**(875)**	**1,130**	**188,034**
Net income						**6,040**				**704**	**6,744**
Other comprehensive income (loss), net of tax							**686**			**1**	**687**
Noncontrolling interests										**30**	**30**
Common stock issued			***2.2***		**—**	**(20)**		**115**			**95**
Common stock repurchased			***(35.3)***					**(1,565)**			**(1,565)**
Preferred stock redeemed (2)	**—**	**(350)**			**4**	**(4)**					**(350)**
Preferred stock released by ESOP					**—**				**—**		**—**
Preferred stock converted to common shares	**—**	**—**	**—**		**—**			**—**			**—**
Common stock dividends					**4**	**(416)**					**(412)**
Preferred stock dividends						**(293)**					**(293)**
Stock incentive compensation expense					**226**						**226**
Net change in deferred compensation and related plans					**(70)**			**1**			**(69)**
Net change	**—**	**(350)**	***(33.1)***	**—**	**164**	**5,307**	**686**	**(1,449)**	**—**	**735**	**5,093**
Balance June 30, 2021	***5.6***	**$ 20,820**	***4,108.0***	**$ 9,136**	**60,018**	**171,765**	**(564)**	**(69,038)**	**(875)**	**1,865**	**193,127**
Balance March 31, 2020 (1)	*5.7*	$ 21,347	*4,096.4*	$ 9,136	59,849	165,288	(1,564)	(70,215)	(1,143)	612	183,310
Net income (loss) (1)						(3,846)				48	(3,798)
Other comprehensive income (loss), net of tax							766			—	766
Noncontrolling interests										75	75
Common stock issued			*13.5*		224	(549)		692			367
Common stock repurchased			—					(2)			(2)
Preferred stock redeemed	—	—			—	—					—
Preferred stock released by ESOP					(19)				268		249
Preferred stock converted to common shares	*(0.2)*	(249)	*9.7*		(243)			492			—
Common stock dividends					20	(2,113)					(2,093)
Preferred stock dividends						(314)					(314)
Stock incentive compensation expense					120						120
Net change in deferred compensation and related plans					(28)			(17)			(45)
Net change (1)	*(0.2)*	(249)	*23.2*	—	74	(6,822)	766	1,165	268	123	(4,675)
Balance June 30, 2020 (1)	*5.5*	$ 21,098	*4,119.6*	$ 9,136	59,923	158,466	(798)	(69,050)	(875)	735	178,635

(1) In second quarter 2021, we elected to change our accounting method for low-income housing tax credit investments and elected to change the presentation of investment tax credits related to solar energy investments. Prior period balances have been revised to conform with the current period presentation. For additional information, see Note 1 (Summary of Significant Accounting Policies).
(2) Represents the impact of the redemption of the remaining Preferred Stock, Series N, in second quarter 2021. For additional information, see Note 16 (Preferred Stock).

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries

Consolidated Statement of Changes in Equity – Six months ended June 30 (Unaudited)

($ and shares in millions)	Wells Fargo stockholders' equity										
	Preferred stock		Common stock								
	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, 2020 (1)	***5.5***	**$ 21,136**	***4,144.0***	**$ 9,136**	**60,197**	**162,683**	**194**	**(67,791)**	**(875)**	**1,032**	**185,712**
Net income						**10,676**				**758**	**11,434**
Other comprehensive income (loss), net of tax							**(758)**			**2**	**(756)**
Noncontrolling interests										**73**	**73**
Common stock issued			***16.5***		**—**	**(81)**		**900**			**819**
Common stock repurchased			***(52.5)***					**(2,161)**			**(2,161)**
Preferred stock redeemed (2)	***(0.1)***	**(4,876)**			**48**	**(48)**					**(4,876)**
Preferred stock released by ESOP					**—**				**—**		**—**
Preferred stock converted to common shares	**—**	**—**	**—**		**—**			**—**			**—**
Preferred stock issued	***0.2***	**4,560**			**(31)**						**4,529**
Common stock dividends					**10**	**(836)**					**(826)**
Preferred stock dividends						**(629)**					**(629)**
Stock incentive compensation expense					**724**						**724**
Net change in deferred compensation and related plans					**(930)**			**14**			**(916)**
Net change	***0.1***	**(316)**	***(36.0)***	**—**	**(179)**	**9,082**	**(758)**	**(1,247)**	**—**	**833**	**7,415**
Balance June 30, 2021	***5.6***	**$ 20,820**	***4,108.0***	**$ 9,136**	**60,018**	**171,765**	**(564)**	**(69,038)**	**(875)**	**1,865**	**193,127**
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)						708					708
Balance January 1, 2020 (1)	*7.5*	21,549	*4,134.4*	9,136	61,049	167,405	(1,311)	(68,831)	(1,143)	838	188,692
Net income (loss) (1)						(2,930)				(101)	(3,031)
Other comprehensive income (loss), net of tax							513			(1)	512
Noncontrolling interests										(1)	(1)
Common stock issued			*50.9*		207	(857)		2,694			2,044
Common stock repurchased			*(75.4)*					(3,409)			(3,409)
Preferred stock redeemed (3)	*(1.9)*	(2,215)			17	(272)					(2,470)
Preferred stock released by ESOP					(19)				268		249
Preferred stock converted to common shares	*(0.2)*	(249)	*9.7*		(243)			492			—
Preferred stock issued	*0.1*	2,013			(45)						1,968
Common stock dividends					38	(4,226)					(4,188)
Preferred stock dividends						(654)					(654)
Stock incentive compensation expense					301						301
Net change in deferred compensation and related plans					(1,382)			4			(1,378)
Net change (1)	*(2.0)*	(451)	*(14.8)*	—	(1,126)	(8,939)	513	(219)	268	(103)	(10,057)
Balance June 30, 2020 (1)	*5.5*	$ 21,098	*4,119.6*	$ 9,136	59,923	158,466	(798)	(69,050)	(875)	735	178,635

(1) We adopted Accounting Standards Update (ASU) 2016-13 – Financial Instruments – Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments* (CECL) effective January 1, 2020. For additional information, see Note 1 (Summary of Significant Accounting Policies) in our Annual Report on Form 10-K for the year ended December 31, 2020. In second quarter 2021, we elected to change our accounting method for low-income housing tax credit investments and elected to change the presentation of investment tax credits related to solar energy investments. Prior period balances have been revised to conform with the current period presentation. For additional information, see Note 1 (Summary of Significant Accounting Policies).

(2) Represents the impact of the redemption of Preferred Stock, Series I, Series P and Series W, in first quarter 2021, and Preferred Stock, Series N, in second quarter 2021. For additional information, see Note 16 (Preferred Stock).

(3) Represents the impact of the redemption of the remaining Preferred Stock, Series K, and partial redemption of Preferred Stock, Series T, in first quarter 2020.

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries

Consolidated Statement of Cash Flows (Unaudited)

(in millions)	Six months ended June 30, 2021	2020
Cash flows from operating activities:		
Net income (loss) before noncontrolling interests (1)	**$ 11,434**	(3,031)
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	**(2,308)**	13,539
Changes in fair value of MSRs and LHFS carried at fair value	**(895)**	4,481
Depreciation, amortization and accretion (1)	**4,173**	3,858
Stock-based compensation	**1,475**	953
Deferred income tax benefit (1)	**(1,495)**	(118)
Other net (gains) losses (2)	**(7,661)**	7,150
Originations and purchases of loans held for sale (2)	**(87,673)**	(83,540)
Proceeds from sales of and paydowns on loans originally classified as held for sale (2)	**55,502**	69,195
Net change in:		
Debt and equity securities, held for trading	**7,531**	36,459
Derivative assets and liabilities	**(1,299)**	(6,825)
Other assets	**11,256**	(5,910)
Other accrued expenses and liabilities (1)	**(1,572)**	(2,819)
Net cash provided (used) by operating activities	**(11,532)**	33,392
Cash flows from investing activities:		
Net change in:		
Federal funds sold and securities purchased under resale agreements	**(4,477)**	22,851
Available-for-sale debt securities:		
Proceeds from sales	**13,675**	29,524
Prepayments and maturities	**45,238**	35,340
Purchases	**(71,997)**	(28,310)
Held-to-maturity debt securities:		
Paydowns and maturities	**45,833**	11,566
Purchases	**(43,192)**	(25,376)
Equity securities, not held for trading:		
Proceeds from sales and capital returns	**2,131**	5,584
Purchases	**(3,033)**	(5,587)
Loans:		
Loans originated by banking subsidiaries, net of principal collected	**21,926**	8,871
Proceeds from sales of loans originally classified as held for investment	**22,174**	5,325
Purchases of loans	**(186)**	(775)
Principal collected on nonbank entities' loans	**7,007**	5,505
Loans originated by nonbank entities	**(5,723)**	(5,856)
Proceeds from sales of foreclosed assets and short sales	**372**	753
Other, net	**1,056**	(31)
Net cash provided by investing activities	**30,804**	59,384
Cash flows from financing activities:		
Net change in:		
Deposits	**36,575**	88,085
Short-term borrowings	**(13,364)**	(44,027)
Long-term debt:		
Proceeds from issuance	**1,125**	37,664
Repayment	**(29,810)**	(44,574)
Preferred stock:		
Proceeds from issuance	**4,529**	1,968
Redeemed	**(4,875)**	(2,470)
Cash dividends paid	**(629)**	(654)
Common stock:		
Proceeds from issuance	**114**	454
Stock tendered for payment of withholding taxes	**(250)**	(320)
Repurchased	**(2,161)**	(3,409)
Cash dividends paid	**(795)**	(4,055)
Net change in noncontrolling interests	**(13)**	(31)
Other, net	**(157)**	(154)
Net cash provided (used) by financing activities	**(9,711)**	28,477
Net change in cash, cash equivalents, and restricted cash	**9,561**	121,253
Cash, cash equivalents, and restricted cash at beginning of period	**264,612**	141,250
Cash, cash equivalents, and restricted cash at end of period	**$ 274,173**	262,503
Supplemental cash flow disclosures:		
Cash paid for interest	**$ 2,345**	5,545
Cash paid for income taxes, net (2)	**3,052**	2,070

(1) In second quarter 2021, we elected to change our accounting method for low-income housing tax credit investments and elected to change the presentation of investment tax credits related to solar energy investments. Prior period balances have been revised to conform with the current period presentation. For additional information, see Note 1 (Summary of Significant Accounting Policies).
(2) 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.

Notes to Financial Statements

-See the Glossary of Acronyms at the end of this Report for terms used throughout the Financial Statements and related Notes.

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. For discussion of our significant accounting policies, see Note 1 (Summary of Significant Accounting Policies) in our Annual Report on Form 10-K for the year ended December 31, 2020 (2020 Form 10-K).

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 15 (Fair Values of Assets and Liabilities));
- liabilities for contingent litigation losses (Note 13 (Legal Actions));
- income taxes; and
- goodwill impairment (Note 10 (Intangible Assets)).

Actual results could differ from those estimates.

These unaudited interim financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the results for the periods presented. These adjustments are of a normal recurring nature, unless otherwise disclosed in this Form 10-Q. The results of operations in the interim financial statements do not necessarily indicate the results that may be expected for the full year. The interim financial information should be read in conjunction with our 2020 Form 10-K.

Change in Accounting Policies

In second quarter 2021, we elected to change our accounting method for low-income housing tax credit (LIHTC) investments from the equity method of accounting to the proportional amortization method. Under the proportional amortization method, the investments are carried at amortized cost and amortized in proportion to the tax credits received. The amortization of the investments and the related tax impacts are recognized in income tax expense. Previously, we recognized the amortization of the investments in other noninterest income and the related tax impacts were recognized in income tax expense. We determined that the proportional amortization method is preferable because it better aligns the financial statement presentation with the economic impact of these investments, which generate tax credits over the lives of the investments. Adoption of the proportional amortization method was applied retrospectively, to the earliest period presented, which resulted in a cumulative-effect adjustment to reduce retained earnings by $283 million as of January 1, 2020.

In second quarter 2021, we also elected to change the presentation of investment tax credits related to solar energy investments, which are accounted for under the deferral method. We reclassified the investment tax credits on our consolidated balance sheet from accrued expenses and other liabilities to a reduction of the carrying value of the investment balances. We also reclassified the investment tax credits, which are recognized over time, from income tax expense to interest income for solar energy leases or noninterest income for solar energy equity investments. We determined that this presentation is preferable because it better reflects the financial statement presentation of the investment tax credits as an integral component of the investments. The change in accounting policy was adopted retrospectively to January 1, 2020.

Table 1.1 presents the impact of the accounting policy changes for LIHTC investments and solar energy investments to our consolidated statement of income and consolidated balance sheet. There was no material impact to the consolidated statement of cash flows.

Table 1.1: Impact of the Accounting Policy Changes for LIHTC Investments and Solar Energy Investments

	Quarter ended June 30, 2020				Six months ended June 30, 2020			
		Effect of accounting policy changes ($)				Effect of accounting policy changes ($)		
($ in millions, except per share amounts)	As reported	LIHTC	Solar	As revised	As reported	LIHTC	Solar	As revised
Selected Income Statement Data								
Interest income – loans	$ 8,448	—	12	8,460	18,513	—	30	18,543
Noninterest income	7,956	370	68	8,394	14,361	739	137	15,237
Income tax expense (benefit) (1)	(3,917)	1,434	482	(2,001)	(3,758)	1,584	526	(1,648)
Net income (loss)	(2,379)	(1,064)	(403)	(3,846)	(1,726)	(845)	(359)	(2,930)
Earnings (loss) per common share	(0.66)	(0.26)	(0.09)	(1.01)	(0.65)	(0.21)	(0.08)	(0.94)
Diluted earnings (loss) per common share	(0.66)	(0.26)	(0.09)	(1.01)	(0.65)	(0.21)	(0.08)	(0.94)

	At December 31, 2020			
		Effect of accounting policy changes ($)		
	As reported	LIHTC	Solar	As revised
Selected Balance Sheet Data				
Equity securities	$ 62,260	(275)	(1,977)	60,008
Accrued expenses and other liabilities	76,404	(62)	(1,982)	74,360
Retained earnings	162,890	(207)	—	162,683

(1) The quarterly income tax expense (benefit) varies based on the income (loss) before income tax expense (benefit) and the estimated annual effective income tax rate applied to each quarter.

Accounting Standards Adopted in 2021

In 2021, we adopted the following new accounting guidance:

- Accounting Standards Update (ASU or Update) 2021-01 – Reference Rate Reform (Topic 848): *Scope*
- ASU 2020-08 – Codification Improvements to Subtopic 310-20, *Receivables – Nonrefundable Fees and Other Costs*
- 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 Financial Accounting Standards Board (FASB) Emerging Issues Task Force)*
- ASU 2019-12 – Income Taxes (Topic 740): *Simplifying the Accounting for Income Taxes*

ASU 2021-01 clarifies the scope of Topic 848 to include derivatives affected by changes in interest rates for margining, discounting, or contract price alignment as part of the market-wide transition to new reference rates (commonly referred to as the "discounting transition"), even if they do not reference the London Interbank Offered Rate or another rate that is expected to be discontinued as a result of reference rate reform. The Update also clarifies other aspects of the relief provided in Accounting Standards Codification (ASC) 848. We adopted this Update in first quarter 2021 on a prospective basis, and the guidance will be followed until the Update terminates on December 31, 2022. The Update did not have a material impact on our consolidated financial statements.

ASU 2020-08 clarifies the accounting for purchased callable debt securities carried at a premium and was issued to correct an unintended application of ASU 2017-08 – Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20): *Premium Amortization on Purchased Callable Debt Securities*, which requires amortization of such premiums to the earliest call date, but was not clear for the method to be used for instruments with multiple call dates. The Update now specifies that such premiums are amortized to the next call date and requires reassessment throughout the life of the instruments with multiple call dates. We adopted this Update in first quarter 2021. The Update did not have a material impact on our consolidated financial statements.

ASU 2020-01 clarifies the accounting for equity securities upon transition between the measurement alternative and equity method. The Update also clarifies for forward contracts and options to purchase equity securities an entity need not consider whether upon settlement of the forward contract or option if the equity securities would be accounted for by the equity method or the fair value option. We adopted this Update in first quarter 2021. The Update did not have a material impact on our consolidated financial statements.

ASU 2019-12 provides narrow scope simplifications and improvements to the general principles in ASC Topic 740 – Income Taxes related to intraperiod tax allocation, basis differences when there are changes in ownership of foreign investments and interim periods income tax accounting for year to date losses that exceed anticipated annual losses. We adopted this Update in first quarter 2021. The Update did not have a material impact on our consolidated financial statements.

Supplemental Cash Flow Information

Significant noncash activities are presented in Table 1.2.

Table 1.2: Supplemental Cash Flow Information

	Six months ended June 30,	
(in millions)	**2021**	2020
Held-to-maturity debt securities purchased from securitization of LHFS (1)	**16,462**	664
Transfers from loans to LHFS (2)	**11,551**	12,753
Transfers from available-for-sale debt securities to held-to-maturity debt securities	**41,298**	—

(1) For the six months ended June 30, 2021, 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.

Subsequent Events

We have evaluated the effects of events that have occurred subsequent to June 30, 2021, and, except as disclosed in Note 16 (Preferred Stock), there have been no material events that would require recognition in our second quarter 2021 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)	Jun 30, 2021	Dec 31, 2020
Trading assets:		
Debt securities	**$ 82,727**	75,095
Equity securities	**23,701**	23,032
Loans held for sale	**2,269**	1,015
Gross trading derivative assets	**54,965**	58,767
Netting (1)	**(31,052)**	(34,301)
Total trading derivative assets	**23,913**	24,466
Total trading assets	**132,610**	123,608
Trading liabilities:		
Short sale	**22,043**	22,441
Gross trading derivative liabilities	**45,441**	53,285
Netting (1)	**(33,614)**	(39,444)
Total trading derivative liabilities	**11,827**	13,841
Total trading liabilities	**$ 33,870**	36,282

(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

	Quarter ended June 30,		Six months ended June 30,	
(in millions)	**2021**	2020	**2021**	2020
Interest income:				
Debt securities	**$ 496**	$ 659	**$ 1,025**	1,425
Equity securities	**93**	68	**196**	205
Loans held for sale	**3**	6	**15**	18
Total interest income	**592**	733	**1,236**	1,648
Less: Interest expense	**105**	116	**215**	257
Net interest income	**487**	617	**1,021**	1,391
Net gains (losses) from trading activities (1):				
Debt securities	**769**	329	**(1,337)**	2,684
Equity securities	**856**	2,329	**2,009**	(2,072)
Loans held for sale	**15**	24	**39**	12
Derivatives (2)	**(1,619)**	(1,875)	**(342)**	247
Total net gains from trading activities	**21**	807	**369**	871
Total trading-related net interest and noninterest income	**$ 508**	$ 1,424	**$ 1,390**	2,262

(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 allowance for credit losses (ACL) for debt securities, and fair value by major categories of available-for-sale (AFS) debt securities, which are carried at fair value, and held-to-maturity (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 other comprehensive income (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. See Note 7 (Other Assets) for additional information on accrued interest receivable. Amounts considered to be uncollectible are reversed through interest income. The interest income reversed in the second quarter and first half of both 2021 and 2020 was insignificant.

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
June 30, 2021					
Available-for-sale debt securities:					
Securities of U.S. Treasury and federal agencies	**$**	**35,741**	**195**	**(31)**	**35,905**
Non-U.S. government securities		**11,201**	**—**	**—**	**11,201**
Securities of U.S. states and political subdivisions (2)		**19,121**	**410**	**(32)**	**19,499**
Federal agency mortgage-backed securities		**94,186**	**2,679**	**(331)**	**96,534**
Non-agency mortgage-backed securities (3)		**4,349**	**51**	**(22)**	**4,378**
Collateralized loan obligations		**12,406**	**8**	**(7)**	**12,407**
Other debt securities		**9,305**	**699**	**(31)**	**9,973**
Total available-for-sale debt securities		**186,309**	**4,042**	**(454)**	**189,897**
Held-to-maturity debt securities:					
Securities of U.S. Treasury and federal agencies		**27,576**	**862**	**(409)**	**28,029**
Securities of U.S. states and political subdivisions		**28,243**	**931**	**(36)**	**29,138**
Federal agency mortgage-backed securities		**182,891**	**2,908**	**(1,349)**	**184,450**
Non-agency mortgage-backed securities		**948**	**46**	**(11)**	**983**
Collateralized loan obligations		**21,283**	**205**	**(1)**	**21,487**
Total held-to-maturity debt securities		**260,941**	**4,952**	**(1,806)**	**264,087**
Total (4)	**$**	**447,250**	**8,994**	**(2,260)**	**453,984**
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

(1) Represents amortized cost of the securities, net of the ACL of $33 million and $28 million related to AFS debt securities and $77 million and $41 million related to HTM debt securities at June 30, 2021, and December 31, 2020, respectively.
(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 the ACL and fair value of these types of securities, was $5.2 billion at June 30, 2021, and $5.0 billion at December 31, 2020.
(3) Predominantly consists of commercial mortgage-backed securities at both June 30, 2021, and December 31, 2020.
(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 $119.8 billion and $89.9 billion and a fair value of $121.5 billion and $91.3 billion at June 30, 2021, and 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, 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

	Quarter ended June 30,		Six months ended June 30,	
(in millions)	**2021**	2020	**2021**	2020
Purchases of held-to-maturity debt securities (1):				
Securities of U.S. Treasury and federal agencies	**$ —**	—	**$ —**	3,016
Securities of U.S. states and political subdivisions	**1,173**	15	**3,083**	881
Federal agency mortgage-backed securities	**24,855**	6,958	**49,722**	22,821
Non-agency mortgage-backed securities	**55**	12	**84**	74
Collateralized loan obligations	**3,385**	—	**7,338**	—
Total purchases of held-to-maturity debt securities	**29,468**	6,985	**60,227**	26,792
Transfers from available-for-sale debt securities to held-to-maturity debt securities:				
Federal agency mortgage-backed securities	**24,681**	—	**41,298**	—
Total transfers from available-for-sale debt securities to held-to-maturity debt securities	**$ 24,681**	—	**$ 41,298**	—

(1) Inclusive of securities purchased but not yet settled and noncash purchases from securitization of loans held for sale (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

	Quarter ended June 30,		Six months ended June 30,	
(in millions)	**2021**	2020	**2021**	2020
Interest income (1):				
Available-for-sale	**$ 655**	1,349	**$ 1,466**	3,075
Held-to-maturity	**1,048**	938	**2,020**	1,918
Total interest income	**1,703**	2,287	**3,486**	4,993
Provision for credit losses:				
Available-for-sale	**(10)**	(40)	**12**	128
Held-to-maturity	**(11)**	9	**36**	13
Total provision for credit losses	**(21)**	(31)	**48**	141
Realized gains and losses (2):				
Gross realized gains	**1**	248	**152**	504
Gross realized losses	**(1)**	(36)	**(1)**	(40)
Impairment write-downs	**—**	—	**—**	(15)
Net realized gains	**$ —**	$ 212	**$ 151**	449

(1) Excludes interest income from trading debt securities, which is disclosed in Note 2 (Trading Activities).
(2) Realized gains and losses relate to AFS debt securities. There were no realized gains or losses from HTM debt securities in all periods presented.

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 credit agencies. Substantially all of our debt securities were rated by NRSROs at June 30, 2021, and December 31, 2020.

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

		Available-for-Sale		Held-to-Maturity	
($ in millions)		Fair value	% investment grade	Amortized cost	% investment grade
June 30, 2021					
Total portfolio (1)	**$**	**189,897**	**99%**	**261,018**	**99%**
Breakdown by category:					
Securities of U.S. Treasury and federal agencies (2)	**$**	**132,439**	**100%**	**210,467**	**100%**
Securities of U.S. states and political subdivisions		**19,499**	**99**	**28,258**	**100**
Collateralized loan obligations (3)		**12,407**	**100**	**21,329**	**100**
All other debt securities (4)		**25,552**	**91**	**964**	**4**
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

(1) 94% and 92% were rated AA- and above at June 30, 2021, and December 31, 2020, respectively.
(2) Includes federal agency mortgage-backed securities.
(3) 99% and 98% were rated AA- and above at June 30, 2021, and December 31, 2020, respectively.
(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 June 30, 2021, and December 31, 2020. The carrying value of debt securities in nonaccrual status was insignificant at both June 30, 2021, and December 31, 2020. Charge-offs on debt securities were insignificant in the second quarter and first half of both 2021 and 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 in the second quarter and first half of both 2021 and 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" in a continuous loss position based on the point in time that the fair value declined to below the amortized cost basis, net of allowance for credit losses.

Table 3.5: Gross Unrealized Losses and Fair Value – Available-for-Sale Debt Securities

	Less than 12 months		12 months or more		Total	
(in millions)	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value
June 30, 2021						
Available-for-sale debt securities:						
Securities of U.S. Treasury and federal agencies	**$ (31)**	**11,924**	**—**	**—**	**(31)**	**11,924**
Non-U.S. government securities	**—**	**—**	**—**	**—**	**—**	**—**
Securities of U.S. states and political subdivisions	**(21)**	**1,413**	**(11)**	**717**	**(32)**	**2,130**
Federal agency mortgage-backed securities	**(285)**	**18,152**	**(46)**	**2,924**	**(331)**	**21,076**
Non-agency mortgage-backed securities	**(3)**	**330**	**(19)**	**771**	**(22)**	**1,101**
Collateralized loan obligations	**(2)**	**1,312**	**(5)**	**1,698**	**(7)**	**3,010**
Other debt securities	**(15)**	**1,196**	**(16)**	**807**	**(31)**	**2,003**
Total available-for-sale debt securities	**$ (357)**	**34,327**	**(97)**	**6,917**	**(454)**	**41,244**
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

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. 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) in our 2020 Form 10-K.

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 mortgage-backed securities (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
June 30, 2021						
Available-for-sale debt securities (1):						
Securities of U.S. Treasury and federal agencies						
Amortized cost, net	$	35,741	5	17,965	15,777	1,994
Fair value		35,905	5	17,978	15,837	2,085
Weighted average yield		0.75%	2.00	0.33	1.13	1.44
Non-U.S. government securities						
Amortized cost, net	$	11,201	11,176	25	—	—
Fair value		11,201	11,176	25	—	—
Weighted average yield		(0.11%)	(0.11)	0.42	—	—
Securities of U.S. states and political subdivisions						
Amortized cost, net	$	19,121	1,546	2,225	5,244	10,106
Fair value		19,499	1,549	2,270	5,253	10,427
Weighted average yield		2.07%	1.46	1.58	1.41	2.62
Federal agency mortgage-backed securities						
Amortized cost, net	$	94,186	8	171	3,359	90,648
Fair value		96,534	8	181	3,484	92,861
Weighted average yield		2.72%	2.35	3.30	2.30	2.74
Non-agency mortgage-backed securities						
Amortized cost, net	$	4,349	—	—	151	4,198
Fair value		4,378	—	—	150	4,228
Weighted average yield		2.00%	—	—	2.27	1.99
Collateralized loan obligations						
Amortized cost, net	$	12,406	—	90	7,306	5,010
Fair value		12,407	—	90	7,304	5,013
Weighted average yield		1.42%	—	2.21	1.44	1.39
Other debt securities						
Amortized cost, net	$	9,305	160	2,791	2,865	3,489
Fair value		9,973	160	3,152	2,910	3,751
Weighted average yield		3.17%	2.97	4.23	3.31	2.22
Total available-for-sale debt securities						
Amortized cost, net	$	186,309	12,895	23,267	34,702	115,445
Fair value	$	189,897	12,898	23,696	34,938	118,365
Weighted average yield		2.03%	0.22	0.95	1.54	2.60

(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
June 30, 2021						
Held-to-maturity debt securities (1):						
Securities of U.S. Treasury and federal agencies						
Amortized cost, net	$	27,576	11,386	12,407	—	3,783
Fair value		28,029	11,461	13,140	—	3,428
Weighted average yield		2.10%	1.98	2.37	—	1.57
Securities of U.S. states and political subdivisions						
Amortized cost, net	$	28,243	673	2,177	2,066	23,327
Fair value		29,138	680	2,246	2,150	24,062
Weighted average yield		2.19%	2.09	1.90	2.65	2.18
Federal agency mortgage-backed securities						
Amortized cost, net	$	182,891	—	—	—	182,891
Fair value		184,450	—	—	—	184,450
Weighted average yield		2.20%	—	—	—	2.20
Non-agency mortgage-backed securities						
Amortized cost, net	$	948	—	15	—	933
Fair value		983	—	15	—	968
Weighted average yield		3.09%	—	1.56	—	3.12
Collateralized loan obligations						
Amortized cost, net	$	21,283	—	—	8,155	13,128
Fair value		21,487	—	—	8,248	13,239
Weighted average yield		1.68%	—	—	1.73	1.65
Total held-to-maturity debt securities						
Amortized cost, net	$	260,941	12,059	14,599	10,221	224,062
Fair value		264,087	12,141	15,401	10,398	226,147
Weighted average yield		2.15%	1.98	2.30	1.91	2.16

(1) Weighted average yields displayed by maturity bucket are weighted based on amortized cost and are shown pre-tax.

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 June 30, 2021, and December 31, 2020.

Outstanding balances exclude accrued interest receivable on loans, except for certain revolving loans, such as credit card loans. See Note 7 (Other Assets) for additional information on accrued interest receivable. Amounts considered to be uncollectible are reversed through interest income. During the first half of 2021, we reversed accrued interest receivable of $24 million for our commercial portfolio segment and $104 million for our consumer portfolio segment, compared with $21 million and $114 million, respectively, for the same period a year ago.

Table 4.1: Loans Outstanding

(in millions)		Jun 30, 2021	Dec 31, 2020
Commercial:			
Commercial and industrial	$	**317,618**	318,805
Real estate mortgage		**120,678**	121,720
Real estate construction		**22,406**	21,805
Lease financing		**15,720**	16,087
Total commercial		**476,422**	478,417
Consumer:			
Residential mortgage – first lien		**244,371**	276,674
Residential mortgage – junior lien		**19,637**	23,286
Credit card		**34,936**	36,664
Auto		**51,073**	48,187
Other consumer		**25,861**	24,409
Total consumer		**375,878**	409,220
Total loans	$	**852,300**	887,637

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)		Jun 30, 2021	Dec 31, 2020
Non-U.S. commercial loans:			
Commercial and industrial	$	**71,409**	63,128
Real estate mortgage		**6,619**	7,278
Real estate construction		**1,820**	1,603
Lease financing		**672**	629
Total non-U.S. commercial loans	$	**80,520**	72,638

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.

Table 4.3: Loan Purchases, Sales, and Transfers

	2021			2020		
(in millions)	Commercial	Consumer	Total	Commercial	Consumer	Total
Quarter ended June 30,						
Purchases	**$ 134**	**1**	**135**	332	2	334
Sales	**(65)**	**—**	**(65)**	(1,957)	(1)	(1,958)
Transfers (to)/from LHFS	**(359)**	**(99)**	**(458)**	(8)	(10,379)	(10,387)
Six months ended June 30,						
Purchases	**$ 182**	**2**	**184**	673	3	676
Sales	**(338)**	**(188)**	**(526)**	(2,770)	(27)	(2,797)
Transfers (to)/from LHFS	**(794)**	**(36)**	**(830)**	69	(10,377)	(10,308)

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 $82.6 billion at June 30, 2021.

We issue commercial letters of credit to assist customers in purchasing goods or services, typically for international trade. At June 30, 2021, and December 31, 2020, we had $1.4 billion and $1.3 billion, 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 11 (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)	Jun 30, 2021	Dec 31, 2020
Commercial:		
Commercial and industrial	**$ 394,370**	378,167
Real estate mortgage	**8,794**	7,993
Real estate construction	**16,260**	15,650
Total commercial	**419,424**	401,810
Consumer:		
Residential mortgage – first lien	**37,920**	31,530
Residential mortgage – junior lien	**30,170**	32,820
Credit card	**124,985**	121,096
Other consumer	**54,724**	49,179
Total consumer	**247,799**	234,625
Total unfunded credit commitments	**$ 667,223**	636,435

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. The ACL for loans decreased $3.3 billion from December 31, 2020, due to improvements in current and forecasted economic conditions.

Table 4.5: Allowance for Credit Losses for Loans

	Quarter ended June 30,		Six months ended June 30,	
($ in millions)	**2021**	2020	**2021**	2020
Balance, beginning of period	**$ 18,043**	12,022	**19,713**	10,456
Cumulative effect from change in accounting policies (1)	**—**	—	**—**	(1,337)
Allowance for purchased credit-deteriorated (PCD) loans (2)	**—**	—	**—**	8
Balance, beginning of period, adjusted	**18,043**	12,022	**19,713**	9,127
Provision for credit losses	**(1,239)**	9,565	**(2,356)**	13,398
Interest income on certain impaired loans (3)	**(36)**	(38)	**(77)**	(76)
Loan charge-offs:				
Commercial:				
Commercial and industrial	**(149)**	(556)	**(308)**	(933)
Real estate mortgage	**(11)**	(72)	**(63)**	(75)
Real estate construction	**—**	—	**—**	—
Lease financing	**(10)**	(19)	**(31)**	(32)
Total commercial	**(170)**	(647)	**(402)**	(1,040)
Consumer:				
Residential mortgage – first lien	**(6)**	(20)	**(23)**	(43)
Residential mortgage – junior lien	**(12)**	(18)	**(31)**	(48)
Credit card	**(357)**	(415)	**(692)**	(886)
Auto	**(128)**	(158)	**(257)**	(314)
Other consumer	**(79)**	(113)	**(226)**	(278)
Total consumer	**(582)**	(724)	**(1,229)**	(1,569)
Total loan charge-offs	**(752)**	(1,371)	**(1,631)**	(2,609)
Loan recoveries:				
Commercial:				
Commercial and industrial	**68**	35	**139**	79
Real estate mortgage	**16**	5	**22**	10
Real estate construction	**1**	1	**1**	17
Lease financing	**5**	4	**11**	8
Total commercial	**90**	45	**173**	114
Consumer:				
Residential mortgage – first lien	**25**	18	**66**	44
Residential mortgage – junior lien	**43**	30	**81**	65
Credit card	**101**	88	**200**	182
Auto	**83**	52	**160**	126
Other consumer	**29**	25	**57**	56
Total consumer	**281**	213	**564**	473
Total loan recoveries	**371**	258	**737**	587
Net loan charge-offs	**(381)**	(1,113)	**(894)**	(2,022)
Other	**4**	—	**5**	9
Balance, end of period	**$ 16,391**	20,436	**16,391**	20,436
Components:				
Allowance for loan losses	**$ 15,148**	18,926	**15,148**	18,926
Allowance for unfunded credit commitments	**1,243**	1,510	**1,243**	1,510
Allowance for credit losses	**$ 16,391**	20,436	**16,391**	20,436
Net loan charge-offs (annualized) as a percentage of average total loans	**0.18%**	0.46	**0.21**	0.42
Allowance for loan losses as a percentage of total loans	**1.78**	2.02	**1.78**	2.02
Allowance for credit losses for loans as a percentage of total loans	**1.92**	2.19	**1.92**	2.19

(1) Represents the overall decrease in our ACL for loans as a result of our adoption of CECL on January 1, 2020.
(2) Represents the allowance estimated for purchased credit-impaired (PCI) loans that automatically became PCD loans with the adoption of CECL. For additional information, see Note 1 (Summary of Significant Accounting Policies) in our 2020 Form 10-K.
(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 4.6 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

		2021			2020	
(in millions)	Commercial	Consumer	Total	Commercial	Consumer	Total
Quarter ended June 30,						
Balance, beginning of period	**$ 10,682**	**7,361**	**18,043**	5,279	6,743	12,022
Provision for credit losses	**(1,021)**	**(218)**	**(1,239)**	6,999	2,566	9,565
Interest income on certain loans (3)	**(15)**	**(21)**	**(36)**	(12)	(26)	(38)
Loan charge-offs	**(170)**	**(582)**	**(752)**	(647)	(724)	(1,371)
Loan recoveries	**90**	**281**	**371**	45	213	258
Net loan charge-offs	**(80)**	**(301)**	**(381)**	(602)	(511)	(1,113)
Other	**4**	**—**	**4**	5	(5)	—
Balance, end of period	**$ 9,570**	**6,821**	**16,391**	11,669	8,767	20,436
Six months ended June 30,						
Balance, beginning of period	**$ 11,516**	**8,197**	**19,713**	6,245	4,211	10,456
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 period, adjusted	**11,516**	**8,197**	**19,713**	3,384	5,743	9,127
Provision for credit losses	**(1,688)**	**(668)**	**(2,356)**	9,239	4,159	13,398
Interest income on certain loans (3)	**(34)**	**(43)**	**(77)**	(26)	(50)	(76)
Loan charge-offs	**(402)**	**(1,229)**	**(1,631)**	(1,040)	(1,569)	(2,609)
Loan recoveries	**173**	**564**	**737**	114	473	587
Net loan charge-offs	**(229)**	**(665)**	**(894)**	(926)	(1,096)	(2,022)
Other	**5**	**—**	**5**	(2)	11	9
Balance, end of period	**$ 9,570**	**6,821**	**16,391**	11,669	8,767	20,436

(1) Represents the overall decrease in our ACL 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) in our 2020 Form 10-K.
(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.

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 Fair Isaac Corporation (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 March 31, 2021.

COMMERCIAL CREDIT QUALITY INDICATORS We manage a consistent process for assessing commercial loan credit quality. Commercial loans are generally 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 4.7 provides the outstanding balances of our commercial loan portfolio by risk category. 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 troubled debt restructuring (TDR). At June 30, 2021, we had $442.6 billion and $33.8 billion of pass and criticized commercial loans, respectively.

Table 4.7: Commercial Loan Categories by Risk Categories and Vintage

	Term loans by origination year								
(in millions)	2021	2020	2019	2018	2017	Prior	Revolving loans	Revolving loans converted to term loans	Total
June 30, 2021									
Commercial and industrial									
Pass	**$ 37,051**	**25,171**	**28,385**	**11,075**	**5,582**	**12,341**	**183,360**	**341**	**303,306**
Criticized	**729**	**1,317**	**1,325**	**1,594**	**826**	**1,078**	**7,443**	**—**	**14,312**
Total commercial and industrial	**37,780**	**26,488**	**29,710**	**12,669**	**6,408**	**13,419**	**190,803**	**341**	**317,618**
Real estate mortgage									
Pass	**14,713**	**18,977**	**21,983**	**15,350**	**9,245**	**20,321**	**4,478**	**1**	**105,068**
Criticized	**1,664**	**2,450**	**3,444**	**2,679**	**1,286**	**3,665**	**422**	**—**	**15,610**
Total real estate mortgage	**16,377**	**21,427**	**25,427**	**18,029**	**10,531**	**23,986**	**4,900**	**1**	**120,678**
Real estate construction									
Pass	**2,800**	**4,995**	**6,148**	**3,607**	**775**	**359**	**1,138**	**2**	**19,824**
Criticized	**354**	**501**	**746**	**418**	**442**	**120**	**1**	**—**	**2,582**
Total real estate construction	**3,154**	**5,496**	**6,894**	**4,025**	**1,217**	**479**	**1,139**	**2**	**22,406**
Lease financing									
Pass	**2,244**	**3,545**	**3,180**	**1,752**	**1,107**	**2,555**	**—**	**—**	**14,383**
Criticized	**145**	**293**	**374**	**254**	**129**	**142**	**—**	**—**	**1,337**
Total lease financing	**2,389**	**3,838**	**3,554**	**2,006**	**1,236**	**2,697**	**—**	**—**	**15,720**
Total commercial loans	**$ 59,700**	**57,249**	**65,585**	**36,729**	**19,392**	**40,581**	**196,842**	**344**	**476,422**

	Term loans by origination year								
	2020	2019	2018	2017	2016	Prior	Revolving loans	Revolving loans converted to term loans	Total
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

Table 4.8 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 4.8: Commercial Loan Categories by Delinquency Status

(in millions)	Commercial and industrial	Real estate mortgage	Real estate construction	Lease financing	Total
June 30, 2021					
By delinquency status:					
Current-29 days past due (DPD) and still accruing	**$ 315,279**	**118,719**	**22,329**	**15,350**	**471,677**
30-89 DPD and still accruing	**483**	**256**	**25**	**155**	**919**
90+ DPD and still accruing	**165**	**105**	**7**	**—**	**277**
Nonaccrual loans	**1,691**	**1,598**	**45**	**215**	**3,549**
Total commercial loans	**$ 317,618**	**120,678**	**22,406**	**15,720**	**476,422**
December 31, 2020					
By delinquency status:					
Current-29 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

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 consumer loans.

Table 4.9 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.

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 4.9: Consumer Loan Categories by Delinquency Status and Vintage

(in millions)	Term loans by origination year						Revolving loans	Revolving loans converted to term loans	Total
	2021	2020	2019	2018	2017	Prior			
June 30, 2021									
Residential mortgage – first lien									
By delinquency status:									
Current-29 DPD	$ 30,494	47,246	32,078	10,137	17,647	76,251	5,989	1,598	221,440
30-59 DPD	28	33	52	21	34	604	15	30	817
60-89 DPD	1	11	1	3	3	187	8	18	232
90-119 DPD	2	8	3	1	7	64	6	11	102
120-179 DPD	—	12	6	3	3	85	16	23	148
180+ DPD	—	204	12	10	21	809	100	245	1,401
Government insured/guaranteed loans (1)	3	193	364	566	635	18,470	—	—	20,231
Total residential mortgage – first lien	30,528	47,707	32,516	10,741	18,350	96,470	6,134	1,925	244,371
Residential mortgage – junior lien									
By delinquency status:									
Current-29 DPD	13	22	34	35	28	909	12,913	4,680	18,634
30-59 DPD	—	—	1	—	—	15	28	40	84
60-89 DPD	—	—	—	—	—	7	16	29	52
90-119 DPD	—	—	—	—	—	3	11	22	36
120-179 DPD	—	—	—	—	—	6	37	49	92
180+ DPD	—	—	—	—	—	32	215	492	739
Total residential mortgage – junior lien	13	22	35	35	28	972	13,220	5,312	19,637
Credit cards									
By delinquency status:									
Current-29 DPD	—	—	—	—	—	—	34,201	226	34,427
30-59 DPD	—	—	—	—	—	—	135	7	142
60-89 DPD	—	—	—	—	—	—	90	6	96
90-119 DPD	—	—	—	—	—	—	80	7	87
120-179 DPD	—	—	—	—	—	—	182	2	184
180+ DPD	—	—	—	—	—	—	—	—	—
Total credit cards	—	—	—	—	—	—	34,688	248	34,936
Auto									
By delinquency status:									
Current-29 DPD	14,445	15,920	11,321	4,644	2,309	1,677	—	—	50,316
30-59 DPD	33	143	148	81	52	85	—	—	542
60-89 DPD	8	42	44	24	14	25	—	—	157
90-119 DPD	3	17	17	8	5	8	—	—	58
120-179 DPD	—	—	—	—	—	—	—	—	—
180+ DPD	—	—	—	—	—	—	—	—	—
Total auto	14,489	16,122	11,530	4,757	2,380	1,795	—	—	51,073
Other consumer									
By delinquency status:									
Current-29 DPD	982	990	994	335	155	173	22,011	150	25,790
30-59 DPD	1	2	3	2	1	2	8	3	22
60-89 DPD	—	2	2	1	1	1	5	1	13
90-119 DPD	—	1	2	1	—	—	4	1	9
120-179 DPD	—	—	—	—	—	—	8	2	10
180+ DPD	—	—	—	—	—	2	4	11	17
Total other consumer	983	995	1,001	339	157	178	22,040	168	25,861
Total consumer loans	$ 46,013	64,846	45,082	15,872	20,915	99,415	76,082	7,653	375,878

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(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 (1)	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

(1) 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 $6.1 billion and $11.1 billion at June 30, 2021, and December 31, 2020, respectively.

Of the $2.9 billion of consumer loans not government insured/guaranteed that are 90 days or more past due at June 30, 2021, $460 million was accruing, compared with $2.7 billion past due and $612 million accruing at December 31, 2020.

Note 4: Loans and Related Allowance for Credit Losses *(continued)*

Table 4.10 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 $15.9 billion and $13.2 billion at June 30, 2021, and December 31, 2020, respectively. Substantially all loans not requiring a FICO score are securities-based loans originated through retail brokerage.

Table 4.10: Consumer Loan Categories by FICO and Vintage

(in millions)	Term loans by origination year						Revolving loans	Revolving loans converted to term loans	Total
	2021	2020	2019	2018	2017	Prior			
June 30, 2021									
By FICO:									
Residential mortgage – first lien									
800+	$ 14,373	29,351	21,113	6,709	12,245	47,225	2,973	453	134,442
760-799	11,864	12,539	7,250	2,017	3,200	12,684	1,229	257	51,040
720-759	3,281	4,024	2,566	857	1,343	7,473	771	243	20,558
680-719	794	1,103	788	363	603	4,188	463	215	8,517
640-679	129	294	222	107	143	2,117	213	135	3,360
600-639	30	47	75	37	51	1,234	109	93	1,676
< 600	7	11	28	16	32	1,303	139	145	1,681
No FICO available	47	145	110	69	98	1,776	237	384	2,866
Government insured/guaranteed loans (1)	3	193	364	566	635	18,470	—	—	20,231
Total residential mortgage – first lien	30,528	47,707	32,516	10,741	18,350	96,470	6,134	1,925	244,371
Residential mortgage – junior lien									
800+	—	—	—	—	—	236	6,715	1,612	8,563
760-799	—	—	—	—	—	142	2,588	906	3,636
720-759	—	—	—	—	—	169	1,721	891	2,781
680-719	—	—	—	—	—	143	1,022	719	1,884
640-679	—	—	—	—	—	82	396	405	883
600-639	—	—	—	—	—	52	189	232	473
< 600	—	—	—	—	—	53	195	267	515
No FICO available	13	22	35	35	28	95	394	280	902
Total residential mortgage – junior lien	13	22	35	35	28	972	13,220	5,312	19,637
Credit card									
800+	—	—	—	—	—	—	3,987	1	3,988
760-799	—	—	—	—	—	—	5,561	8	5,569
720-759	—	—	—	—	—	—	7,825	30	7,855
680-719	—	—	—	—	—	—	8,437	57	8,494
640-679	—	—	—	—	—	—	5,122	56	5,178
600-639	—	—	—	—	—	—	1,929	39	1,968
< 600	—	—	—	—	—	—	1,819	56	1,875
No FICO available	—	—	—	—	—	—	8	1	9
Total credit card	—	—	—	—	—	—	34,688	248	34,936
Auto									
800+	2,576	2,329	2,157	941	509	271	—	—	8,783
760-799	2,505	2,698	2,145	850	390	216	—	—	8,804
720-759	2,430	2,721	1,999	825	387	251	—	—	8,613
680-719	2,518	2,965	1,968	772	358	259	—	—	8,840
640-679	2,267	2,548	1,400	527	257	222	—	—	7,221
600-639	1,418	1,519	822	333	178	190	—	—	4,460
< 600	775	1,313	993	498	288	362	—	—	4,229
No FICO available	—	29	46	11	13	24	—	—	123
Total auto	14,489	16,122	11,530	4,757	2,380	1,795	—	—	51,073
Other consumer									
800+	253	250	204	59	18	60	1,839	19	2,702
760-799	265	225	186	59	15	31	943	22	1,746
720-759	190	184	175	67	19	26	829	28	1,518
680-719	115	125	147	61	19	21	711	26	1,225
640-679	47	52	74	34	12	11	343	19	592
600-639	9	14	24	13	5	6	122	11	204
< 600	3	13	27	16	6	7	121	14	207
No FICO available	101	132	164	30	63	16	1,197	29	1,732
FICO not required	—	—	—	—	—	—	15,935	—	15,935
Total other consumer	983	995	1,001	339	157	178	22,040	168	25,861
Total consumer loans	$ 46,013	64,846	45,082	15,872	20,915	99,415	76,082	7,653	375,878

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(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 (1)	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

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

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 4.11 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 4.11: Consumer Loan Categories by LTV/CLTV and Vintage

	Term loans by origination year								
(in millions)	2021	2020	2019	2018	2017	Prior	Revolving loans	Revolving loans converted to term loans	Total
June 30, 2021									
Residential mortgage – first lien									
By LTV:									
0-60%	**$ 9,789**	**18,204**	**14,733**	**5,341**	**11,884**	**66,680**	**4,604**	**1,567**	**132,802**
60.01-80%	**20,654**	**27,433**	**15,773**	**4,339**	**5,369**	**10,096**	**1,071**	**256**	**84,991**
80.01-100%	**40**	**1,720**	**1,498**	**416**	**382**	**801**	**304**	**68**	**5,229**
100.01-120% (1)	**—**	**35**	**52**	**19**	**16**	**101**	**72**	**17**	**312**
> 120% (1)	**—**	**21**	**17**	**6**	**7**	**50**	**30**	**6**	**137**
No LTV available	**42**	**101**	**79**	**54**	**57**	**272**	**53**	**11**	**669**
Government insured/guaranteed loans (2)	**3**	**193**	**364**	**566**	**635**	**18,470**	**—**	**—**	**20,231**
Total residential mortgage – first lien	**30,528**	**47,707**	**32,516**	**10,741**	**18,350**	**96,470**	**6,134**	**1,925**	**244,371**
Residential mortgage – junior lien									
By CLTV:									
0-60%	**—**	**—**	**—**	**—**	**—**	**496**	**8,124**	**3,558**	**12,178**
60.01-80%	**—**	**—**	**—**	**—**	**—**	**254**	**3,718**	**1,178**	**5,150**
80.01-100%	**—**	**—**	**—**	**—**	**—**	**123**	**1,051**	**424**	**1,598**
100.01-120% (2)	**—**	**—**	**—**	**—**	**—**	**31**	**225**	**92**	**348**
> 120% (2)	**—**	**—**	**—**	**—**	**—**	**8**	**78**	**28**	**114**
No CLTV available	**13**	**22**	**35**	**35**	**28**	**60**	**24**	**32**	**249**
Total residential mortgage – junior lien	**13**	**22**	**35**	**35**	**28**	**972**	**13,220**	**5,312**	**19,637**
Total	**$ 30,541**	**47,729**	**32,551**	**10,776**	**18,378**	**97,442**	**19,354**	**7,237**	**264,008**

	Term loans by origination year								
	2020	2019	2018	2017	2016	Prior	Revolving loans	Revolving loans converted to term loans	Total
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% (1)	41	106	45	40	41	168	117	26	584
> 120% (1)	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 (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 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

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

NONACCRUAL LOANS Table 4.12 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 4.12: Nonaccrual Loans

			Amortized cost		Recognized interest income	
	Nonaccrual loans		Nonaccrual loans without related allowance for credit losses (1)		Six months ended June 30,	
(in millions)	Jun 30, 2021	Dec 31, 2020	Jun 30, 2021	Dec 31, 2020	2021	2020
Commercial:						
Commercial and industrial	**$ 1,691**	2,698	**464**	382	**45**	30
Real estate mortgage	**1,598**	1,774	**201**	93	**33**	17
Real estate construction	**45**	48	**13**	15	**1**	5
Lease financing	**215**	259	**40**	16	**—**	—
Total commercial	**3,549**	4,779	**718**	506	**79**	52
Consumer:						
Residential mortgage- first lien	**2,852**	2,957	**1,949**	1,908	**56**	81
Residential mortgage- junior lien	**713**	754	**463**	461	**25**	28
Auto	**221**	202	**—**	—	**17**	7
Other consumer	**36**	36	**—**	—	**1**	1
Total consumer	**3,822**	3,949	**2,412**	2,369	**99**	117
Total nonaccrual loans	**$ 7,371**	8,728	**3,130**	2,875	**178**	169

(1) 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 $939 million and $2.1 billion at June 30, 2021, and December 31, 2020, respectively, which included $650 million and $1.7 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 4.13 shows loans 90 days or more past due and still accruing by class for loans not government insured/guaranteed.

Table 4.13: Loans 90 Days or More Past Due and Still Accruing

($ in millions)		Jun 30, 2021	Dec 31, 2020
Total:	$	**4,703**	7,041
Less: FHA insured/VA guaranteed (1)		**3,966**	6,351
Total, not government insured/ guaranteed	$	**737**	690
By segment and class, not government insured/ guaranteed:			
Commercial:			
Commercial and industrial	$	**165**	39
Real estate mortgage		**105**	38
Real estate construction		**7**	1
Total commercial		**277**	78
Consumer:			
Residential mortgage – first lien		**73**	135
Residential mortgage – junior lien		**12**	19
Credit card		**271**	365
Auto		**43**	65
Other consumer		**61**	28
Total consumer		**460**	612
Total, not government insured/ guaranteed	$	**737**	690

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

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 $12.5 billion and $14.5 billion at June 30, 2021, and December 31, 2020, 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) in our 2020 Form 10-K.

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 $344 million and $489 million at June 30, 2021, and December 31, 2020, respectively.

Table 4.14 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 4.14: TDR Modifications

($ in millions)	Primary modification type (1)				Financial effects of modifications		
	Principal forgiveness	Interest rate reduction	Other concessions (2)	Total	Charge-offs (3)	Weighted average interest rate reduction	Recorded investment related to interest rate reduction (4)
Quarter ended June 30, 2021							
Commercial:							
Commercial and industrial	**$ —**	**1**	**330**	**331**	**14**	**1.22%**	**$ 1**
Real estate mortgage	**41**	**5**	**86**	**132**	**—**	**1.15**	**5**
Real estate construction	**—**	**—**	**2**	**2**	**—**	**—**	**—**
Lease financing	**—**	**—**	**1**	**1**	**—**	**—**	**—**
Total commercial	**41**	**6**	**419**	**466**	**14**	**1.17**	**6**
Consumer:							
Residential mortgage – first lien	**—**	**8**	**353**	**361**	**1**	**1.26**	**8**
Residential mortgage – junior lien	**—**	**2**	**9**	**11**	**—**	**2.51**	**2**
Credit card	**—**	**24**	**—**	**24**	**—**	**19.02**	**24**
Auto	**1**	**1**	**72**	**74**	**30**	**3.93**	**1**
Other consumer	**—**	**4**	**—**	**4**	**—**	**12.02**	**4**
Trial modifications (5)	**—**	**—**	**2**	**2**	**—**	**—**	**—**
Total consumer	**1**	**39**	**436**	**476**	**31**	**13.24**	**39**
Total	**$ 42**	**45**	**855**	**942**	**45**	**11.68%**	**$ 45**
Quarter ended June 30, 2020							
Commercial:							
Commercial and industrial	$ —	17	948	965	38	0.79%	$ 17
Real estate mortgage	—	5	98	103	—	1.75	5
Real estate construction	—	—	—	—	—	—	—
Lease financing	—	—	1	1	—	—	—
Total commercial	—	22	1,047	1,069	38	1.00	22
Consumer:							
Residential mortgage – first lien	—	14	288	302	1	1.84	14
Residential mortgage – junior lien	—	3	24	27	—	2.39	3
Credit card	—	62	—	62	—	12.79	62
Auto	1	2	44	47	28	4.42	2
Other consumer	—	3	6	9	—	5.90	3
Trial modifications (5)	—	—	(13)	(13)	—	—	—
Total consumer	1	84	349	434	29	10.09	84
Total	$ 1	106	1,396	1,503	67	8.17%	$ 106

(continued on following page)

Note 4: Loans and Related Allowance for Credit Losses *(continued)*

(continued from previous page)

($ in millions)	Primary modification type (1)				Financial effects of modifications		
	Principal forgiveness	Interest rate reduction	Other concessions (2)	Total	Charge-offs (3)	Weighted average interest rate reduction	Recorded investment related to interest rate reduction (4)
Six months ended June 30, 2021							
Commercial:							
Commercial and industrial	**$ —**	**2**	**560**	**562**	**20**	**1.10%**	**$ 2**
Real estate mortgage	**41**	**9**	**186**	**236**	**—**	**1.04**	**9**
Real estate construction	**—**	**—**	**3**	**3**	**—**	**—**	**—**
Lease financing	**—**	**—**	**4**	**4**	**—**	**—**	**—**
Total commercial	**41**	**11**	**753**	**805**	**20**	**1.05**	**11**
Consumer:							
Residential mortgage – first lien	**—**	**15**	**885**	**900**	**1**	**1.53**	**15**
Residential mortgage – junior lien	**—**	**7**	**22**	**29**	**1**	**2.44**	**7**
Credit card	**—**	**56**	**—**	**56**	**—**	**18.93**	**56**
Auto	**1**	**2**	**86**	**89**	**37**	**3.90**	**2**
Other consumer	**—**	**11**	**1**	**12**	**—**	**12.14**	**11**
Trial modifications (5)	**—**	**—**	**2**	**2**	**—**	**—**	**—**
Total consumer	**1**	**91**	**996**	**1,088**	**39**	**13.67**	**91**
Total	**$ 42**	**102**	**1,749**	**1,893**	**59**	**12.31%**	**$ 102**
Six months ended June 30, 2020							
Commercial:							
Commercial and industrial	$ 18	32	1,262	1,312	82	0.73%	$ 32
Real estate mortgage	—	18	250	268	—	1.17	18
Real estate construction	—	—	6	6	—	2.49	—
Lease financing	—	—	1	1	—	—	—
Total commercial	18	50	1,519	1,587	82	0.90	50
Consumer:							
Residential mortgage – first lien	—	31	461	492	1	1.73	31
Residential mortgage – junior lien	—	9	39	48	—	2.38	9
Credit card	—	157	—	157	—	12.51	157
Auto	3	4	54	61	34	4.56	4
Other consumer	—	15	8	23	—	7.71	15
Trial modifications (5)	—	—	(11)	(11)	—	—	—
Total consumer	3	216	551	770	35	10.04	216
Total	$ 21	266	2,070	2,357	117	8.30%	$ 266

(1) 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 $202 million and $221 million for the quarters ended June 30, 2021 and 2020, respectively, and $458 million and $484 million for the first half of 2021 and 2020, respectively.

(2) Other concessions include loans with payment (principal and/or interest) deferral, 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. The reported amounts include COVID-related payment deferrals that are new TDRs and exclude COVID-related payment deferrals previously reported as TDRs given limited current financial effects other than payment deferral.

(3) 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.

(4) 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.

(5) 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.

Table 4.15 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 4.15: Defaulted TDRs

		Recorded investment of defaults			
		Quarter ended June 30,		Six months ended June 30,	
(in millions)		**2021**	2020	**2021**	2020
Commercial:					
Commercial and industrial	**$**	**84**	37	**125**	222
Real estate mortgage		**9**	81	**25**	102
Real estate construction		**—**	—	**—**	—
Lease financing		**—**	—	**—**	—
Total commercial		**93**	118	**150**	324
Consumer:					
Residential mortgage – first lien		**2**	8	**5**	18
Residential mortgage – junior lien		**—**	6	**1**	8
Credit card		**6**	19	**16**	45
Auto		**12**	1	**23**	3
Other consumer		**—**	2	**1**	3
Total consumer		**20**	36	**46**	77
Total	**$**	**113**	154	**196**	401

Note 5: Leasing Activity

The information below provides a summary of our leasing activities as a lessor and lessee. See Note 5 (Leasing Activity) in our 2020 Form 10-K for additional information about our leasing activities.

As a Lessor

Noninterest income on leases, which is presented 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 $226 million and $244 million for the quarters ended June 30, 2021 and 2020, respectively, and $452 million and $504 million for the first half of 2021 and 2020, respectively.

Table 5.1: Leasing Revenue

	Quarter ended June 30,		Six months ended June 30,	
(in millions)	**2021**	2020	**2021**	2020
Interest income on lease financing (1)	**$ 172**	208	**353**	437
Other lease revenues:				
Variable revenues on lease financing	**25**	26	**51**	54
Fixed revenues on operating leases	**254**	294	**514**	608
Variable revenues on operating leases	**18**	12	**36**	25
Other lease-related revenues (2)	**16**	3	**27**	1
Noninterest income on leases	**313**	335	**628**	688
Total leasing revenue	**$ 485**	543	**981**	1,125

(1) In second quarter 2021, we elected to change the presentation of investment tax credits related to solar energy investments. Prior period balances have been revised to conform with the current period presentation. For additional information, see Note 1 (Summary of Significant Accounting Policies).
(2) Predominantly includes net gains (losses) on disposition of assets leased under operating leases or lease financings.

As a Lessee

Substantially all of our leases are operating leases. Table 5.2 presents balances for our operating leases.

Table 5.2: Operating Lease Right of Use (ROU) Assets and Lease Liabilities

(in millions)	**Jun 30, 2021**	Dec 31, 2020
ROU assets	**$ 4,053**	4,306
Lease liabilities	**4,705**	4,962

Table 5.3 provides the composition of our lease costs, which are predominantly included in net occupancy expense.

Table 5.3: Lease Costs

	Quarter ended June 30,		Six months ended June 30,	
(in millions)	**2021**	2020	**2021**	2020
Fixed lease expense – operating leases	**$ 265**	292	**530**	583
Variable lease expense	**69**	80	**147**	146
Other (1)	**(28)**	(42)	**(31)**	(56)
Total lease costs	**$ 306**	330	**646**	673

(1) Predominantly includes gains recognized from sale leaseback transactions and sublease rental income.

Note 6: Equity Securities

Table 6.1 provides a summary of our equity securities by business purpose and accounting method.

Table 6.1: Equity Securities

(in millions)		Jun 30, 2021	Dec 31, 2020
Held for trading at fair value:			
Marketable equity securities (1)	$	**23,701**	23,032
Not held for trading:			
Fair value:			
Marketable equity securities		**1,624**	1,564
Nonmarketable equity securities (2)		**10,006**	9,413
Total equity securities at fair value		**11,630**	10,977
Equity method:			
Private equity		**2,897**	2,960
Tax-advantaged renewable energy (3)		**3,853**	3,481
New market tax credit and other		**378**	409
Total equity method		**7,128**	6,850
Other methods :			
Low-income housing tax credit investments (3)		**11,439**	11,353
Federal Reserve Bank stock and other at cost (4)		**3,585**	3,588
Private equity (5)		**7,064**	4,208
Total equity securities not held for trading		**40,846**	36,976
Total equity securities	$	**64,547**	60,008

(1) Represents securities held as part of our customer accommodation trading activities. For additional information on these activities, see Note 2 (Trading Activities).
(2) Substantially all of these securities are economically hedged with equity derivatives.
(3) In second quarter 2021, we elected to change our accounting method for low-income housing tax credit investments and elected to change the presentation of investment tax credits related to solar energy investments. Prior period balances have been revised to conform with the current period presentation. For additional information, see Note 1 (Summary of Significant Accounting Policies).
(4) Substantially all relates to investments in Federal Reserve Bank stock at both June 30, 2021, and December 31, 2020.
(5) Represents nonmarketable equity securities accounted for under the measurement alternative, which were predominantly securities associated with our affiliated venture capital business.

Low-Income Housing Tax Credit Investments

We invest in affordable housing projects that qualify for the low-income housing tax credit (LIHTC), which are designed to promote private development of low-income housing. These investments typically generate a return through the realization of tax credits and other tax benefits. Table 6.2 summarizes the amortization of the investments and the related tax credits and other tax benefits that are recognized in income tax expense/(benefit) on our consolidated statement of income. 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 at both June 30, 2021, and December 31, 2020. This liability for unfunded commitments is included in long-term debt on our consolidated balance sheet.

Table 6.2: LIHTC Investments (1)

		Quarter ended June 30,		Six months ended June 30,	
(in millions)		**2021**	2020	**2021**	2020
Proportional amortization of investments	$	**382**	352	**764**	703
Tax credits and other tax benefits		**(431)**	(401)	**(875)**	(797)
Net expense/(benefit) recognized within income tax expense	$	**(49)**	(49)	**(111)**	(94)

(1) Excludes the impact of the estimated annual effective income tax rate applied to each period.

Realized Gains and Losses Not Held for Trading

Table 6.3 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 6.3: Net Gains (Losses) from Equity Securities Not Held for Trading

	Quarter ended June 30,		Six months ended June 30,	
(in millions)	**2021**	2020	**2021**	2020
Net gains (losses) from equity securities carried at fair value:				
Marketable equity securities	**$ 74**	394	**$ 134**	(409)
Nonmarketable equity securities	**893**	1,424	**535**	320
Total equity securities carried at fair value	**967**	1,818	**669**	(89)
Net gains (losses) from nonmarketable equity securities not carried at fair value (1):				
Impairment write-downs	**(42)**	(106)	**(57)**	(1,041)
Net unrealized gains related to measurement alternative observable transactions	**2,037**	24	**2,262**	246
Net realized gains on sale	**496**	199	**551**	199
Total nonmarketable equity securities not carried at fair value	**2,491**	117	**2,756**	(596)
Net losses from economic hedge derivatives (2)	**(762)**	(1,402)	**(337)**	(183)
Total net gains (losses) from equity securities not held for trading	**$ 2,696**	533	**$ 3,088**	(868)

(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 6.4 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 6.3.

Table 6.4: Net Gains (Losses) from Measurement Alternative Equity Securities

	Quarter ended June 30,		Six months ended June 30,	
(in millions)	**2021**	2020	**2021**	2020
Net gains (losses) recognized in earnings during the period:				
Gross unrealized gains due to observable price changes	**$ 2,037**	24	**$ 2,262**	246
Impairment write-downs	**(38)**	(58)	**(50)**	(412)
Realized net gains from sale	**195**	11	**195**	13
Total net gains recognized during the period	**$ 2,194**	$ (23)	**$ 2,407**	(153)

Table 6.5 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 6.5: Measurement Alternative Cumulative Gains (Losses)

(in millions)	**Jun 30, 2021**	Dec 31, 2020
Cumulative gains (losses):		
Gross unrealized gains due to observable price changes	**$ 4,577**	2,356
Gross unrealized losses due to observable price changes	**(25)**	(25)
Impairment write-downs	**(1,008)**	(969)

Note 7: Other Assets

Table 7.1 presents the components of other assets.

Table 7.1: Other Assets

(in millions)	Jun 30, 2021	Dec 31, 2020
Corporate/bank-owned life insurance	$ **20,488**	20,380
Accounts receivable	**24,372**	38,116
Interest receivable:		
AFS and HTM debt securities	**1,366**	1,368
Loans	**2,224**	2,838
Trading and other	**482**	415
Customer relationship and other amortized intangibles	**287**	328
Foreclosed assets:		
Residential real estate	**49**	73
Other	**80**	86
Operating lease assets (lessor)	**6,773**	7,391
Operating lease ROU assets (lessee)	**4,053**	4,306
Due from customers on acceptances	**144**	268
Other	**12,135**	11,768
Total other assets	$ **72,453**	87,337

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;
- providing administrative or trustee services to VIEs; and
- providing seller financing 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 generally 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 Government National Mortgage Association (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. We repurchased loans of $1.0 billion and $2.9 billion, during the second quarter and first half of 2021, respectively, and $3.6 billion and $5.1 billion during the second quarter and first half of 2020, respectively, which predominantly represented repurchases of government insured loans. We recorded assets and related liabilities of $128 million and $176 million at June 30, 2021, and December 31, 2020, 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 June 30, 2021, and December 31, 2020, our liability associated with these provisions was $201 million and $221 million, respectively, and the maximum exposure to loss was $13.4 billion and $13.7 billion, respectively.

Off-balance sheet mortgage loans sold or securitized presented in Table 8.5 are predominantly loans securitized by the GSEs and GNMA. See Note 9 (Mortgage Banking Activities) for additional 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.

WHOLE LOAN SALE TRANSACTIONS We also sell whole loans to VIEs where we have continuing involvement in the form of financing. We account for these transfers as sales, and do not consolidate the VIEs as we do not have the power to direct the most significant activities of the VIEs.

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, securities, and loans. 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.

Table 8.1: Transfers with Continuing Involvement

(in millions)		2021 Residential mortgages	2021 Commercial mortgages	2020 Residential mortgages	2020 Commercial mortgages
Quarter ended June 30,					
Assets sold	$	**45,903**	**5,173**	43,602	2,505
Proceeds from transfer (1)		**46,230**	**5,227**	43,605	2,569
Net gains (losses) on sale		**327**	**54**	3	64
Continuing involvement (2):					
Servicing rights recognized	$	**487**	**24**	443	48
Securities recognized (3)		**6,171**	**39**	590	12
Loans recognized		**—**	**—**	—	—
Six months ended June 30,					
Asset balances sold	$	**86,489**	**8,364**	81,987	5,233
Proceeds from transfer (1)		**86,921**	**8,509**	82,025	5,366
Net gains (losses) on sale		**432**	**145**	38	133
Continuing involvement (2):					
Servicing rights recognized	$	**894**	**71**	889	82
Securities recognized (3)		**16,394**	**68**	590	74
Loans recognized		**926**	**—**	—	—

(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. Excludes trading debt securities held temporarily for market-marking purposes, which are sold to third parties at or shortly after securitization settlement, of $11.2 billion and $18.0 billion during the second quarter and first half of 2021, respectively, and $9.4 billion and $17.1 billion during the second quarter and first half of 2020, respectively.

In the normal course of business we purchase certain non-agency securities at initial securitization or subsequently in the secondary market. We also provide seller financing in the form of loans. We received cash flows of $3.0 billion and $3.1 billion during the second quarter and first half of 2021, respectively, and $44 million and $117 million during the second quarter and first half of 2020, respectively, related to principal and interest payments on these securities and loans.

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

		2021	2020
Quarter ended June 30,			
Prepayment speed (1)		**13.4 %**	15.0
Discount rate		**6.1**	7.0
Cost to service ($ per loan) (2)	$	**91**	97
Six months ended June 30,			
Prepayment speed (1)		**13.8 %**	14.0
Discount rate		**6.0**	6.8
Cost to service ($ per loan) (2)	$	**87**	94

(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 15 (Fair Values of Assets and Liabilities) and Note 9 (Mortgage Banking Activities) for additional information on key economic assumptions for residential MSRs.

SALE OF STUDENT LOAN PORTFOLIO In the second quarter and first half of 2021, we sold $3.9 billion and $9.5 billion of student loans, servicing-released, respectively. For the same periods, we received $4.0 billion and $9.8 billion in proceeds from the sales, respectively, and recognized $147 million and $355 million of gains, respectively, which are included in other noninterest income on our consolidated statement of income. In connection with the sales, we provided $1.6 billion and $3.8 billion of collateralized loan financing to a third-party sponsored VIE in the second quarter and first half of 2021, respectively. The loans are measured at amortized cost and are classified in loans on the consolidated balance sheet. The collateral supporting our loan includes the student loans we sold. We do not consolidate the VIE as we do not have power over the significant activities of the entity.

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. Table 8.3 presents information about assets transferred to re-securitization VIEs and Table 8.4 presents information about our resecuritization VIEs.

Table 8.3: Transfers to Resecuritization VIEs

(in millions)		2021	2020
Quarter ended June 30,			
Assets sold	$	**7,873**	19,982
Securities recognized		**(99)**	153
Six months ended June 30,			
Assets sold	$	**25,302**	29,454
Securities recognized		**915**	815

Table 8.4: Resecuritization VIEs

(in millions)		Jun 30, 2021	Dec 31, 2020
Total VIE assets	$	**125,543**	130,446
Carrying value of securities		**1,137**	1,461

Off-Balance Sheet Loans

Table 8.5 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 servicer). 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 8.5: Off-Balance Sheet Loans Sold or Securitized

		Total loans		Delinquent loans and foreclosed assets (1)		Net charge-offs (2) Six months ended June 30,	
(in millions)		Jun 30, 2021	Dec 31, 2020	Jun 30, 2021	Dec 31, 2020	2021	2020
Commercial	$	**116,704**	114,134	**2,363**	2,217	**122**	83
Residential		**738,698**	818,886	**20,869**	29,962	**12**	59
Total off-balance sheet sold or securitized loans (3)	$	**855,402**	933,020	**23,232**	32,179	**134**	142

(1) Includes $203 million and $394 million of commercial foreclosed assets and $163 million and $204 million of residential foreclosed assets at June 30, 2021, and December 31, 2020, 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 June 30, 2021, and December 31, 2020, the table includes total loans of $784.3 billion and $864.8 billion, delinquent loans of $19.8 billion and $28.5 billion, and foreclosed assets of $124 million and $152 million, respectively, for FNMA, FHLMC and GNMA.

Transactions with Unconsolidated VIEs

MORTGAGE LOAN SECURITIZATIONS Table 8.6 includes nonconforming mortgage loan securitizations where we originate and transfer the loans to the unconsolidated securitization VIEs that we sponsor. For additional 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 and resecuritization transactions involving the GSEs and GNMA are excluded from Table 8.6 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 additional information about conforming mortgage loan securitizations and resecuritizations, see the "Loan Sales and Securitization Activity" and "Resecuritization Activities" sections 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.

COMMERCIAL REAL ESTATE LOANS We transfer purchased industrial development bonds and GSE credit enhancements to VIEs in exchange for beneficial interests. We own all of the beneficial interests and may also service the underlying mortgages that serve as collateral to the bonds. Prior to first quarter 2021, we consolidated these VIEs as we controlled the key decisions. During first quarter 2021, we amended the structures such that we no longer control the key decisions of the VIEs. The GSEs have the power to direct the servicing and workout activities of the VIE in the event of a default. As a result, we deconsolidated the VIEs during first quarter 2021, and recognized the beneficial interests at fair value on our consolidated balance sheet.

OTHER VIE STRUCTURES We engage in various forms of structured finance arrangements with other VIEs, including collateralized debt obligations, asset-backed finance structures and other securitizations collateralized by asset classes other than mortgages. Collateral may include rental properties, asset-backed securities, student loans, mortgage loans 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 8.6 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 8.6, "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.

Table 8.6: Unconsolidated VIEs

		Carrying value – asset (liability)					
(in millions)	**Total VIE assets**	**Loans**	**Debt securities (1)**	**Equity securities**	**All other assets (2)**	**Debt and other liabilities**	**Net assets**
June 30, 2021							
Nonconforming mortgage loan securitizations	**$ 134,023**	**—**	**2,401**	**—**	**663**	**—**	**3,064**
Tax credit structures	**41,058**	**1,875**	**—**	**11,448**	**—**	**(4,218)**	**9,105**
Commercial real estate loans	**5,366**	**5,357**	**—**	**—**	**8**	**—**	**5,365**
Other	**6,541**	**1,888**	**—**	**57**	**52**	**(1)**	**1,996**
Total	**$ 186,988**	**9,120**	**2,401**	**11,505**	**723**	**(4,219)**	**19,530**

	Maximum exposure to loss					
	Loans	**Debt securities (1)**	**Equity securities**	**All other assets (2)**	**Debt, guarantees, and other commitments**	**Total exposure**
Nonconforming mortgage loan securitizations	**$ —**	**2,401**	**—**	**663**	**31**	**3,095**
Tax credit structures	**1,875**	**—**	**11,448**	**—**	**3,023**	**16,346**
Commercial real estate loans	**5,357**	**—**	**—**	**8**	**712**	**6,077**
Other	**1,888**	**—**	**57**	**52**	**230**	**2,227**
Total	**$ 9,120**	**2,401**	**11,505**	**723**	**3,996**	**27,745**

		Carrying value – asset (liability)					
(in millions)	Total VIE assets	Loans	Debt securities (1)	Equity securities	All other assets (2	Debt and other liabilities	Net assets
December 31, 2020							
Nonconforming mortgage loan securitizations	$ 127,717	—	2,303	—	606	—	2,909
Tax credit structures (3)	41,125	1,760	—	11,362	—	(4,202)	8,920
Commercial real estate loans	—	—	—	—	—	—	—
Other	1,991	89	—	51	62	(1)	201
Total	$ 170,833	1,849	2,303	11,413	668	(4,203)	12,030

	Maximum exposure to loss					
	Loans	Debt securities (1)	Equity securities	All other assets (2)	Debt, guarantees, and other commitments	Total exposure
Nonconforming mortgage loan securitizations	$ —	2,303	—	607	34	2,944
Tax credit structures (3)	1,760	—	11,362	—	3,108	16,230
Commercial real estate loans	—	—	—	—	—	—
Other	89	—	51	62	230	432
Total	$ 1,849	2,303	11,413	669	3,372	19,606

(1) Includes $317 million and $310 million of securities classified as trading at June 30, 2021, and December 31, 2020, respectively.
(2) All other assets includes mortgage servicing rights, derivative assets, and other assets (predominantly servicing advances).
(3) In second quarter 2021, we elected to change our accounting method for low-income housing tax credit investments. Prior period balances have been revised to conform with the current period presentation. For additional information, see Note 1 (Summary of Significant Accounting Policies).

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 8.7. 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.

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 8.7 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 8.7: Transactions with Consolidated VIEs

			Carrying value – asset (liability)				
(in millions)		Total VIE assets	Loans	Debt securities (1)	All other assets (2)	Long-term debt	All other liabilities (3)
June 30, 2021							
Commercial and industrial loans and leases	**$**	**6,981**	**3,623**	**—**	**238**	**—**	**(183)**
Commercial real estate loans (4)		**—**	**—**	**—**	**—**	**—**	**—**
Other		**1,138**	**452**	**518**	**96**	**(178)**	**(404)**
Total consolidated VIEs	**$**	**8,119**	**4,075**	**518**	**334**	**(178)**	**(587)**
December 31, 2020							
Commercial and industrial loans and leases	$	6,987	5,005	—	223	—	(200)
Commercial real estate loans (4)		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)

(1) Includes $117 million and $269 million of securities classified as trading at June 30, 2021, and December 31, 2020, 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.
(4) For structure description, see the "Transactions with Unconsolidated VIEs" section within this Note. These consolidated VIEs were deconsolidated in first quarter 2021.

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. In our consolidated balance sheet we reported the debt securities issued to the VIEs as long-term junior subordinated debt with a carrying value of $381 million and $704 million at June 30, 2021, and December 31, 2020, respectively. In second quarter 2021, we liquidated certain of our trust preferred security VIEs. As part of these liquidations, the preferred securities issued by the trusts were canceled and junior subordinated debentures with a total carrying value of $332 million were distributed to the preferred security holders. See Note 16 (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 insignificant in the second quarter and first half of both 2021 and 2020.

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 $1.5 billion and $1.4 billion at June 30, 2021, and June 30, 2020, respectively. Table 9.1 presents the changes in MSRs measured using the fair value method.

Table 9.1: Analysis of Changes in Fair Value MSRs

	Quarter ended June 30,		Six months ended June 30,	
(in millions)	**2021**	2020	**2021**	2020
Fair value, beginning of period	**$ 7,536**	8,126	**6,125**	11,517
Servicing from securitizations or asset transfers (1)	**485**	462	**891**	923
Sales and other (2)	**(7)**	(1)	**(8)**	(32)
Net additions	**478**	461	**883**	891
Changes in fair value:				
Due to valuation inputs or assumptions:				
Mortgage interest rates (3)	**(529)**	(600)	**1,101**	(3,622)
Servicing and foreclosure costs (4)	**—**	(349)	**9**	(422)
Discount rates	**160**	—	**207**	27
Prepayment estimates and other (5)	**(440)**	(182)	**(535)**	(371)
Net changes in valuation inputs or assumptions	**(809)**	(1,131)	**782**	(4,388)
Changes due to collection/realization of expected cash flows (6)	**(488)**	(637)	**(1,073)**	(1,201)
Total changes in fair value	**(1,297)**	(1,768)	**(291)**	(5,589)
Fair value, end of period	**$ 6,717**	6,819	**6,717**	6,819

(1) Includes impacts associated with exercising cleanup calls on securitizations and our right to repurchase delinquent loans from GNMA loan securitization pools. MSRs may increase upon repurchase due to servicing liabilities associated with these delinquent GNMA loans.
(2) Includes sales and transfers of MSRs, which can result in an increase in MSRs 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 MSRs to immediate adverse changes in those assumptions. Amounts for residential MSRs include purchased servicing rights as well as servicing rights resulting from the transfer of loans. See Note 15 (Fair Values of Assets and Liabilities) for additional information on key economic assumptions for residential MSRs.

Table 9.2: Economic Assumptions and Sensitivity of Residential MSRs

($ in millions, except cost to service amounts)	**Jun 30, 2021**	Dec 31, 2020
Fair value of interests held	**$ 6,717**	6,125
Expected weighted-average life (in years)	**4.2**	3.7
Key economic assumptions:		
Prepayment speed assumption	**17.2 %**	19.9
Impact on fair value from 10% adverse change	**$ 417**	434
Impact on fair value from 25% adverse change	**967**	1,002
Discount rate assumption	**5.4 %**	5.8
Impact on fair value from 100 basis point increase	**$ 274**	229
Impact on fair value from 200 basis point increase	**525**	440
Cost to service assumption ($ per loan)	**111**	130
Impact on fair value from 10% adverse change	**171**	181
Impact on fair value from 25% adverse change	**427**	454

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.

Note 9: Mortgage Banking Activities *(continued)*

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)	Jun 30, 2021	Dec 31, 2020
Residential mortgage servicing:		
Serviced and subserviced for others	$ **771**	859
Owned loans serviced	**284**	323
Total residential servicing	**1,055**	1,182
Commercial mortgage servicing:		
Serviced and subserviced for others	**584**	583
Owned loans serviced	**123**	123
Total commercial servicing	**707**	706
Total managed servicing portfolio	$ **1,762**	1,888
Total serviced for others, excluding subserviced for others	$ **1,344**	1,431
MSRs as a percentage of loans serviced for others	**0.60 %**	0.52
Weighted average note rate (mortgage loans serviced for others)	**3.93**	4.03

At both June 30, 2021, and December 31, 2020, we had servicer advances, net of an allowance for uncollectible amounts, of $3.4 billion. 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

		Quarter ended June 30,		Six months ended June 30,	
(in millions)		**2021**	2020	**2021**	2020
Servicing fees:					
Contractually specified servicing fees, late charges and ancillary fees		$ **692**	749	**1,416**	1,614
Unreimbursed direct servicing costs (1)		**(90)**	(105)	**(214)**	(212)
Servicing fees		**602**	644	**1,202**	1,402
Amortization (2)		**(33)**	(100)	**(98)**	(166)
Changes due to collection/realization of expected cash flows (3)	(A)	**(488)**	(637)	**(1,073)**	(1,201)
Net servicing fees		**81**	(93)	**31**	35
Changes in fair value of MSRs due to valuation inputs or assumptions (4)	(B)	**(809)**	(1,131)	**782**	(4,388)
Net derivative gains (losses) from economic hedges (5)		**707**	535	**(933)**	3,935
Market-related valuation changes to MSRs, net of hedge results		**(102)**	(596)	**(151)**	(453)
Total servicing income, net		**(21)**	(689)	**(120)**	(418)
Net gains on mortgage loan originations/sales (6)		**1,357**	1,006	**2,782**	1,114
Total mortgage banking noninterest income		$ **1,336**	317	**2,662**	696
Total changes in fair value of MSRs carried at fair value	(A)+(B)	$ **(1,297)**	(1,768)	**(291)**	(5,589)

(1) Includes costs associated with foreclosures, unreimbursed interest advances to investors, and other interest costs.
(2) Includes a $37 million reversal of impairment recorded in the second quarter and first half of 2021, on the commercial amortized MSRs. Also, includes $30 million impairment recorded in the second quarter and first half of 2020, on the commercial amortized MSRs.
(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 14 (Derivatives) for additional discussion and detail on economic hedges.
(6) Includes net gains (losses) of $(420) million and $845 million in the second quarter and first half of 2021, respectively, and $(393) million and $(1.3) billion in the second quarter and first half of 2020, 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

	June 30, 2021			December 31, 2020		
(in millions)	**Gross carrying value**	**Accumulated amortization**	**Net carrying value**	Gross carrying value	Accumulated amortization	Net carrying value
Amortized intangible assets (1):						
MSRs (2)	**$ 4,690**	**(3,398)**	**1,292**	4,612	(3,300)	1,312
Customer relationship and other intangibles	**879**	**(592)**	**287**	879	(551)	328
Total amortized intangible assets	**$ 5,569**	**(3,990)**	**1,579**	5,491	(3,851)	1,640
Unamortized intangible assets:						
MSRs (carried at fair value)	**$ 6,717**			6,125		
Goodwill	**26,194**			26,392		
Trademark	**14**			14		

(1) Balances are excluded commencing in the period following full amortization.
(2) Includes a $5 million and $37 million valuation allowance recorded for amortized MSRs at June 30, 2021, and December 31, 2020, respectively. 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 June 30, 2021. 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
Six months ended June 30, 2021 (actual)	**$ 98**	**41**	**139**
Estimate for the remainder of 2021	**$ 127**	**40**	**167**
Estimate for year ended December 31,			
2022	232	68	300
2023	203	59	262
2024	177	48	225
2025	152	39	191
2026	117	32	149

In the first half of 2021, we announced agreements to sell Wells Fargo Asset Management and Corporate Trust Services and transferred the associated goodwill from the Wealth and Investment Management operating segment and the Commercial Banking operating segment, respectively, to Corporate. Also in the first half of 2021, we recognized goodwill write-downs related to sales of the student loan portfolio and our Canadian equipment finance business. Table 10.3 shows the allocation of goodwill to our reportable operating segments.

Table 10.3: Goodwill

(in millions)	Consumer Banking and Lending	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate	Consolidated Company
December 31, 2020	$ 16,418	3,018	5,375	1,276	305	26,392
Divestitures	**—**	**—**	**—**	**—**	**(201)**	**(201)**
Foreign currency translation	**—**	**3**	**—**	**—**	**—**	**3**
Transfers of goodwill	**—**	**(80)**	**—**	**(932)**	**1,012**	**—**
June 30, 2021	**$ 16,418**	**2,941**	**5,375**	**344**	**1,116**	**26,194**

Note 11: 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 11.1 shows carrying value, maximum exposure to loss on our guarantees and the related non-investment grade amounts.

Table 11.1: 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
June 30, 2021								
Standby letters of credit	**$**	**132**	**12,639**	**4,838**	**1,927**	**457**	**19,861**	**6,873**
Direct pay letters of credit		**10**	**1,927**	**2,544**	**368**	**43**	**4,882**	**1,140**
Written options (1)		**(548)**	**12,943**	**6,278**	**723**	**58**	**20,002**	**13,666**
Loans and LHFS sold with recourse (2)		**30**	**89**	**826**	**3,010**	**9,323**	**13,248**	**11,216**
Exchange and clearing house guarantees		**—**	**—**	**—**	**—**	**5,243**	**5,243**	**—**
Other guarantees and indemnifications (3)		**1**	**629**	**3**	**—**	**239**	**871**	**570**
Total guarantees	**$**	**(375)**	**28,227**	**14,489**	**6,028**	**15,363**	**64,107**	**33,465**
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

(1) Written options, which are in the form of derivatives, are also included in the derivative disclosures in Note 14 (Derivatives). Carrying value net asset position is a result of certain deferred premium option trades.
(2) Represents recourse provided, all to the GSEs, on loans sold under various programs and arrangements.
(3) Includes indemnifications provided to certain third-party clearing agents. Estimated maximum exposure to loss was $210 million and $1.4 billion with related collateral of $2.1 billion and $1.2 billion as of June 30, 2021, and December 31, 2020, 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 11.1 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).

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 first half of 2021, we processed card transaction volume of $790.2 billion 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 $1.6 billion and $2.3 billion at June 30, 2021, and December 31, 2020, 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 additional information regarding other restrictions on the Parent's ability to receive dividends, loan payments and other funds from its subsidiaries, see Note 23 (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 June 30, 2021, and December 31, 2020, we had commitments to purchase debt securities of $18 million and commitments to purchase equity securities of $3.2 billion.

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 11.1 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 $12.9 billion and $12.0 billion as of June 30, 2021, and December 31, 2020, 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 12: Pledged Assets and Collateral

Pledged Assets

Table 12.1 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 collateral we pledge related to trading activity 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 12.1: Pledged Assets

(in millions)		Jun 30, 2021	Dec 31, 2020
Related to trading activities:			
Repledged third-party owned debt and equity securities	$	**37,134**	44,765
Trading debt securities and other		**18,362**	19,572
Equity securities		**704**	470
Total pledged assets related to trading activities		**56,200**	64,807
Related to non-trading activities:			
Loans		**308,551**	344,220
Debt securities:			
Available-for-sale		**59,512**	57,289
Held-to-maturity		**11,552**	17,290
Other financial assets		**531**	230
Total pledged assets related to non-trading activities		**380,146**	419,029
Related to VIEs:			
Consolidated VIE assets		**4,927**	12,146
Loans eligible for repurchase from GNMA securitizations		**130**	179
Total pledged assets related to VIEs		**5,057**	12,325
Total pledged assets	$	**441,403**	496,161

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 12.2 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 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 12.2, we also have balance sheet netting related to derivatives that is disclosed in Note 14 (Derivatives).

Table 12.2: Offsetting – Securities Financing Activities

(in millions)		Jun 30, 2021	Dec 31, 2020
Assets:			
Resale and securities borrowing agreements			
Gross amounts recognized	$	**101,027**	92,446
Gross amounts offset in consolidated balance sheet (1)		**(13,845)**	(11,513)
Net amounts in consolidated balance sheet (2)		**87,182**	80,933
Collateral not recognized in consolidated balance sheet (3)		**(86,453)**	(80,158)
Net amount (4)	$	**729**	775
Liabilities:			
Repurchase and securities lending agreements			
Gross amounts recognized	$	**47,281**	57,622
Gross amounts offset in consolidated balance sheet (1)		**(13,844)**	(11,513)
Net amounts in consolidated balance sheet (5)		**33,437**	46,109
Collateral pledged but not netted in consolidated balance sheet (6)		**(33,177)**	(45,819)
Net amount (4)	$	**260**	290

(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 $70.1 billion and $65.6 billion classified on our consolidated balance sheet in federal funds sold and securities purchased under resale agreements at June 30, 2021, and December 31, 2020, respectively. Also includes securities purchased under long-term resale agreements (generally one year or more) classified in loans, which totaled $17.1 billion and $15.3 billion, at June 30, 2021, and December 31, 2020, 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 June 30, 2021, and December 31, 2020, we have received total collateral with a fair value of $118.9 billion and $108.5 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 $34.5 billion and $36.1 billion at June 30, 2021, and December 31, 2020, 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 June 30, 2021, and December 31, 2020, we have pledged total collateral with a fair value of $48.5 billion and $59.2 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 12.3 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 12.3: Gross Obligations by Underlying Collateral Type

(in millions)		Jun 30, 2021	Dec 31, 2020
Repurchase agreements:			
Securities of U.S. Treasury and federal agencies	$	**19,730**	22,922
Securities of U.S. States and political subdivisions		**24**	4
Federal agency mortgage-backed securities		**8,029**	15,353
Non-agency mortgage-backed securities		**860**	1,069
Corporate debt securities		**10,047**	9,944
Asset-backed securities		**1,262**	1,054
Equity securities		**892**	1,500
Other		**783**	336
Total repurchases		**41,627**	52,182
Securities lending arrangements:			
Securities of U.S. Treasury and federal agencies		**42**	64
Federal agency mortgage-backed securities		**31**	23
Corporate debt securities		**45**	79
Equity securities (1)		**5,422**	5,189
Other		**114**	85
Total securities lending		**5,654**	5,440
Total repurchases and securities lending	$	**47,281**	57,622

(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 12.4 provides the contractual maturities of our gross obligations under repurchase and securities lending agreements.

Table 12.4: Contractual Maturities of Gross Obligations

(in millions)		Overnight/ continuous	Up to 30 days	30-90 days	>90 days	Total gross obligation
June 30, 2021						
Repurchase agreements	**$**	**28,584**	**3,093**	**4,765**	**5,185**	**41,627**
Securities lending arrangements		**4,853**	**200**	**601**	**—**	**5,654**
Total repurchases and securities lending (1)	**$**	**33,437**	**3,293**	**5,366**	**5,185**	**47,281**
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

(1) Securities lending is executed under agreements that allow either party to terminate the transaction without notice, while repurchase agreements have a term structure to them that technically matures at a point in time. The overnight/continuous repurchase agreements require election of both parties to roll the trade rather than the election to terminate the arrangement as in securities lending.

Note 13: 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 actions alleging, among other things, unfair and deceptive practices relating to these CPI policies, were filed against the Company and consolidated into one multi-district litigation in the United States District Court for the Central District of California. As previously disclosed, the Company entered into a settlement to resolve the multi-district litigation. Shareholders also filed a putative 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 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. In June 2021, the court granted preliminary approval of an agreement pursuant to which the Company will pay $45 million and make certain changes to its GAP refund practices in order to settle the action. 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, including the CFPB. As previously disclosed, the Company entered into an agreement to resolve investigations by the state attorneys general.

COMMERCIAL LENDING SHAREHOLDER LITIGATION In October and November 2020, plaintiffs filed two putative securities fraud class actions 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 putative 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 INVESTIGATIONS 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. The CFPB is also investigating certain of the Company's past disclosures to customers regarding the minimum qualifying debit card usage required for customers to receive a waiver of monthly service fees on certain consumer deposit accounts.

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 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.

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.

MORTGAGE LENDING MATTERS Plaintiffs representing a 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. In June 2021, the Company entered into an agreement pursuant to which the Company will pay an additional approximately $22 million to resolve the *Hernandez* case. In July 2021, the Company entered into an agreement in the *Ryder* case pursuant to which the Company will pay $12 million to cover other impacted borrowers who were not included in the *Hernandez* case. The *Dore* and *Coordes* cases have been voluntarily dismissed. In addition, federal banking regulators and other 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, which was appealed by plaintiffs to the United States Court of Appeals for the Eleventh Circuit. In April 2021, the Eleventh Circuit upheld the district court's decision.

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. The Company has responded to requests from certain of the foregoing. As previously disclosed, the Company entered into agreements to resolve the state attorneys general investigations. 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 made payments totaling $3.0 billion. In addition, as part of the settlements and included in the $3.0 billion amount, the Company 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 were filed by non-governmental parties seeking damages or other remedies related to these retail sales practices. As previously disclosed, the Company entered into various settlements to resolve these lawsuits.

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 actions 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. In March 2021, the Company entered into an agreement to resolve the case filed by the NCUA.

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 $2.8 billion as of June 30, 2021. 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. Based on information currently available, advice of counsel, available insurance coverage, and established reserves, Wells Fargo believes that the eventual outcome of the 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 14: 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. For additional information on our derivative activities, see Note 16 (Derivatives) in our 2020 Form 10-K.

Table 14.1 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 14.1: Notional or Contractual Amounts and Fair Values of Derivatives

	June 30, 2021			December 31, 2020		
	Notional or contractual amount	Fair value		Notional or contractual amount	Fair value	
(in millions)		Derivative assets	Derivative liabilities		Derivative assets	Derivative liabilities
Derivatives designated as hedging instruments						
Interest rate contracts	$ **166,843**	**2,428**	**529**	184,090	3,212	789
Foreign exchange contracts	**39,001**	**1,143**	**504**	47,331	1,381	607
Total derivatives designated as qualifying hedging instruments		**3,571**	**1,033**		4,593	1,396
Derivatives not designated as hedging instruments						
Economic hedges:						
Interest rate contracts	**231,356**	**251**	**161**	261,159	341	344
Equity contracts	**27,740**	**1,582**	**392**	25,997	1,363	490
Foreign exchange contracts	**53,396**	**372**	**1,292**	47,106	331	1,515
Credit contracts	**72**	**26**	**—**	73	31	—
Subtotal		**2,231**	**1,845**		2,066	2,349
Customer accommodation trading and other derivatives:						
Interest rate contracts	**9,256,224**	**24,068**	**18,785**	7,947,941	32,510	25,169
Commodity contracts	**76,612**	**7,234**	**2,309**	65,790	2,036	1,543
Equity contracts	**322,733**	**17,697**	**21,126**	280,195	17,522	21,516
Foreign exchange contracts	**415,458**	**6,177**	**4,505**	412,879	6,891	6,034
Credit contracts	**36,179**	**49**	**50**	34,329	64	58
Subtotal		**55,225**	**46,775**		59,023	54,320
Total derivatives not designated as hedging instruments		**57,456**	**48,620**		61,089	56,669
Total derivatives before netting		**61,027**	**49,653**		65,682	58,065
Netting		**(35,612)**	**(35,102)**		(39,836)	(41,556)
Total		$ **25,415**	**14,551**		25,846	16,509

Table 14.2 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 $52.9 billion and $44.7 billion of gross derivative assets and liabilities, respectively, at June 30, 2021, and $54.6 billion and $50.1 billion, respectively, at December 31, 2020, 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 $8.1 billion and $5.0 billion, respectively, at June 30, 2021, and $11.1 billion and $8.0 billion, respectively, at December 31, 2020, 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 $2.6 billion and $828 million, respectively, at June 30, 2021, and $1.8 billion and $984 million, respectively, at December 31, 2020.

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 14.2 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 14.2. 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 12 (Pledged Assets and Collateral).

Table 14.2: 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
June 30, 2021							
Derivative assets							
Interest rate contracts	**$**	**26,747**	**(16,711)**	**10,036**	**(680)**	**9,356**	**97 %**
Commodity contracts		**7,234**	**(1,481)**	**5,753**	**(14)**	**5,739**	**92**
Equity contracts		**19,279**	**(11,488)**	**7,791**	**(766)**	**7,025**	**69**
Foreign exchange contracts		**7,692**	**(5,892)**	**1,800**	**(28)**	**1,772**	**100**
Credit contracts		**75**	**(40)**	**35**	**(1)**	**34**	**90**
Total derivative assets	**$**	**61,027**	**(35,612)**	**25,415**	**(1,489)**	**23,926**	
Derivative liabilities							
Interest rate contracts	**$**	**19,475**	**(16,453)**	**3,022**	**(1,524)**	**1,498**	**96 %**
Commodity contracts		**2,309**	**(1,086)**	**1,223**	**(17)**	**1,206**	**50**
Equity contracts		**21,518**	**(12,956)**	**8,562**	**(749)**	**7,813**	**79**
Foreign exchange contracts		**6,301**	**(4,574)**	**1,727**	**(423)**	**1,304**	**100**
Credit contracts		**50**	**(33)**	**17**	**(3)**	**14**	**90**
Total derivative liabilities	**$**	**49,653**	**(35,102)**	**14,551**	**(2,716)**	**11,835**	
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	

(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 $299 million and $399 million and debit valuation adjustments related to derivative liabilities were $145 million and $201 million as of June 30, 2021, and December 31, 2020, respectively. Cash collateral totaled $5.4 billion and $5.1 billion, netted against derivative assets and liabilities, respectively, at June 30, 2021, and $5.5 billion and $7.5 billion, respectively, at December 31, 2020.

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 21 (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 $76 million pre-tax of deferred net losses related to cash flow hedges in OCI at June 30, 2021, 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 June 30, 2021, we are hedging our foreign currency exposure to the variability of future cash flows for all forecasted transactions for a maximum of 9 years. For additional information on our accounting hedges, see Note 1 (Summary of Significant Accounting Policies).

Table 14.3 and Table 14.4 show the net gains (losses) related to derivatives in fair value and cash flow hedging relationships, respectively.

Table 14.3: Gains (Losses) Recognized on Fair Value Hedging Relationships

		Net interest income			Noninterest income	Total recorded in net income	Total recorded in OCI
(in millions)		Debt securities	Deposits	Long-term debt	Other	Derivative gains (losses)	Derivative gains (losses)
Quarter ended June 30, 2021							
Total amounts presented in the consolidated statement of income and other comprehensive income	**$**	**2,199**	**(92)**	**(712)**	**692**	**N/A**	**37**
Interest contracts							
Amounts related to interest settlements on derivatives		**(68)**	**74**	**541**	**—**	**547**	
Recognized on derivatives		**(468)**	**(61)**	**2,453**	**—**	**1,924**	**—**
Recognized on hedged items		**452**	**62**	**(2,402)**	**—**	**(1,888)**	
Total gains (losses) (pre-tax) on interest rate contracts		**(84)**	**75**	**592**	**—**	**583**	**—**
Foreign exchange contracts							
Amounts related to interest settlements on derivatives		**15**	**—**	**4**	**—**	**19**	
Recognized on derivatives		**2**	**—**	**(42)**	**202**	**162**	**(14)**
Recognized on hedged items		**(1)**	**—**	**44**	**(203)**	**(160)**	
Total gains (losses) (pre-tax) on foreign exchange contracts		**16**	**—**	**6**	**(1)**	**21**	**(14)**
Total gains (losses) (pre-tax) recognized on fair value hedges	**$**	**(68)**	**75**	**598**	**(1)**	**604**	**(14)**
Quarter ended June 30, 2020							
Total amounts presented in the consolidated statement of income and other comprehensive income	$	2,946	(585)	(1,237)	912	N/A	3
Interest contracts							
Amounts related to interest settlements on derivatives		(93)	152	428	—	487	
Recognized on derivatives		(21)	(86)	549	—	442	—
Recognized on hedged items		63	77	(618)	—	(478)	
Total gains (losses) (pre-tax) on interest rate contracts		(51)	143	359	—	451	—
Foreign exchange contracts							
Amounts related to interest settlements on derivatives		11	—	(46)	—	(35)	
Recognized on derivatives		(1)	—	117	709	825	(57)
Recognized on hedged items		1	—	(70)	(684)	(753)	
Total gains (losses) (pre-tax) on foreign exchange contracts		11	—	1	25	37	(57)
Total gains (losses) (pre-tax) recognized on fair value hedges	$	(40)	143	360	25	488	(57)

(continued on following page)

Note 14: Derivatives *(continued)*

(continued from previous page)

(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)
Six months ended June 30, 2021							
Total amounts presented in the consolidated statement of income and other comprehensive income	**$**	**4,511**	**(204)**	**(1,738)**	**1,674**	**N/A**	**84**
Interest contracts							
Amounts related to interest settlements on derivatives		**(135)**	**165**	**1,091**	**—**	**1,121**	
Recognized on derivatives		**826**	**(184)**	**(4,618)**	**—**	**(3,976)**	**—**
Recognized on hedged items		**(806)**	**181**	**4,542**	**—**	**3,917**	
Total gains (losses) (pre-tax) on interest rate contracts		**(115)**	**162**	**1,015**	**—**	**1,062**	**—**
Foreign exchange contracts							
Amounts related to interest settlements on derivatives		**43**	**—**	**3**	**—**	**46**	
Recognized on derivatives		**3**	**—**	**(269)**	**509**	**243**	**11**
Recognized on hedged items		**(2)**	**—**	**238**	**(520)**	**(284)**	
Total gains (losses) (pre-tax) on foreign exchange contracts		**44**	**—**	**(28)**	**(11)**	**5**	**11**
Total gains (losses) (pre-tax) recognized on fair value hedges	**$**	**(71)**	**162**	**987**	**(11)**	**1,067**	**11**
Six months ended June 30, 2020							
Total amounts presented in the consolidated statement of income and other comprehensive income	$	6,418	(2,327)	(2,477)	2,213	N/A	185
Interest contracts							
Amounts related to interest settlements on derivatives		(139)	222	602	—	685	
Recognized on derivatives		(1,892)	444	10,324	—	8,876	—
Recognized on hedged items		1,919	(434)	(10,044)	—	(8,559)	
Total gains (losses) (pre-tax) on interest rate contracts		(112)	232	882	—	1,002	—
Foreign exchange contracts							
Amounts related to interest settlements on derivatives		17	—	(131)	—	(114)	
Recognized on derivatives		(2)	—	224	(76)	146	87
Recognized on hedged items		3	—	(244)	80	(161)	
Total gains (losses) (pre-tax) on foreign exchange contracts		18	—	(151)	4	(129)	87
Total gains (losses) (pre-tax) recognized on fair value hedges	$	(94)	232	731	4	873	87

Table 14.4: 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)
Quarter ended June 30, 2021				
Total amounts presented in the consolidated statement of income and other comprehensive income	**$ 7,095**	**(712)**	**N/A**	**37**
Interest rate contracts:				
Realized gains (losses) (pre-tax) reclassified from OCI into net income	**(39)**	**—**	**(39)**	**39**
Net unrealized gains (losses) (pre-tax) recognized in OCI	**N/A**	**N/A**	**N/A**	**10**
Total gains (losses) (pre-tax) on interest rate contracts	**(39)**	**—**	**(39)**	**49**
Foreign exchange contracts:				
Realized gains (losses) (pre-tax) reclassified from OCI into net income	**—**	**(1)**	**(1)**	**1**
Net unrealized gains (losses) (pre-tax) recognized in OCI	**N/A**	**N/A**	**N/A**	**1**
Total gains (losses) (pre-tax) on foreign exchange contracts	**—**	**(1)**	**(1)**	**2**
Total gains (losses) (pre-tax) recognized on cash flow hedges	**$ (39)**	**(1)**	**(40)**	**51**
Quarter ended June 30, 2020				
Total amounts presented in the consolidated statement of income and other comprehensive income	$ 8,460	(1,237)	N/A	3
Interest rate contracts:				
Realized gains (losses) (pre-tax) reclassified from OCI into net income	(53)	1	(52)	52
Net unrealized gains (losses) (pre-tax) recognized in OCI	N/A	N/A	N/A	—
Total gains (losses) (pre-tax) on interest rate contracts	(53)	1	(52)	52
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	5
Total gains (losses) (pre-tax) on foreign exchange contracts	—	(3)	(3)	8
Total gains (losses) (pre-tax) recognized on cash flow hedges	$ (53)	(2)	(55)	60
Six months ended June 30, 2021				
Total amounts presented in the consolidated statement of income and other comprehensive income	**$ 14,296**	**(1,738)**	**N/A**	**84**
Interest rate contracts:				
Realized gains (losses) (pre-tax) reclassified from OCI into net income	**(91)**	**—**	**(91)**	**91**
Net unrealized gains (losses) (pre-tax) recognized in OCI	**N/A**	**N/A**	**N/A**	**(10)**
Total gains (losses) (pre-tax) on interest rate contracts	**(91)**	**—**	**(91)**	**81**
Foreign exchange contracts:				
Realized gains (losses) (pre-tax) reclassified from OCI into net income	**—**	**(2)**	**(2)**	**2**
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	**—**	**(2)**	**(2)**	**(8)**
Total gains (losses) (pre-tax) recognized on cash flow hedges	**$ (91)**	**(2)**	**(93)**	**73**
Six months ended June 30, 2020				
Total amounts presented in the consolidated statement of income and other comprehensive income	$ 18,543	(2,477)	N/A	185
Interest rate contracts:				
Realized gains (losses) (pre-tax) reclassified from OCI into net income	(109)	1	(108)	108
Net unrealized gains (losses) (pre-tax) recognized in OCI	N/A	N/A	N/A	—
Total gains (losses) (pre-tax) on interest rate contracts	(109)	1	(108)	108
Foreign exchange contracts:				
Realized gains (losses) (pre-tax) reclassified from OCI into net income	—	(5)	(5)	5
Net unrealized gains (losses) (pre-tax) recognized in OCI	N/A	N/A	N/A	(15)
Total gains (losses) (pre-tax) on foreign exchange contracts	—	(5)	(5)	(10)
Total gains (losses) (pre-tax) recognized on cash flow hedges	$ (109)	(4)	(113)	98

Table 14.5 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 14.5: Hedged Items in Fair Value Hedging Relationship

	Hedged Items Currently Designated		Hedged Items No Longer Designated (1)	
(in millions)	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)
June 30, 2021				
Available-for-sale debt securities (5)	**$ 28,655**	**(35)**	**16,792**	**994**
Deposits	**(14,206)**	**(295)**	**—**	**—**
Long-term debt	**(148,673)**	**(7,312)**	**(5,248)**	**2**
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

(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 $12.0 billion and for long-term debt is $(2.8) billion as of June 30, 2021, and $17.6 billion for debt securities and $(4.7) billion for long-term debt as of December 31, 2020.
(3) The balance includes $188 million and $160 million of debt securities and long-term debt cumulative basis adjustments as of June 30, 2021, respectively, and $205 million and $130 million of debt securities and long-term debt cumulative basis adjustments as of December 31, 2020, 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.

For additional information on economic hedges and other derivatives, see Note 14 (Derivatives) to Financial Statements in our 2020 Form 10-K.

Table 14.6 shows the net gains (losses), recognized by income statement lines, related to derivatives not designated as hedging instruments.

Table 14.6: Gains (Losses) on Derivatives Not Designated as Hedging Instruments

			Noninterest income		Noninterest expense
(in millions)	Mortgage banking	Net gains (losses) on trading and securities	Other	Total	Personnel expense
Quarter ended June 30, 2021					
Net gains (losses) recognized on economic hedges derivatives:					
Interest contracts (1)	**$ 287**	**—**	**14**	**301**	**—**
Equity contracts	**—**	**(762)**	**(4)**	**(766)**	**(239)**
Foreign exchange contracts	**—**	**—**	**(90)**	**(90)**	**—**
Credit contracts	**—**	**—**	**(5)**	**(5)**	**—**
Subtotal	**287**	**(762)**	**(85)**	**(560)**	**(239)**
Net gains (losses) recognized on customer accommodation trading and other derivatives:					
Interest contracts	**482**	**(594)**	**—**	**(112)**	**—**
Commodity contracts	**—**	**(36)**	**—**	**(36)**	**—**
Equity contracts	**—**	**(922)**	**(304)**	**(1,226)**	**—**
Foreign exchange contracts	**—**	**(24)**	**—**	**(24)**	**—**
Credit contracts	**—**	**(43)**	**—**	**(43)**	**—**
Subtotal	**482**	**(1,619)**	**(304)**	**(1,441)**	**—**
Net gains (losses) recognized related to derivatives not designated as hedging instruments	**$ 769**	**(2,381)**	**(389)**	**(2,001)**	**(239)**
Quarter ended June 30, 2020					
Net gains (losses) recognized on economic hedges derivatives:					
Interest contracts (1)	$ 142	—	(74)	68	—
Equity contracts	—	(1,402)	(6)	(1,408)	(141)
Foreign exchange contracts	—	—	(55)	(55)	—
Credit contracts	—	—	1	1	—
Subtotal	142	(1,402)	(134)	(1,394)	(141)
Net gains (losses) recognized on customer accommodation trading and other derivatives:					
Interest contracts	546	676	—	1,222	—
Commodity contracts	—	(224)	—	(224)	—
Equity contracts	—	(2,348)	(145)	(2,493)	—
Foreign exchange contracts	—	155	—	155	—
Credit contracts	—	(134)	—	(134)	—
Subtotal	546	(1,875)	(145)	(1,474)	—
Net gains (losses) recognized related to derivatives not designated as hedging instruments	$ 688	(3,277)	(279)	(2,868)	(141)

(continued on following page)

Note 14: Derivatives *(continued)*

(continued from previous page)

(in millions)	Mortgage banking	Net gains (losses) on trading and securities	Noninterest income: Other	Noninterest income: Total	Noninterest expense: Personnel expense
Six months ended June 30, 2021					
Net gains (losses) recognized on economic hedges derivatives:					
Interest contracts (1)	**$ (88)**	**—**	**(6)**	**(94)**	**—**
Equity contracts	**—**	**(337)**	**1**	**(336)**	**(399)**
Foreign exchange contracts	**—**	**—**	**(19)**	**(19)**	**—**
Credit contracts	**—**	**—**	**(5)**	**(5)**	**—**
Subtotal	**(88)**	**(337)**	**(29)**	**(454)**	**(399)**
Net gains (losses) recognized on customer accommodation trading and other derivatives:					
Interest contracts	**(49)**	**1,330**	**—**	**1,281**	**—**
Commodity contracts	**—**	**44**	**—**	**44**	**—**
Equity contracts	**—**	**(2,085)**	**(393)**	**(2,478)**	**—**
Foreign exchange contracts	**—**	**440**	**—**	**440**	**—**
Credit contracts	**—**	**(71)**	**—**	**(71)**	**—**
Subtotal	**(49)**	**(342)**	**(393)**	**(784)**	**—**
Net gains (losses) recognized related to derivatives not designated as hedging instruments	**$ (137)**	**(679)**	**(422)**	**(1,238)**	**(399)**
Six months ended June 30, 2020					
Net gains (losses) recognized on economic hedges derivatives:					
Interest contracts (1)	$ 2,613	—	(45)	2,568	—
Equity contracts	—	(183)	(34)	(217)	(141)
Foreign exchange contracts	—	—	572	572	—
Credit contracts	—	—	17	17	—
Subtotal	2,613	(183)	510	2,940	(141)
Net gains (losses) recognized on customer accommodation trading and other derivatives:					
Interest contracts	1,099	(1,787)	—	(688)	—
Commodity contracts	—	(112)	—	(112)	—
Equity contracts	—	2,401	(72)	2,329	—
Foreign exchange contracts	—	(402)	—	(402)	—
Credit contracts	—	147	—	147	—
Subtotal	1,099	247	(72)	1,274	—
Net gains (losses) recognized related to derivatives not designated as hedging instruments	$ 3,712	64	438	4,214	(141)

(1) Mortgage banking amounts for the second quarter and first half of 2021 are comprised of gains (losses) of $707 million and $(933) million, respectively, related to derivatives used as economic hedges of MSRs measured at fair value offset by gains (losses) of $(420) million and $845 million related to derivatives used as economic hedges of mortgage loans held for sale and derivative loan commitments. The corresponding amounts for the second quarter and first half of 2020 are comprised of gains (losses) of $535 million and $3.9 billion offset by gains (losses) of $(393) million and $(1.3) billion, respectively.

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 14.7 provides details of sold and purchased credit derivatives.

Table 14.7: 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
June 30, 2021								
Credit default swaps on:								
Corporate bonds	**$ 5**	**3**	**4,724**	**1,236**	**3,130**	**1,594**	**3,582**	**2021 - 2031**
Structured products	**—**	**4**	**16**	**16**	**12**	**4**	**82**	**2034 - 2047**
Credit protection on:								
Default swap index	**1**	**—**	**1,760**	**698**	**924**	**836**	**3,765**	**2021 - 2030**
Commercial mortgage-backed securities index	**2**	**15**	**283**	**29**	**258**	**25**	**134**	**2047 - 2072**
Asset-backed securities index	**—**	**7**	**41**	**41**	**40**	**1**	**1**	**2045 - 2046**
Other	**—**	**2**	**6,300**	**6,206**	**—**	**6,300**	**11,199**	**2021 - 2040**
Total credit derivatives	**$ 8**	**31**	**13,124**	**8,226**	**4,364**	**8,760**	**18,763**	
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	

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 14.8 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 14.8: Credit-Risk Contingent Features

(in billions)		**Jun 30, 2021**	Dec 31, 2020
Net derivative liabilities with credit-risk contingent features	**$**	**10.4**	10.5
Collateral posted		**9.4**	9.0
Additional collateral to be posted upon a below investment grade credit rating (1)		**1.0**	1.5

(1) Any credit rating below investment grade requires us to post the maximum amount of collateral.

Note 15: 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 15.1 in this Note. Additionally, from time to time, we record fair value adjustments on a nonrecurring basis. These nonrecurring adjustments typically involve application of lower of cost or fair value (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 15.4 in this Note. We provide in Table 15.8 estimates of fair value for financial instruments that are not recorded at fair value, such as loans and debt liabilities carried at amortized cost.

See Note 1 (Summary of Significant Accounting Policies) in our 2020 Form 10-K for discussion of how we determine fair value. For descriptions of the valuation methodologies we use for assets and liabilities recorded at fair value on a recurring or nonrecurring basis, see Note 17 (Fair Values of Assets and Liabilities) in our 2020 Form 10-K.

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) in our 2020 Form 10-K 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 and Liabilities Recorded at Fair Value on a Recurring Basis

Table 15.1 presents the balances of assets and liabilities recorded at fair value on a recurring basis.

Table 15.1: Fair Value on a Recurring Basis

	June 30, 2021				December 31, 2020			
(in millions)	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	$ 29,497	2,207	—	31,704	$ 32,060	3,197	—	35,257
Collateralized loan obligations	—	469	158	627	—	534	148	682
Corporate debt securities	—	12,062	11	12,073	—	10,696	13	10,709
Federal agency mortgage-backed securities	—	33,105	—	33,105	—	23,549	—	23,549
Non-agency mortgage-backed securities	—	1,275	22	1,297	—	1,039	12	1,051
Other debt securities	—	3,920	1	3,921	—	3,847	—	3,847
Total trading debt securities	29,497	53,038	192	82,727	32,060	42,862	173	75,095
Available-for-sale debt securities:								
Securities of U.S. Treasury and federal agencies	35,905	—	—	35,905	22,159	—	—	22,159
Non-U.S. government securities	—	11,201	—	11,201	—	16,813	—	16,813
Securities of U.S. states and political subdivisions	—	19,377	122	19,499	—	19,182	224	19,406
Federal agency mortgage-backed securities	—	96,534	—	96,534	—	139,070	—	139,070
Non-agency mortgage-backed securities	—	4,347	31	4,378	—	3,697	32	3,729
Collateralized loan obligations	—	12,407	—	12,407	—	9,018	—	9,018
Other debt securities	37	7,284	2,652	9,973	38	7,421	2,738	10,197
Total available-for-sale debt securities	35,942	151,150	2,805	189,897	22,197	195,201	2,994	220,392
Loans held for sale	—	17,825	1,069	18,894	—	17,572	1,234	18,806
Mortgage servicing rights (residential)	—	—	6,717	6,717	—	—	6,125	6,125
Derivative assets (gross):								
Interest rate contracts	20	26,370	357	26,747	11	35,590	462	36,063
Commodity contracts	—	7,139	95	7,234	—	1,997	39	2,036
Equity contracts	4,620	12,763	1,896	19,279	4,888	12,384	1,613	18,885
Foreign exchange contracts	21	7,664	7	7,692	19	8,573	11	8,603
Credit contracts	—	36	39	75	—	45	50	95
Total derivative assets (gross)	4,661	53,972	2,394	61,027	4,918	58,589	2,175	65,682
Equity securities:								
Marketable	25,138	186	1	25,325	23,995	596	5	24,596
Nonmarketable (1)	—	199	9,659	9,858	10	21	9,228	9,259
Total equity securities	25,138	385	9,660	35,183	24,005	617	9,233	33,855
Total assets prior to derivative netting	$ 95,238	276,370	22,837	394,445	$ 83,180	314,841	21,934	419,955
Derivative netting (2)				(35,612)				(39,836)
Total assets after derivative netting				358,833				380,119
Derivative liabilities (gross):								
Interest rate contracts	$ (14)	(19,418)	(43)	(19,475)	$ (27)	(26,259)	(16)	(26,302)
Commodity contracts	—	(2,216)	(93)	(2,309)	—	(1,503)	(40)	(1,543)
Equity contracts	(4,108)	(15,089)	(2,321)	(21,518)	(4,860)	(15,219)	(1,927)	(22,006)
Foreign exchange contracts	(14)	(6,280)	(7)	(6,301)	(10)	(8,134)	(12)	(8,156)
Credit contracts	—	(44)	(6)	(50)	—	(49)	(9)	(58)
Total derivative liabilities (gross)	(4,136)	(43,047)	(2,470)	(49,653)	(4,897)	(51,164)	(2,004)	(58,065)
Short-sale trading liabilities	(15,579)	(6,464)	—	(22,043)	(15,292)	(7,149)	—	(22,441)
Total liabilities prior to derivative netting	$ (19,715)	(49,511)	(2,470)	(71,696)	$ (20,189)	(58,313)	(2,004)	(80,506)
Derivative netting (2)				35,102				41,556
Total liabilities after derivative netting				(36,594)				(38,950)

(1) Excludes $148 million and $154 million of nonmarketable equity securities as of June 30, 2021, and December 31, 2020, 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 14 (Derivatives) for additional information.

Level 3 Assets and Liabilities Recorded at Fair Value on a Recurring Basis

Table 15.2 presents the changes in Level 3 assets and liabilities measured at fair value on a recurring basis.

Table 15.2: 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)
Quarter ended June 30, 2021										
Trading debt securities	**$ 192**	**4**	**123**	**(129)**	**(5)**	**15**	**(8)**	**192**	**1**	**(6)**
Available-for-sale debt securities	**3,142**	**28**	**9**	**—**	**(120)**	**11**	**(265)**	**2,805**	**41**	**(6)**
Loans held for sale	**1,166**	**15**	**131**	**(231)**	**(107)**	**97**	**(2)**	**1,069**	**9**	**(7)**
Mortgage servicing rights (residential) (8)	**7,536**	**(1,297)**	**485**	**(7)**	**—**	**—**	**—**	**6,717**	**(809)**	**(7)**
Net derivative assets and liabilities:										
Interest rate contracts	**1**	**458**	**—**	**—**	**(145)**	**—**	**—**	**314**	**167**	
Equity contracts	**(429)**	**(158)**	**—**	**—**	**120**	**(10)**	**52**	**(425)**	**(130)**	
Other derivative contracts	**56**	**(67)**	**2**	**(1)**	**42**	**—**	**3**	**35**	**(16)**	
Total derivative contracts	**(372)**	**233**	**2**	**(1)**	**17**	**(10)**	**55**	**(76)**	**21**	**(9)**
Equity securities	**8,865**	**794**	**—**	**—**	**—**	**1**	**—**	**9,660**	**794**	**(6)**
Quarter ended June 30, 2020										
Trading debt securities	$ 389	33	186	(346)	(5)	15	(49)	223	14	(6)
Available-for-sale debt securities	2,412	21	5	(28)	(100)	85	(297)	2,098	8	(6)
Loans held for sale	3,176	(41)	94	(288)	(64)	80	(2,199)	758	(32)	(7)
Mortgage servicing rights (residential) (8)	8,126	(1,768)	462	(1)	—	—	—	6,819	(1,131)	(7)
Net derivative assets and liabilities:										
Interest rate contracts	685	460	—	—	(622)	—	—	523	291	
Equity contracts	217	(277)	—	—	79	—	1	20	(387)	
Other derivative contracts	(3)	7	2	(1)	12	18	—	35	47	
Total derivative contracts	899	190	2	(1)	(531)	18	1	578	(49)	(9)
Equity securities	6,754	1,414	—	—	—	—	(3)	8,165	1,414	(6)
Six months ended June 30, 2021										
Trading debt securities	**$ 173**	**20**	**292**	**(302)**	**(5)**	**22**	**(8)**	**192**	**5**	**(6)**
Available-for-sale debt securities	**2,994**	**21**	**24**	**—**	**(188)**	**253**	**(299)**	**2,805**	**16**	**(6)**
Loans held for sale	**1,234**	**(4)**	**260**	**(379)**	**(217)**	**178**	**(3)**	**1,069**	**(5)**	**(7)**
Mortgage servicing rights (residential) (8)	**6,125**	**(291)**	**891**	**(8)**	**—**	**—**	**—**	**6,717**	**782**	**(7)**
Net derivative assets and liabilities:										
Interest rate contracts	**446**	**(83)**	**—**	**—**	**(44)**	**—**	**(5)**	**314**	**109**	
Equity contracts	**(314)**	**(326)**	**—**	**—**	**160**	**(37)**	**92**	**(425)**	**(236)**	
Other derivative contracts	**39**	**(40)**	**2**	**(1)**	**32**	**—**	**3**	**35**	**4**	
Total derivative contracts	**171**	**(449)**	**2**	**(1)**	**148**	**(37)**	**90**	**(76)**	**(123)**	**(9)**
Equity securities	**9,233**	**429**	**—**	**(5)**	**—**	**3**	**—**	**9,660**	**429**	**(6)**
Six months ended June 30, 2020										
Trading debt securities	$ 223	(85)	476	(439)	(15)	115	(52)	223	(69)	(6)
Available-for-sale debt securities	1,565	(121)	31	(33)	(148)	1,172	(368)	2,098	(99)	(6)
Loans held for sale	1,214	(104)	960	(358)	(162)	1,409	(2,201)	758	(34)	(7)
Mortgage servicing rights (residential) (8)	11,517	(5,589)	923	(33)	1	—	—	6,819	(4,388)	(7)
Net derivative assets and liabilities:										
Interest rate contracts	214	1,204	—	—	(895)	—	—	523	374	
Equity contracts	(269)	153	—	—	152	(10)	(6)	20	48	
Other derivative contracts	(5)	(48)	8	(4)	72	12	—	35	33	
Total derivative contracts	(60)	1,309	8	(4)	(671)	2	(6)	578	455	(9)
Equity securities	7,850	313	—	—	—	7	(5)	8,165	310	(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 $22 million and $36 million included in other comprehensive income from available-for-sale debt securities in the second quarter and first half of 2021, respectively. The corresponding amounts for the second quarter and first half of 2020 were $16 million and $(75) million, 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.
(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 $38 million and $31 million included in other comprehensive income from available-for-sale debt securities in the second quarter and first half of 2021 , respectively. The corresponding amounts for the second quarter and first half of 2020 were $13 million and $(40) million, respectively.
(6) Included in net gains on trading and securities in the consolidated statement of income.
(7) Included in mortgage banking income in the consolidated statement of income.
(8) For additional 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 15.3 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.

The significant unobservable inputs for Level 3 assets 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 (for additional information on vendor-developed valuations, see Note 17 (Fair Values of Assets and Liabilities) in our 2020 Form 10-K).

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 15.3: Valuation Techniques – Recurring Basis

($ in millions, except cost to service amounts)	Fair Value Level 3		Valuation Technique	Significant Unobservable Input	Range of Inputs				Weighted Average
June 30, 2021									
Trading and available-for-sale debt securities	**$ 1,926**		**Discounted cash flow**	**Discount rate**	**0.4**	**-**	**12.4**	**%**	**4.4**
	747		**Vendor priced**						
	193		**Market comparable pricing**	**Comparability adjustment**	**(29.1)**	**-**	**9.5**		**(6.6)**
	131		**Market comparable pricing**	**Multiples**	**0.4x**	**-**	**12.1x**		**6.5x**
Loans held for sale	**1,069**		**Discounted cash flow**	**Default rate**	**0.0**	**-**	**35.7**	**%**	**1.5**
				Discount rate	**1.1**	**-**	**12.5**		**4.6**
				Loss severity	**0.0**	**-**	**32.9**		**15.8**
				Prepayment rate	**6.9**	**-**	**17.6**		**12.9**
Mortgage servicing rights (residential)	**6,717**		**Discounted cash flow**	**Cost to service per loan (1)**	**$ 57**	**-**	**642**		**111**
				Discount rate	**4.6**	**-**	**8.3**	**%**	**5.4**
				Prepayment rate (2)	**14.2**	**-**	**21.4**		**17.2**
Net derivative assets and (liabilities):									
Interest rate contracts	**139**		**Discounted cash flow**	**Default rate**	**0.0**	**-**	**6.0**		**1.9**
				Loss severity	**50.0**	**-**	**50.0**		**50.0**
				Prepayment rate	**2.8**	**-**	**22.0**		**18.5**
Interest rate contracts: derivative loan commitments	**175**		**Discounted cash flow**	**Fall-out factor**	**1.0**	**-**	**99.0**		**20.2**
				Initial-value servicing	**(65.9)**	**-**	**151.0**	**bps**	**89.9**
Equity contracts	**239**		**Discounted cash flow**	**Conversion factor**	**(9.3)**	**-**	**0.0**	**%**	**(9.0)**
				Weighted average life	**0.0**	**-**	**2.5**	**yrs**	**1.4**
	(664)		**Option model**	**Correlation factor**	**(77.0)**	**-**	**99.0**	**%**	**17.5**
				Volatility factor	**6.5**	**-**	**78.8**		**21.8**
Nonmarketable equity securities	**9,659**		**Market comparable pricing**	**Comparability adjustment**	**(19.3)**	**-**	**(5.5)**		**(15.6)**
Insignificant Level 3 assets, net of liabilities	**36**								
Total Level 3 assets, net of liabilities	**$ 20,367**	**(3)**							
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	44								
Total Level 3 assets, net of liabilities	$ 19,930	(3)							

(1) The high end of the range of inputs is for servicing modified loans. For non-modified loans the range is $57 - $239 at June 30, 2021, and $63 - $252 at December 31, 2020.
(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 $22.8 billion and $21.9 billion and total Level 3 liabilities of $2.5 billion and $2.0 billion, before netting of derivative balances, at June 30, 2021, and December 31, 2020, respectively.

For additional information on the valuation techniques and significant unobservable inputs used in the valuation of our Level 3 assets and liabilities, including how changes in these inputs affect fair value estimates, see Note 17 (Fair Values of Assets and Liabilities) in our 2020 Form 10-K.

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 15.4 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 June 30, 2021, and December 31, 2020, and for which a nonrecurring fair value adjustment was recorded during the six months ended June 30, 2021, and year ended December 31, 2020.

Table 15.5 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 15.4: Fair Value on a Nonrecurring Basis

	June 30, 2021			December 31, 2020		
(in millions)	**Level 2**	**Level 3**	**Total**	Level 2	Level 3	Total
Loans held for sale (1)	**2,956**	**1,439**	**4,395**	2,672	2,945	5,617
Loans:						
Commercial	**432**	**—**	**432**	1,385	—	1,385
Consumer	**221**	**—**	**221**	395	—	395
Total loans	**653**	**—**	**653**	1,780	—	1,780
Mortgage servicing rights (commercial)	**—**	**567**	**567**	—	510	510
Nonmarketable equity securities	**3,882**	**85**	**3,967**	2,397	790	3,187
Other assets	**976**	**157**	**1,133**	1,350	428	1,778
Total assets at fair value on a nonrecurring basis	**$ 8,467**	**2,248**	**10,715**	8,199	4,673	12,872

(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. 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.

Table 15.5: Change in Value of Assets with Nonrecurring Fair Value Adjustment

	Six months ended June 30,	
(in millions)	**2021**	2020
Loans held for sale	**$ 38**	(77)
Loans:		
Commercial	**(182)**	(392)
Consumer	**(90)**	(128)
Total loans	**(272)**	(520)
Mortgage servicing rights (commercial)	**31**	(30)
Nonmarketable equity securities	**2,215**	(410)
Other assets	**(56)**	(394)
Total	**$ 1,956**	(1,431)

Table 15.6 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 and determined using 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 15.6: Valuation Techniques – Nonrecurring Basis

($ in millions)	Fair Value Level 3	Valuation Technique (1)	Significant Unobservable Input (1)		Range of Inputs Positive (Negative)			Weighted Average
June 30, 2021								
Loans held for sale (2)	**$ 1,269**	**Discounted cash flow**	**Default rate**	**(3)**	**0.8**	**-**	**80.2 %**	**30.3**
			Discount rate		**0.6**	**-**	**12.6**	**3.1**
			Loss severity		**0.3**	**-**	**51.0**	**5.9**
			Prepayment rate	**(4)**	**4.2**	**-**	**100.0**	**41.3**
	170	**Market comparable pricing**	**Comparability adjustment**		**(5.9)**	**-**	**(1.4)**	**(5.0)**
Mortgage servicing rights (commercial)	**567**	**Discounted cash flow**	**Cost to service per loan**		**$ 150**	**-**	**3,381**	**2,773**
			Discount rate		**4.0**	**-**	**4.2 %**	**4.0**
			Prepayment rate		**0.0**	**-**	**20.6**	**5.5**
Nonmarketable equity securities	**15**	**Market comparable pricing**	**Multiples**		**2.0x**	**-**	**3.3x**	**2.8x**
	65	**Market comparable pricing**	**Comparability Adjustment**		**(100.0)**	**-**	**(5.3)%**	**(50.0)**
	5	**Discounted cash flow**	**Discount rate**		**10.5**	**-**	**10.5**	**10.5**
Other assets	**157**	**Discounted cash flow**	**Discount rate**		**0.3**	**-**	**4.4**	**2.9**
Total	**$ 2,248**							
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							

(1) See Note 17 (Fair Values of Assets and Liabilities) in our 2020 Form 10-K for additional information on the valuation technique(s) and significant unobservable inputs used in the valuation of Level 3 assets.
(2) Consists of approximately $1.2 billion and $2.6 billion of government insured/guaranteed loans purchased from GNMA-guaranteed mortgage securitizations at June 30, 2021, and December 31, 2020, respectively, and approximately $200 million and $300 million of other mortgage loans that are not government insured/guaranteed at June 30, 2021, and December 31, 2020.
(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 at December 31, 2020.

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. For additional information, including the basis for our fair value option elections, see Note 17 (Fair Values of Assets and Liabilities) in our 2020 Form 10-K.

Table 15.7 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 for which we have elected the fair value option were insignificant at June 30, 2021, and December 31, 2020.

Table 15.7: Fair Value Option

	June 30, 2021			December 31, 2020		
(in millions)	**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
Loans held for sale	**$ 18,894**	**18,526**	**368**	18,806	18,217	589

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 $823 million and $1.2 billion in the second quarter and first half of 2021, respectively, and $773 million and $1.1 billion in the second quarter and first half of 2020, 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 in the second quarter and first half of both 2021 and 2020 were insignificant.

Disclosures about Fair Value of Financial Instruments

Table 15.8 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, certain nonmarketable equity securities, 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 15.8. 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 at both June 30, 2021, and December 31, 2020, 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 15.8: Fair Value Estimates for Financial Instruments

			Estimated fair value			
(in millions)		Carrying amount	Level 1	Level 2	Level 3	Total
June 30, 2021						
Financial assets						
Cash and due from banks (1)	**$**	**25,304**	**25,304**	**—**	**—**	**25,304**
Interest-earning deposits with banks (1)		**248,869**	**248,686**	**183**	**—**	**248,869**
Federal funds sold and securities purchased under resale agreements (1)		**70,149**	**—**	**70,149**	**—**	**70,149**
Held-to-maturity debt securities		**260,941**	**28,028**	**235,075**	**984**	**264,087**
Loans held for sale		**6,700**	**—**	**5,259**	**1,669**	**6,928**
Loans, net (2)		**821,774**	**—**	**59,140**	**781,652**	**840,792**
Nonmarketable equity securities (cost method)		**3,585**	**—**	**—**	**3,647**	**3,647**
Total financial assets	**$**	**1,437,322**	**302,018**	**369,806**	**787,952**	**1,459,776**
Financial liabilities						
Deposits (3)	**$**	**35,964**	**—**	**18,823**	**17,368**	**36,191**
Short-term borrowings		**45,635**	**—**	**45,635**	**—**	**45,635**
Long-term debt (4)		**179,625**	**—**	**186,681**	**1,282**	**187,963**
Total financial liabilities	**$**	**261,224**	**—**	**251,139**	**18,650**	**269,789**
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

(1) Amounts consist of financial instruments for which carrying value approximates fair value.
(2) Excludes lease financing with a carrying amount of $15.2 billion and $15.4 billion at June 30, 2021, and December 31, 2020, respectively.
(3) Excludes deposit liabilities with no defined or contractual maturity of $1.4 trillion at both June 30, 2021, and December 31, 2020, respectively.
(4) Excludes capital lease obligations under capital leases of $28 million at both June 30, 2021, and December 31, 2020, respectively.

Note 16: 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 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. In March 2021, we redeemed our Preferred Stock Series I, Series P and Series W, and partially redeemed our Preferred Stock, Series N, for an aggregate cost of $4.5 billion. In June 2021, we redeemed the remaining outstanding shares of our Preferred Stock, Series N, for a cost of $350 million. In July 2021, we issued $1.25 billion of our Preferred Stock, Series DD.

Table 16.1: Preferred Stock Shares

	June 30, 2021		December 31, 2020	
	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 (1)				
Floating Class A Preferred Stock	**—**	**—**	100,000	25,010
Series L (2)				
7.50% Non-Cumulative Perpetual Convertible Class A Preferred Stock	**1,000**	**4,025,000**	1,000	4,025,000
Series N (3)				
5.20% Non-Cumulative Perpetual Class A Preferred Stock	**—**	**—**	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 (3)				
5.25% Non-Cumulative Perpetual Class A Preferred Stock	**—**	**—**	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 U				
5.875% Fixed-to-Floating Non-Cumulative Perpetual Class A Preferred Stock	**25,000**	**80,000**	25,000	80,000
Series W (3)				
5.70% Non-Cumulative Perpetual Class A Preferred Stock	**—**	**—**	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**	25,000	80,500
Series AA				
4.70% Non-Cumulative Perpetual Class A Preferred Stock	**25,000**	**46,800**	25,000	46,800
Series BB				
3.90% Fixed-Reset Non-Cumulative Perpetual Class A Preferred Stock	**25,000**	**140,400**	—	—
Series CC				
4.375% Non-Cumulative Perpetual Class A Preferred Stock	**25,000**	**46,000**	—	—
ESOP (4)				
Cumulative Convertible Preferred Stock	**—**	**822,242**	—	822,242
Total		**5,622,642**		5,557,652

(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 London Interbank Offered Rate (LIBOR) plus 0.93% and 5.56975%. In first quarter 2021, Preferred Stock, Series I, was redeemed.
(2) 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.
(3) In first quarter 2021, 16,000 shares of Preferred Stock, Series N, were redeemed and Preferred Stock, Series P and Series W were fully redeemed; in second quarter 2021, the remaining 14,000 shares of Preferred Stock, Series N, were redeemed.
(4) 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.

Table 16.2: Preferred Stock – Shares Issued and Carrying Value

(in millions, except shares)	June 30, 2021				December 31, 2020			
	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	—
Series L (2)								
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 (3)								
5.20% Non-Cumulative Perpetual Class A Preferred Stock	**—**	**—**	**—**	**—**	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 (3)								
5.25% Non-Cumulative Perpetual Class A Preferred Stock	**—**	**—**	**—**	**—**	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 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 W (3)								
5.70% Non-Cumulative Perpetual Class A Preferred Stock	**—**	**—**	**—**	**—**	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**	**—**	80,500	2,013	2,013	—
Series AA								
4.70% Non-Cumulative Perpetual Class A Preferred Stock	**46,800**	**1,170**	**1,170**	**—**	46,800	1,170	1,170	—
Series BB								
3.90% Fixed-Reset Non-Cumulative Perpetual Class A Preferred Stock	**140,400**	**3,510**	**3,510**	**—**	—	—	—	—
Series CC								
4.375% Non-Cumulative Perpetual Class A Preferred Stock	**42,000**	**1,050**	**1,050**	**—**	—	—	—	—
ESOP (4)								
Cumulative Convertible Preferred Stock	**822,242**	**822**	**822**	**—**	822,242	822	822	—
Total	**5,558,683**	**$ 21,588**	**20,820**	**768**	5,496,293	$ 21,904	21,136	768

(1) Floating rate for Preferred Stock, Series I, is the greater of three-month London Interbank Offered Rate (LIBOR) plus 0.93% and 5.56975%. In first quarter 2021, Preferred Stock, Series I, was redeemed.
(2) 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.
(3) In first quarter 2021, $400 million of Preferred Stock, Series N, was redeemed and Preferred Stock, Series P and Series W were fully redeemed; in second quarter 2021, the remaining $350 million of Preferred Stock, Series N, was redeemed.
(4) 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 16.3: ESOP Preferred Stock

	Shares issued and outstanding		Carrying value		Adjustable dividend rate	
(in millions, except shares)	**Jun 30, 2021**	Dec 31, 2020	**Jun 30, 2021**	Dec 31, 2020	Minimum	Maximum
ESOP Preferred Stock						
$1,000 liquidation preference per share						
2018	**221,945**	221,945	**$ 222**	222	7.00 %	8.00 %
2017	**163,210**	163,210	**163**	163	7.00	8.00
2016	**162,450**	162,450	**162**	162	9.30	10.30
2015	**92,904**	92,904	**93**	93	8.90	9.90
2014	**99,151**	99,151	**99**	99	8.70	9.70
2013	**61,948**	61,948	**62**	62	8.50	9.50
2012	**20,634**	20,634	**21**	21	10.00	11.00
Total ESOP Preferred Stock (1)	**822,242**	822,242	**$ 822**	822		
Unearned ESOP shares (2)			**$ (875)**	(875)		

(1) At both June 30, 2021, and December 31, 2020, additional paid-in capital included $53 million 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 17: Revenue from Contracts with Customers

Our revenue includes net interest income on financial instruments and noninterest income. Table 17.1 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 22 (Operating Segments).

Table 17.1: Revenue by Operating Segment

(in millions)		Consumer Banking and Lending	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate	Reconciling Items (1)	Consolidated Company
Quarter ended June 30, 2021								
Net interest income (2)	**$**	**5,618**	**1,202**	**1,783**	**610**	**(304)**	**(109)**	**8,800**
Noninterest income:								
Deposit-related fees		**732**	**325**	**277**	**7**	**1**	**—**	**1,342**
Lending-related fees (2)		**36**	**135**	**190**	**2**	**(1)**	**—**	**362**
Investment advisory and other asset-based fees (3)		**—**	**2**	**12**	**2,382**	**398**	**—**	**2,794**
Commissions and brokerage services fees		**—**	**—**	**68**	**513**	**(1)**	**—**	**580**
Investment banking fees		**(2)**	**9**	**580**	**(1)**	**(16)**	**—**	**570**
Card fees:								
Card interchange and network revenues (4)		**896**	**49**	**11**	**1**	**—**	**—**	**957**
Other card fees (2)		**121**	**—**	**—**	**—**	**(1)**	**—**	**120**
Total card fees		**1,017**	**49**	**11**	**1**	**(1)**	**—**	**1,077**
Mortgage banking (2)		**1,158**	**—**	**181**	**(3)**	**—**	**—**	**1,336**
Net gains (losses) from trading activities (2)		**—**	**(1)**	**30**	**6**	**(14)**	**—**	**21**
Net gains on debt securities (2)		**—**	**—**	**—**	**—**	**—**	**—**	**—**
Net gains from equity securities (2)		**—**	**32**	**46**	**6**	**2,612**	**—**	**2,696**
Lease income (2)		**—**	**173**	**—**	**—**	**140**	**—**	**313**
Other (2)		**127**	**182**	**160**	**13**	**209**	**(312)**	**379**
Total noninterest income		**3,068**	**906**	**1,555**	**2,926**	**3,327**	**(312)**	**11,470**
Total revenue	**$**	**8,686**	**2,108**	**3,338**	**3,536**	**3,023**	**(421)**	**20,270**
Quarter ended June 30, 2020								
Net interest income (2)	$	5,717	1,554	1,963	719	60	(121)	9,892
Noninterest income:								
Deposit-related fees		575	297	261	6	3	—	1,142
Lending-related fees (2)		33	125	163	2	—	—	323
Investment advisory and other asset-based fees (3)		—	8	24	1,835	387	—	2,254
Commissions and brokerage services fees		—	—	79	470	1	—	550
Investment banking fees		(1)	26	588	1	(67)	—	547
Card fees:								
Card interchange and network revenues (4)		650	36	11	1	—	—	698
Other card fees (2)		99	—	—	—	—	—	99
Total card fees		749	36	11	1	—	—	797
Mortgage banking (2)		256	—	65	(3)	(1)	—	317
Net gains (losses) from trading activities (2)		1	1	809	9	(13)	—	807
Net gains on debt securities (2)		6	—	—	—	206	—	212
Net gains (losses) from equity securities (2)		—	(28)	8	150	403	—	533
Lease income (2)		—	189	5	—	141	—	335
Other (2)		272	143	83	16	258	(195)	577
Total noninterest income		1,891	797	2,096	2,487	1,318	(195)	8,394
Total revenue	$	7,608	2,351	4,059	3,206	1,378	(316)	18,286
Six months ended June 30, 2021								
Net interest income (2)	**$**	**11,233**	**2,456**	**3,562**	**1,267**	**(694)**	**(216)**	**17,608**
Noninterest income:								
Deposit-related fees		**1,393**	**642**	**543**	**14**	**5**	**—**	**2,597**
Lending-related fees (2)		**76**	**271**	**373**	**4**	**(1)**	**—**	**723**
Investment advisory and other asset-based fees (3)		**—**	**7**	**34**	**4,688**	**821**	**—**	**5,550**
Commissions and brokerage services fees		**—**	**—**	**149**	**1,068**	**(1)**	**—**	**1,216**
Investment banking fees		**(8)**	**22**	**1,191**	**(2)**	**(65)**	**—**	**1,138**
Card fees:								
Card interchange and network revenues (4)		**1,674**	**94**	**21**	**2**	**—**	**—**	**1,791**
Other card fees (2)		**235**	**—**	**—**	**—**	**—**	**—**	**235**
Total card fees		**1,909**	**94**	**21**	**2**	**—**	**—**	**2,026**
Mortgage banking (2)		**2,417**	**—**	**251**	**(6)**	**—**	**—**	**2,662**
Net gains (losses) from trading activities (2)		**1**	**1**	**361**	**12**	**(6)**	**—**	**369**
Net gains on debt securities (2)		**—**	**—**	**—**	**—**	**151**	**—**	**151**
Net gains from equity securities (2)		**34**	**45**	**121**	**6**	**2,882**	**—**	**3,088**
Lease income (2)		**—**	**347**	**1**	**—**	**280**	**—**	**628**
Other (2)		**285**	**304**	**335**	**27**	**678**	**(583)**	**1,046**
Total noninterest income		**6,107**	**1,733**	**3,380**	**5,813**	**4,744**	**(583)**	**21,194**
Total revenue	**$**	**17,340**	**4,189**	**6,942**	**7,080**	**4,050**	**(799)**	**38,802**

(continued on following page)

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(in millions)	Consumer Banking and Lending	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate	Reconciling Items (1)	Consolidated Company
Six months ended June 30, 2020							
Net interest income (2)	$ 11,719	3,287	3,984	1,557	939	(264)	21,222
Noninterest income:							
Deposit-related fees	1,454	599	518	13	5	—	2,589
Lending-related fees (2)	81	253	335	4	—	—	673
Investment advisory and other asset-based fees (3)	—	16	40	3,908	796	—	4,760
Commissions and brokerage services fees	—	—	169	1,063	(5)	—	1,227
Investment banking fees	(2)	39	1,065	2	(166)	—	938
Card fees:							
Card interchange and network revenues (4)	1,307	88	29	2	2	—	1,428
Other card fees (2)	261	—	—	—	—	—	261
Total card fees	1,568	88	29	2	2	—	1,689
Mortgage banking (2)	598	—	105	(6)	(1)	—	696
Net gains (losses) from trading activities (2)	1	(4)	844	8	22	—	871
Net gains on debt securities (2)	6	—	—	—	443	—	449
Net gains (losses) from equity securities (2)	—	(222)	124	(111)	(659)	—	(868)
Lease income (2)	—	387	6	—	295	—	688
Other (2)	832	253	248	36	571	(415)	1,525
Total noninterest income	4,538	1,409	3,483	4,919	1,303	(415)	15,237
Total revenue	$ 16,257	4,696	7,467	6,476	2,242	(679)	36,459

(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 $300 million and $598 million for the second quarter and first half of 2021, respectively, and $257 million and $532 million for the second quarter and first half of 2020, respectively.
(4) The cost of credit card rewards and rebates of $373 million and $683 million for the second quarter and first half of 2021, respectively, and $266 million and $651 million for the second quarter and first half of 2020, respectively, are presented net against the related revenues.

INVESTMENT ADVISORY AND OTHER ASSET-BASED FEES are earned for providing brokerage advisory, asset management and trust services.

Fees from advisory account relationships with brokerage customers are charged based on a percentage of the market value of the client's assets. Services and obligations related to providing 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. Trailing commissions are earned for selling shares to investors and our obligation 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.

Asset 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; however, obligations for activities that are transitional in nature are satisfied at the time of the transaction.

COMMISSIONS AND BROKERAGE SERVICES FEES are earned for providing brokerage services.

Commissions from transactional accounts with brokerage customers 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.

Fees earned from other brokerage services include securities clearance, 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. Our obligation is satisfied at the time we provide the service which is generally at the time of the transaction.

For a description of our other revenues, see Note 20 (Revenue from Contracts with Customers) in our 2020 Form 10-K.

Note 18: 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. For additional information on our pension and postretirement plans, including plan assumptions, investment strategy and asset allocation, projected benefit payments, and valuation methodologies used for assets measured at fair value, see Note 21 (Employee Benefits and Other Expenses) in our 2020 Form 10-K.

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 $62 million and $70 million were recognized during second quarter 2021 and 2020, 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 lump sum benefit payments during the first half of both 2021 and 2020. As a result of the settlement losses, we re-measured the Cash Balance Plan obligation and plan assets as of both June 30, 2021 and 2020, and used a discount rate of 2.80% and 2.75%, respectively, based on our consistent methodology of determining our discount rate using a yield curve with maturity dates that closely match the estimated timing of the expected benefit payments. The result of the settlement losses and remeasurement increased the Cash Balance Plan asset by $347 million and other comprehensive income (pre-tax) by $409 million in second quarter 2021, and increased the Cash Balance Plan liability by $674 million and decreased other comprehensive income (pre-tax) by $604 million in second quarter 2020.

Table 18.1 presents the components of net periodic benefit cost. 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 18.1: Net Periodic Benefit Cost

	2021			2020		
	Pension benefits			Pension benefits		
(in millions)	Qualified	Non-qualified	Other benefits	Qualified	Non-qualified	Other benefits
Quarter ended June 30,						
Service cost	$ 5	—	—	4	—	—
Interest cost	71	3	3	86	4	4
Expected return on plan assets	(154)	—	(4)	(149)	—	(5)
Amortization of net actuarial loss (gain)	38	3	(5)	35	3	(4)
Amortization of prior service credit	—	—	(3)	—	—	(3)
Settlement loss	62	—	—	70	—	—
Net periodic benefit cost	$ 22	6	(9)	46	7	(8)
Six months ended June 30,						
Service cost	$ 9	—	—	7	—	—
Interest cost	142	6	6	172	8	8
Expected return on plan assets	(306)	—	(9)	(297)	—	(11)
Amortization of net actuarial loss (gain)	75	7	(10)	71	7	(9)
Amortization of prior service credit	—	—	(5)	—	—	(5)
Settlement loss	62	2	—	70	3	—
Net periodic benefit cost	$ (18)	15	(18)	23	18	(17)

Other Expenses

Regulatory Charges and Assessments expense, which is included in other noninterest expense, was $192 million and $409 million in the second quarter and first half of 2021, respectively, compared with $211 million and $374 million in the same periods a year ago, and primarily consisted of Federal Deposit Insurance Corporation (FDIC) deposit assessment expense.

Note 19: Restructuring Charges

The Company began pursuing various initiatives to reduce expenses and create a more efficient and streamlined organization in third quarter 2020. 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.

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 19.1 provides details on our restructuring charges.

Table 19.1: Accruals for Restructuring Charges

(in millions)		Personnel costs	Facility closure costs	Other	Total
Quarter ended June 30, 2021					
Balance, beginning of period	**$**	**1,010**	**—**	**44**	**1,054**
Restructuring charges		**155**	**3**	**—**	**158**
Payments and utilization		**(213)**	**4**	**(37)**	**(246)**
Changes in estimates (1)		**(148)**	**(7)**	**(7)**	**(162)**
Balance, end of period	**$**	**804**	**—**	**—**	**804**
Six months ended June 30, 2021					
Balance, beginning of period	**$**	**1,170**	**—**	**44**	**1,214**
Restructuring charges		**285**	**18**	**—**	**303**
Payments and utilization		**(370)**	**(11)**	**(38)**	**(419)**
Changes in estimates (1)		**(281)**	**(7)**	**(6)**	**(294)**
Balance, end of period	**$**	**804**	**—**	**—**	**804**
Year ended December 31, 2020					
Balance, beginning of year	$	—	—	—	—
Restructuring charges		1,371	80	144	1,595
Payments and utilization		(105)	(80)	(100)	(285)
Changes in estimates (1)		(96)	—	—	(96)
Balance, end of year	$	1,170	—	44	1,214

(1) Represents reduction of expense for changes in previously estimated amounts based on refinements of assumptions.

Note 20: Earnings and Dividends Per Common Share

Table 20.1 shows earnings per common share and diluted earnings per common share and reconciles the numerator and denominator of both earnings per common share calculations.

Table 20.1: Earnings Per Common Share Calculations

	Quarter ended June 30,		Six months ended June 30,	
(in millions, except per share amounts)	**2021**	2020	**2021**	2020
Wells Fargo net income (loss) (1)	**$ 6,040**	$ (3,846)	**$ 10,676**	(2,930)
Less: Preferred stock dividends and other (2)	**297**	314	**677**	926
Wells Fargo net income (loss) applicable to common stock (numerator) (1)	**$ 5,743**	(4,160)	**$ 9,999**	(3,856)
Earnings per common share				
Average common shares outstanding (denominator)	**4,124.6**	4,105.5	**4,132.9**	4,105.2
Per share	**$ 1.39**	(1.01)	**$ 2.42**	(0.94)
Diluted earnings per common share				
Average common shares outstanding	**4,124.6**	4,105.5	**4,132.9**	4,105.2
Add: Restricted share rights (3)	**31.5**	**—**	**31.7**	—
Diluted average common shares outstanding (denominator)	**4,156.1**	4,105.5	**4,164.6**	4,105.2
Per share	**$ 1.38**	(1.01)	**$ 2.40**	(0.94)

(1) In second quarter 2021, we elected to change our accounting method for low-income housing tax credit investments and elected to change the presentation of investment tax credits related to solar energy investments. Prior period balances have been revised to conform with the current period presentation. For additional information, see Note 1 (Summary of Significant Accounting Policies).
(2) The quarter ended June 30, 2021, balance included $4 million, and the six months ended June 30, 2021 and 2020, includes $48 million and $272 million, respectively, from the elimination of discounts or issuance costs associated with redemptions of preferred stock.
(3) Calculated using the treasury stock method. In the second quarter and first half of 2020, diluted average common shares outstanding equaled average common shares outstanding because our securities convertible into common shares had an anti-dilutive effect.

Table 20.2 presents the outstanding securities that were anti-dilutive and therefore not included in the calculation of diluted earnings per common share.

Table 20.2: Outstanding Anti-Dilutive Securities

			Weighted-average shares	
	Quarter ended June 30,		Six months ended June 30,	
(in millions)	**2021**	2020	**2021**	2020
Convertible Preferred Stock, Series L (1)	**25.3**	25.3	**25.3**	25.3
Restricted share rights (2)	**0.2**	35.9	**0.1**	0.9

(1) Calculated using the if-converted method.
(2) Calculated using the treasury stock method. Since we had net losses attributable to common shareholders for the second quarter and first half of 2020, all RSRs outstanding were anti-dilutive. Weighted average RSRs outstanding were 50.7 million and 54.7 million for the second quarter and first half of 2020, respectively.

Table 20.3 presents dividends declared per common share.

Table 20.3: Dividends Declared Per Common Share

	Quarter ended June 30,		Six months ended June 30,	
	2021	2020	**2021**	2020
Per common share	**$ 0.10**	$ 0.51	**$ 0.20**	1.02

Note 21: Other Comprehensive Income

Table 21.1 provides the components of other comprehensive income (OCI), reclassifications to net income by income statement line item, and the related tax effects.

Table 21.1: Summary of Other Comprehensive Income

	Quarter ended June 30,						Six months ended June 30,					
	2021			2020			2021			2020		
(in millions)	Before tax	Tax effect	Net of tax	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	$ 272	(68)	204	1,596	(395)	1,201	(1,740)	432	(1,308)	1,486	(373)	1,113
Reclassification of net (gains) losses to net income:												
Interest income on debt securities (1)	134	(33)	101	123	(31)	92	271	(67)	204	189	(47)	142
Net gains on debt securities	—	—	—	(212)	63	(149)	(151)	35	(116)	(449)	111	(338)
Other noninterest income	(2)	1	(1)	(1)	—	(1)	(2)	1	(1)	(2)	—	(2)
Subtotal reclassifications to net income	132	(32)	100	(90)	32	(58)	118	(31)	87	(262)	64	(198)
Net change	404	(100)	304	1,506	(363)	1,143	(1,622)	401	(1,221)	1,224	(309)	915
Derivatives and hedging activities:												
Fair Value Hedges:												
Change in fair value of excluded components on fair value hedges (2)	(14)	3	(11)	(57)	13	(44)	11	(3)	8	87	(22)	65
Cash Flow Hedges:												
Net unrealized gains (losses) arising during the period on cash flow hedges	11	(3)	8	5	(1)	4	(20)	5	(15)	(15)	4	(11)
Reclassification of net (gains) losses to net income:												
Interest income on loans	39	(10)	29	53	(12)	41	91	(23)	68	109	(26)	83
Interest expense on long-term debt	1	—	1	2	—	2	2	—	2	4	(1)	3
Subtotal reclassifications to net income	40	(10)	30	55	(12)	43	93	(23)	70	113	(27)	86
Net change	37	(10)	27	3	—	3	84	(21)	63	185	(45)	140
Defined benefit plans adjustments:												
Net actuarial and prior service gains (losses) arising during the period	347	(85)	262	(674)	167	(507)	357	(88)	269	(671)	166	(505)
Reclassification of amounts to noninterest expense (3):												
Amortization of net actuarial loss	36	(9)	27	34	(9)	25	72	(18)	54	69	(17)	52
Settlements and other	59	(14)	45	67	(16)	51	59	(13)	46	68	(16)	52
Subtotal reclassifications to noninterest expense	95	(23)	72	101	(25)	76	131	(31)	100	137	(33)	104
Net change	442	(108)	334	(573)	142	(431)	488	(119)	369	(534)	133	(401)
Foreign currency translation adjustments:												
Net unrealized gains (losses) arising during the period	23	(1)	22	51	—	51	36	(3)	33	(144)	2	(142)
Net change	23	(1)	22	51	—	51	36	(3)	33	(144)	2	(142)
Other comprehensive income (loss)	$ 906	(219)	687	987	(221)	766	(1,014)	258	(756)	731	(219)	512
Less: Other comprehensive income (loss) from noncontrolling interests, net of tax			1			—			2			(1)
Wells Fargo other comprehensive income (loss), net of tax			$ 686			766			(758)			513

(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 18 (Employee Benefits and Other Expenses) for additional information).

Note 21: Other Comprehensive Income *(continued)*

Table 21.2 provides the cumulative OCI balance activity on an after-tax basis.

Table 21.2: 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)
Quarter ended June 30, 2021						
Balance, beginning of period	**$ 1,514**	**(185)**	**(108)**	**(2,369)**	**(102)**	**(1,250)**
Net unrealized gains (losses) arising during the period	**204**	**(11)**	**8**	**262**	**22**	**485**
Amounts reclassified from accumulated other comprehensive income	**100**	**—**	**30**	**72**	**—**	**202**
Net change	**304**	**(11)**	**38**	**334**	**22**	**687**
Less: Other comprehensive income from noncontrolling interests	**1**	**—**	**—**	**—**	**—**	**1**
Balance, end of period	**$ 1,817**	**(196)**	**(70)**	**(2,035)**	**(80)**	**(564)**
Quarter ended June 30, 2020						
Balance, beginning of period	$ 1,324	(71)	(270)	(2,193)	(354)	(1,564)
Net unrealized gains (losses) arising during the period	1,201	(44)	4	(507)	51	705
Amounts reclassified from accumulated other comprehensive income	(58)	—	43	76	—	61
Net change	1,143	(44)	47	(431)	51	766
Less: Other comprehensive income from noncontrolling interests	—	—	—	—	—	—
Balance, end of period	$ 2,467	(115)	(223)	(2,624)	(303)	(798)
Six months ended June 30, 2021						
Balance, beginning of period	**$ 3,039**	**(204)**	**(125)**	**(2,404)**	**(112)**	**194**
Net unrealized gains (losses) arising during the period	**(1,308)**	**8**	**(15)**	**269**	**33**	**(1,013)**
Amounts reclassified from accumulated other comprehensive income	**87**	**—**	**70**	**100**	**—**	**257**
Net change	**(1,221)**	**8**	**55**	**369**	**33**	**(756)**
Less: Other comprehensive income from noncontrolling interests	**1**	**—**	**—**	**—**	**1**	**2**
Balance, end of period	**$ 1,817**	**(196)**	**(70)**	**(2,035)**	**(80)**	**(564)**
Six months ended June 30, 2020						
Balance, beginning of period	$ 1,552	(180)	(298)	(2,223)	(162)	(1,311)
Net unrealized gains (losses) arising during the period	1,113	65	(11)	(505)	(142)	520
Amounts reclassified from accumulated other comprehensive income	(198)	—	86	104	—	(8)
Net change	915	65	75	(401)	(142)	512
Less: Other comprehensive loss from noncontrolling interests	—	—	—	—	(1)	(1)
Balance, end of period	$ 2,467	(115)	(223)	(2,624)	(303)	(798)

(1) Substantially all of the amounts for fair value hedges are foreign exchange contracts.
(2) Majority of the amounts for cash flow hedges are interest rate contracts.

Note 22: Operating Segments

Our management reporting is organized into four reportable operating segments: Consumer Banking and Lending; Commercial Banking; Corporate and Investment Banking; and Wealth and Investment Management. All other business activities that are not included in the reportable operating segments have been included in Corporate. 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.

In March 2021, we announced an agreement to sell our Corporate Trust Services business and, in second quarter 2021, we moved the business from the Commercial Banking operating segment to Corporate. Prior period balances have been revised to conform with the current period presentation. This change did not impact the previously reported consolidated financial results of the Company.

In second quarter 2021, we elected to change our accounting method for low-income housing tax credit (LIHTC) investments and elected to change the presentation of investment tax credits related to solar energy investments. These accounting policy changes had a nominal impact on reportable operating segment results. Prior period financial statement line items for the Company, as well as for the reportable operating segments, have been revised to conform with the current period presentation. Our LIHTC investments are included in the Corporate and Investment Banking operating segment and our solar energy investments are included in the Commercial Banking operating segment. For additional information, see Note 1 (Summary of Significant Accounting Policies).

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 and The Private Bank. We serve clients' brokerage needs, and deliver financial planning, private banking, credit, and fiduciary services to high-net worth and ultra-high-net worth individuals and families.

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

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 22: Operating Segments *(continued)*

Table 22.1 presents our results by operating segment.

Table 22.1: Operating Segments

(in millions)	Consumer Banking and Lending	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate	Reconciling Items (1)	Consolidated Company
Quarter ended June 30, 2021							
Net interest income (2)	**$ 5,618**	**1,202**	**1,783**	**610**	**(304)**	**(109)**	**8,800**
Noninterest income	**3,068**	**906**	**1,555**	**2,926**	**3,327**	**(312)**	**11,470**
Total revenue	**8,686**	**2,108**	**3,338**	**3,536**	**3,023**	**(421)**	**20,270**
Provision for credit losses	**(367)**	**(382)**	**(501)**	**24**	**(34)**	**—**	**(1,260)**
Noninterest expense	**6,202**	**1,443**	**1,805**	**2,891**	**1,000**	**—**	**13,341**
Income (loss) before income tax expense (benefit)	**2,851**	**1,047**	**2,034**	**621**	**2,057**	**(421)**	**8,189**
Income tax expense (benefit)	**713**	**261**	**513**	**156**	**223**	**(421)**	**1,445**
Net income before noncontrolling interests	**2,138**	**786**	**1,521**	**465**	**1,834**	**—**	**6,744**
Less: Net income (loss) from noncontrolling interests	**—**	**2**	**(2)**	**—**	**704**	**—**	**704**
Net income	**$ 2,138**	**784**	**1,523**	**465**	**1,130**	**—**	**6,040**
Quarter ended June 30, 2020							
Net interest income (2)	$ 5,717	1,554	1,963	719	60	(121)	9,892
Noninterest income	1,891	797	2,096	2,487	1,318	(195)	8,394
Total revenue	7,608	2,351	4,059	3,206	1,378	(316)	18,286
Provision for credit losses	3,102	2,295	3,756	255	126	—	9,534
Noninterest expense	6,933	1,580	2,044	2,743	1,251	—	14,551
Income (loss) before income tax expense (benefit)	(2,427)	(1,524)	(1,741)	208	1	(316)	(5,799)
Income tax expense (benefit)	(650)	(379)	(408)	52	(300)	(316)	(2,001)
Net income (loss) before noncontrolling interests	(1,777)	(1,145)	(1,333)	156	301	—	(3,798)
Less: Net income from noncontrolling interests	—	1	—	—	47	—	48
Net income (loss)	$ (1,777)	(1,146)	(1,333)	156	254	—	(3,846)
Six months ended June 30, 2021							
Net interest income (2)	**$ 11,233**	**2,456**	**3,562**	**1,267**	**(694)**	**(216)**	**17,608**
Noninterest income	**6,107**	**1,733**	**3,380**	**5,813**	**4,744**	**(583)**	**21,194**
Total revenue	**17,340**	**4,189**	**6,942**	**7,080**	**4,050**	**(799)**	**38,802**
Provision for credit losses	**(786)**	**(781)**	**(785)**	**(19)**	**63**	**—**	**(2,308)**
Noninterest expense	**12,469**	**3,073**	**3,638**	**5,919**	**2,231**	**—**	**27,330**
Income (loss) before income tax expense (benefit)	**5,657**	**1,897**	**4,089**	**1,180**	**1,756**	**(799)**	**13,780**
Income tax expense (benefit)	**1,415**	**473**	**1,013**	**296**	**(52)**	**(799)**	**2,346**
Net income before noncontrolling interests	**4,242**	**1,424**	**3,076**	**884**	**1,808**	**—**	**11,434**
Less: Net income (loss) from noncontrolling interests	**—**	**3**	**(2)**	**—**	**757**	**—**	**758**
Net income	**$ 4,242**	**1,421**	**3,078**	**884**	**1,051**	**—**	**10,676**
Six months ended June 30, 2020							
Net interest income (2)	$ 11,719	3,287	3,984	1,557	939	(264)	21,222
Noninterest income	4,538	1,409	3,483	4,919	1,303	(415)	15,237
Total revenue	16,257	4,696	7,467	6,476	2,242	(679)	36,459
Provision for credit losses	4,671	3,336	4,881	263	388	—	13,539
Noninterest expense	13,190	3,153	3,914	5,400	1,942	—	27,599
Income (loss) before income tax expense (benefit)	(1,604)	(1,793)	(1,328)	813	(88)	(679)	(4,679)
Income tax expense (benefit)	(445)	(442)	(307)	204	21	(679)	(1,648)
Net income (loss) before noncontrolling interests	(1,159)	(1,351)	(1,021)	609	(109)	—	(3,031)
Less: Net income (loss) from noncontrolling interests	—	2	—	—	(103)	—	(101)
Net income (loss)	$ (1,159)	(1,353)	(1,021)	609	(6)	—	(2,930)

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	Consumer Banking and Lending	Commercial Banking	Corporate and Investment Banking	Wealth and Investment Management	Corporate	Reconciling Items (1)	Consolidated Company
Quarter ended June 30, 2021							
Loans (average)	**$ 331,892**	**178,572**	**252,422**	**81,784**	**10,077**	**—**	**854,747**
Assets (average)	**388,617**	**195,453**	**513,414**	**87,766**	**754,629**	**—**	**1,939,879**
Deposits (average)	**835,752**	**192,586**	**190,810**	**174,980**	**41,696**	**—**	**1,435,824**
Six months ended June 30, 2021							
Loans (average)	**$ 342,428**	**180,845**	**249,302**	**81,314**	**10,152**	**—**	**864,041**
Assets (average)	**398,530**	**197,396**	**512,476**	**87,562**	**741,203**	**—**	**1,937,167**
Deposits (average)	**812,723**	**190,984**	**192,645**	**174,333**	**44,080**	**—**	**1,414,765**
Loans (period-end)	**326,760**	**178,905**	**253,259**	**82,783**	**10,593**	**—**	**852,300**
Assets (period-end)	**382,464**	**196,421**	**516,518**	**88,678**	**761,915**	**—**	**1,945,996**
Deposits (period-end)	**840,434**	**197,461**	**188,219**	**174,267**	**40,091**	**—**	**1,440,472**
Quarter ended June 30, 2020							
Loans (average)	$ 369,631	228,423	273,587	78,091	21,534	—	971,266
Assets (average)	427,065	243,762	535,298	85,438	655,617	—	1,947,180
Deposits (average)	715,144	184,132	239,637	165,103	82,640	—	1,386,656
Six months ended June 30, 2020							
Loans (average)	$ 376,096	226,641	265,915	77,987	21,517	—	968,156
Assets (average)	433,226	243,293	543,455	85,538	642,513	—	1,948,025
Deposits (average)	683,925	175,929	252,902	155,246	94,307	—	1,362,309
Loans (period-end)	368,753	210,779	255,574	78,101	21,948	—	935,155
Assets (period-end)	432,100	226,735	510,205	84,699	713,309	—	1,967,048
Deposits (period-end)	746,602	183,085	236,620	168,249	76,155	—	1,410,711

(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 interest earned on assets minus the interest paid on liabilities to fund those assets. Segment interest earned includes actual interest income on segment assets as well as a funding credit for their deposits. Segment interest paid on liabilities includes actual interest expense on segment liabilities as well as a funding charge for their assets.

Note 23: 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 23.1 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 June 30, 2021, the Bank and our other insured depository institutions were considered well-capitalized under the requirements of the Federal Deposit Insurance Act.

Table 23.1: Regulatory Capital Information (1)

	Wells Fargo & Company				Wells Fargo Bank, N.A.			
	June 30, 2021		December 31, 2020		**June 30, 2021**		December 31, 2020	
(in millions, except ratios)	Advanced Approach	Standardized Approach	Advanced Approach	Standardized Approach	Advanced Approach	Standardized Approach	Advanced Approach	Standardized Approach
Regulatory capital:								
Common Equity Tier 1	**$ 143,442**	**143,442**	138,297	138,297	**151,121**	**151,121**	150,168	150,168
Tier 1	**162,999**	**162,999**	158,196	158,196	**151,121**	**151,121**	150,168	150,168
Total	**190,173**	**200,156**	186,934	196,660	**165,154**	**174,641**	164,412	173,719
Assets:								
Risk-weighted assets (2)	**1,126,535**	**1,188,727**	1,158,355	1,193,744	**988,692**	**1,087,876**	1,012,751	1,085,599
Adjusted average assets	**1,911,654**	**1,911,654**	1,900,258	1,900,258	**1,752,195**	**1,752,195**	1,735,406	1,735,406
Regulatory capital ratios:								
Common Equity Tier 1 capital	**12.73 %**	**12.07 ***	11.94	11.59 *	**15.28**	**13.89 ***	14.83	13.83 *
Tier 1 capital	**14.47**	**13.71 ***	13.66	13.25 *	**15.28**	**13.89 ***	14.83	13.83 *
Total capital	**16.88**	**16.84 ***	16.14 *	16.47	**16.70**	**16.05 ***	16.23	16.00 *

	Wells Fargo & Company		Wells Fargo Bank, N.A.	
	June 30, 2021	December 31, 2020	**June 30, 2021**	December 31, 2020
Regulatory leverage:				
Total leverage exposure (3)	**$ 2,300,416**	1,963,971	**2,117,710**	2,041,952
Supplementary leverage ratio (SLR) (3)(4)	**7.09 %**	8.05	**7.14**	7.35
Tier 1 leverage ratio (5)	**8.53**	8.32	**8.62**	8.65

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

(1) At June 30, 2021, 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 $879 million, reflecting a $991 million (post-tax) increase in capital recognized upon our initial adoption of CECL, offset by 25% of the $7.5 billion increase in our ACL under CECL from January 1, 2020, through June 30, 2021. The impact of the CECL transition provision on the regulatory capital of the Bank at June 30, 2021, was an increase in capital of $879 million.

(2) RWAs for the Company and the Bank included an increase of $547 million under the Standardized Approach and a decrease of $1.4 billion under the Advanced Approach related to the impact of the CECL transition provision on the excess allowance for credit losses as of June 30, 2021.

(3) 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.

(4) In 2020, the FRB issued an interim final rule that temporarily allowed the exclusion for on-balance sheet amounts of U.S. Treasury securities and deposits at Federal Reserve Banks from the calculation of total leverage exposure in the denominator of the SLR. The Company adopted this interim final rule, but the Bank did not elect to apply these exclusions. The interim final rule expired on April 1, 2021.

(5) 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.

At June 30, 2021, 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 23.2 presents the risk-based capital and leverage requirements under transition requirements to which the Company and the Bank were subject as of June 30, 2021, and December 31, 2020, which were the same under both the Standardized and Advanced Approaches.

Table 23.2: Risk-Based Capital and Leverage Ratios – Transition Requirements

	Wells Fargo & Company	Wells Fargo Bank, N.A.
	Jun 30, 2021 and Dec 31, 2020	**Jun 30, 2021** and Dec 31, 2020
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**

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 March 25, 2021, the FRB announced that it was extending measures it previously announced 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. The FRB 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. These limitations on capital distributions ended on June 30, 2021.

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. Additionally, federal laws and regulations limit the dividends that a national bank may pay.

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 subsidiaries of the Parent designated from time to time as material entities for resolution planning purposes or identified from time to time 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.

For additional information on loan and dividend restrictions, see Note 28 (Regulatory Capital Requirements and Other Restrictions) in our 2020 Form 10-K.

Cash Restrictions

Cash and cash equivalents may be restricted as to usage or withdrawal. Table 23.3 provides a summary of restrictions on cash and cash equivalents.

Table 23.3: Nature of Restrictions on Cash and Cash Equivalents

(in millions)		Jun 30, 2021	Dec 31, 2020
Reserve balance for non-U.S. central banks	$	**199**	243
Segregated for benefit of brokerage customers under federal and other brokerage regulations		**878**	957

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 Banking 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	Global systemically important bank	**VIE**	Variable interest entity
HQLA	High-quality liquid assets	**WIM**	Wealth and Investment Management

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Information in response to this item can be found in Note 13 (Legal Actions) to Financial Statements in this Report which information is incorporated by reference into this item.

Item 1A. Risk Factors

Information in response to this item can be found under the "Financial Review – Risk Factors" section in this Report which information is incorporated by reference into this item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table shows Company repurchases of its common stock for each calendar month in the quarter ended June 30, 2021.

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 authorizations
April	20,075,596	$	43.60	629,954,518
May	10,893,389		46.11	619,061,129
June	4,354,796		43.08	614,706,333
Total	35,323,781			

(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. In addition, the Company publicly announced on January 15, 2021, that the Board of Directors authorized the repurchase of an additional 500 million shares of common stock. Unless modified or revoked by the Board, these authorizations do not expire.

Item 6. Exhibits

A list of exhibits to this Form 10-Q is set forth below.

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.

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.	
18	Preferability Letters from KPMG LLP.	Filed herewith.
22	Subsidiary guarantors and issuers of guaranteed securities and affiliates whose securities collateralize securities of the registrant.	Incorporated by reference to Exhibit 22 to the Company's Annual Report on Form 10-K for the year ended December 31, 2020.
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.
101.INS	Inline XBRL Instance Document	The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document	Filed herewith.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith.
101.DEF	Inline XBRL Taxonomy Extension Definitions Linkbase Document	Filed herewith.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed herewith.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith.
104	Cover Page Interactive Data File	Formatted as Inline XBRL and contained in Exhibit 101.

SIGNATURE

Pursuant to the requirements 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.

Dated: July 28, 2021

WELLS FARGO & COMPANY

By: /s/ MUNEERA S. CARR

Muneera S. Carr

Executive Vice President,
Chief Accounting Officer and Controller

(Principal Accounting Officer)

Exhibit 3(a)

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

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

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

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

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:

Name	Residence	No. of Shares
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.

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.]

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.

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.

(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.]

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:

"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

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).

"Depositary" means DTC or its nominee or any successor depositary 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).

"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

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.

(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.

Ssection 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

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 Depositary.

(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;

(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

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

Effective Date	$ 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	1.1110	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:

(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.

(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;

(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

VWAP Trading Days commencing on and including the third VWAP 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 VWAP of the Common Stock over each of the 10 consecutive VWAP Trading Days commencing on and including the third VWAP 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

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

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.

(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

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.

(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.

Ssection 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 such converting holder gives notice to the Corporation that such delivery would not result in it being the beneficial owner of more than 9.9% of the shares of Common Stock outstanding at such time. Notwithstanding anything in this paragraph to the contrary, these limitations on beneficial ownership shall not be applicable to or limit the number of shares of Series L Preferred Stock to be converted as a result of a mandatory conversion by the Corporation pursuant to Section 13(b).

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

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.

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.]

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 I 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:

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

Closing Price on 11/30	First Target Price	Second Target Price
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

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.

(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

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

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

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

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

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

[As filed with the Delaware Secretary of State on January 10, 2012.]

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

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 $1⅔ 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.

"*Depositary 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).

"*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 of 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

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

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.

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 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 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 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 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

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

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 "*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 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 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

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.

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

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

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

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 I 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 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. 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

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

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).

(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.

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

Closing Price on 11/30	First Target Price	Second Target Price
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

(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 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:

(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 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 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 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 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:

(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 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 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.

(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 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.

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.]

WELLS FARGO & COMPANY

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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)

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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

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 $1⅔ 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.

"*Depositary 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.

"*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

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 percentages 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.

(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

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 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 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

(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

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

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.

(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 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 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

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

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 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 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.

(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.

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.]

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

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 $1⅔ 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.

"*Depositary 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.

"*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

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 percentages 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.

(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 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 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

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 "*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 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 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

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

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.

(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.

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.]

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 I 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.

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

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:

(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 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 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

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

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

Closing Price on 11/30	First Target Price	Second Target Price
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

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.

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

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

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

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

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

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

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

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:

(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

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

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.

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.]

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

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.

"*Depositary 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.

"*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 percentages 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

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.

(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

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

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,

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

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 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 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

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.

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.]

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

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 $1⅔ 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.

"*Depositary 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.

"*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

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 percentages 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.

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

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

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.

(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 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

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

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 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 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.

(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.

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

[As filed with the Delaware Secretary of State on January 22, 2015.]

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 I 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 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. 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

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:

(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 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 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

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

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.

Dividend Adjustment Table

Closing Price on 11/30	First Target Price	Second Target Price
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

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

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.

(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

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

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

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

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

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

Cumulative Convertible Preferred Stock, its 2013 ESOP Cumulative Convertible Preferred Stock, and its 2014 ESOP Cumulative Convertible Preferred Stock.

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

[As filed with the Delaware Secretary of State on March 25, 2015.]

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 I 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 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. 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 f Preferred Stock, without designation as to series, and may thereafter be issued, but not as shares of 2016 ESOP Preferred Stock.

(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

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

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.

(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

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

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

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.

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

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

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

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.

(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, 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)

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

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 payment 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

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.

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.]

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

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 $1⅔ 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.

"*Depositary 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).

"*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

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.

(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

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 "*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 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 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.

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-

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.

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]

US.106566229.03

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.]

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
(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 I 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 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. 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

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 transferee 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:

(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

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.

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.

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.

(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

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

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

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

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

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

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

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

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

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.

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.

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]

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

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 may be, 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 $1⅔ 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.

"*Depositary 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).

"*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

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

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.

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

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

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 "*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 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 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.

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 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 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-

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.

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]

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]

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 I 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 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. 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

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:

(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

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.

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.

Dividend Adjustment Table

Closing Price on 11/30	First Target Price	Second Target Price
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.

(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

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

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.

(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

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 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 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

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.

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.

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
Chief Executive Officer

Attest:

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

[As filed with the Delaware Secretary of State on January 24, 2018]

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.

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 may be, 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 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 Z Preferred Stock, as it may be amended from time to time.

"Common Stock" means the common stock of the Corporation, par value $1⅔ 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.

"*Depositary 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 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 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, 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) 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 "*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 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 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.

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,

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

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]

US.123687035.08

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]

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.

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 $1⅔ 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.

"*Depositary 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 AA 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 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 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 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 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 AA 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 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 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 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.

(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 provided to a Depositary Company (as defined below), as sole holder of the Series AA Preferred Stock, pursuant to the applicable procedures of such Depositary Company. Such notice shall be 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 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 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 "*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 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

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

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.

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 may be, 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 $1⅔ 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.

"*Depositary 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

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

"*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),

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.

(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

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.

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. Reacquired 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

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

By: A
E
A

/s/ John J. Muller
John J. Muller, Assistant Secretary

[As filed with the Delaware Secretary of State on January 22, 2021]

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

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.

"*Depositary 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.

"*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

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

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.

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

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

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 "*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 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

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

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)

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. Reacquired 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]

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]

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 DD
(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 July 22, 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 DD, with no par value and a liquidation preference amount of $25,000 per share (the "*Series DD Preferred Stock*"). Each share of Series DD Preferred Stock shall be identical in all respects to every other share of Series DD Preferred Stock except with respect to the date from which dividends may accrue. Series DD 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 DD Preferred Stock shall be 50,000. 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 DD 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 DD Preferred Stock.

Section 3. Definitions. As used herein with respect to Series DD 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 DD 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.

"*Depositary 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 DD 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 DD 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 DD 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 20, 2021; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after July 20, 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 July 20, 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 DD 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 DD Preferred Stock is outstanding.

"*Series DD 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 DD Preferred Stock.

Section 4. Dividends.

(a) Rate. Dividends on the Series DD Preferred Stock will not be mandatory. Holders of Series DD 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 DD Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December of each year (commencing on September 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, July 27, 2021 to, but excluding, September 15, 2021. Dividends on each share of Series DD Preferred Stock will accrue at a rate *per annum* equal to 4.25%. The record date for payment of dividends on the Series DD 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 DD Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series DD 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 DD 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 DD 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 DD 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 July 20, 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 DD 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 20, 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 DD 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 DD 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 DD 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 DD 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 DD 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 DD 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 DD 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 DD 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 DD 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 DD Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series DD Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series DD Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Series DD 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 DD Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after September 15, 2026, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series DD 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 DD Preferred Stock at the time outstanding, prior to September 15, 2026, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series DD 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 DD Preferred Stock shall be provided to a Depositary Company (as defined below), as sole holder of the Series DD 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 DD Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series DD Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series DD 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 DD 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 DD Preferred Stock at the time outstanding, the shares of Series DD Preferred

Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series DD Preferred Stock in proportion to the number of Series DD 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 DD 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 DD 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 DD 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 DD 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 DD 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 DD 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 DD 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 DD 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 DD 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 DD 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 DD 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 DD Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series DD 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 DD 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 DD 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 DD 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 DD 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 DD Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series DD Preferred Stock will have no right to vote under this Section 7(c)(iv) if in each case (a) the shares of Series DD 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 DD 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 DD Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series DD 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 DD Preferred Stock, and holders of the Series DD 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 DD 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 DD Preferred Stock will have 25 votes per share on any matter on which holders of the Series DD 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 DD 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 DD 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 DD 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 DD Preferred Stock is listed or traded at the time.

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

Section 9. Reacquired Shares. Shares of Series DD 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 DD 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 DD 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 DD 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 DD 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 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 July 23, 2021]

Exhibit 31(a)

CERTIFICATION

I, Charles W. Scharf, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2021, 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: July 28, 2021

Exhibit 31(b)

CERTIFICATION

I, Michael P. Santomassimo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2021, 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: July 28, 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 Quarterly Report on Form 10-Q of Wells Fargo & Company (the "Company") for the period ended June 30, 2021, 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: July 28, 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 Quarterly Report on Form 10-Q of Wells Fargo & Company (the "Company") for the period ended June 30, 2021, 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: July 28, 2021