# 2Q24 Financial Results

July 12, 2024

# 2Q24 results

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**Financial Results**

ROE: 11.5%
ROTCE: 13.7%[1]
Efficiency ratio: 64%[2]

- Net income of $4.9 billion, or $1.33 per diluted common share
- Revenue of $20.7 billion, up 1%
  - Net interest income of $11.9 billion, down 9%
  - Noninterest income of $8.8 billion, up 19%
- Noninterest expense of $13.3 billion, up 2%
- Pre-tax pre-provision profit[3] of $7.4 billion, down 2%
- Effective income tax rate of 20.3%[4]
- Average loans of $917.0 billion, down 3%
- Average deposits of $1.3 trillion, stable

**Credit Quality**

- Provision for credit losses[5] of $1.2 billion
  - Total net loan charge-offs of $1.3 billion, up $537 million, with net loan charge-offs of 0.57% of average loans (annualized)
  - Allowance for credit losses for loans of $14.8 billion, stable

**Capital and Liquidity**

CET1 ratio: 11.0%[6]
LCR: 124%[7]
TLAC ratio: 24.8%[8]

- Common Equity Tier 1 (CET1) capital[6] of $134.2 billion
- CET1 ratio[6] of 11.0% under the Standardized Approach and 12.3% under the Advanced Approach
- Liquidity coverage ratio (LCR)[7] of 124%

Comparisons in the bullet points are for 2Q24 versus 2Q23, unless otherwise noted. Endnotes are presented starting on page 18.

# 2Q24 earnings

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| $ in millions, except per share data | Quarter ended 2Q24 | 1Q24 | 2Q23 | $ Change from 1Q24 | 2Q23 |
|---|---|---|---|---|---|
| Net interest income | $11,923 | 12,227 | 13,163 | ($304) | (1,240) |
| Noninterest income | 8,766 | 8,636 | 7,370 | 130 | 1,396 |
| Total revenue | 20,689 | 20,863 | 20,533 | (174) | 156 |
| Net charge-offs | 1,303 | 1,157 | 764 | 146 | 539 |
| Change in the allowance for credit losses | (67) | (219) | 949 | 152 | (1,016) |
| Provision for credit losses[1] | 1,236 | 938 | 1,713 | 298 | (477) |
| Noninterest expense | 13,293 | 14,338 | 12,987 | (1,045) | 306 |
| Pre-tax income | 6,160 | 5,587 | 5,833 | 573 | 327 |
| Income tax expense (benefit)[2] | 1,251 | 964 | 930 | 287 | 321 |
| *Effective income tax rate (%)* | *20.3 %* | *17.3* | *15.8* | 304 bps | 446 |
| **Net income** | **$4,910** | **4,619** | **4,938** | **$291** | **(28)** |
| Diluted earnings per common share | $1.33 | 1.20 | 1.25 | $0.13 | 0.08 |
| Diluted average common shares (# mm) | 3,486.2 | 3,600.1 | 3,724.9 | (114) | (239) |
| Return on equity (ROE) | 11.5 % | 10.5 | 11.4 | 109 bps | 10 |
| Return on average tangible common equity (ROTCE)[3] | 13.7 | 12.3 | 13.7 | 135 | (2) |
| Efficiency ratio | 64 | 69 | 63 | (447) | 100 |

Endnotes are presented starting on page 18.

# Net interest income

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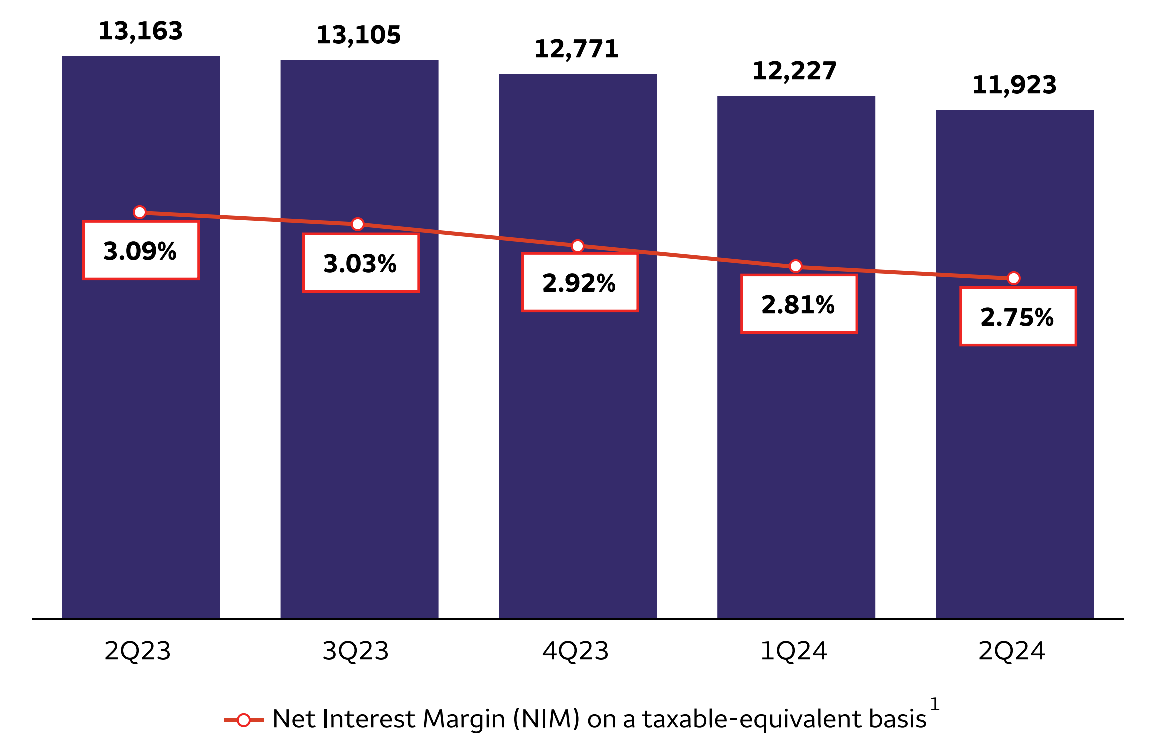
**Net Interest Income** *($ in millions)*




- Net interest income down $1.2 billion, or 9%, from 2Q23 due to the impact of higher interest rates on funding costs, including the impact of lower deposit balances and customer migration to higher yielding deposit products in Consumer Banking and Lending and Wealth and Investment Management, higher deposit costs in Commercial Banking and Corporate and Investment Banking, as well as lower loan balances, partially offset by higher yields on earning assets

- Net interest income down $304 million, or 2%, from 1Q24 driven by the impact of higher funding costs, as well as lower loan balances, partially offset by a modest redeployment of cash balances into higher-yielding securities

Endnotes are presented starting on page 18.

# Loans and deposits

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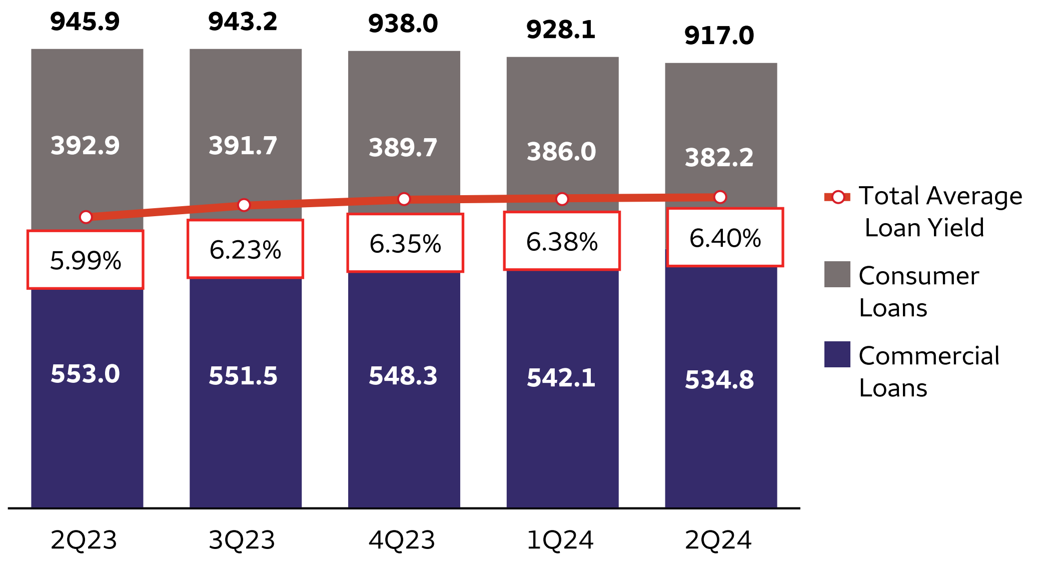
**Average Loans Outstanding** *($ in billions)*

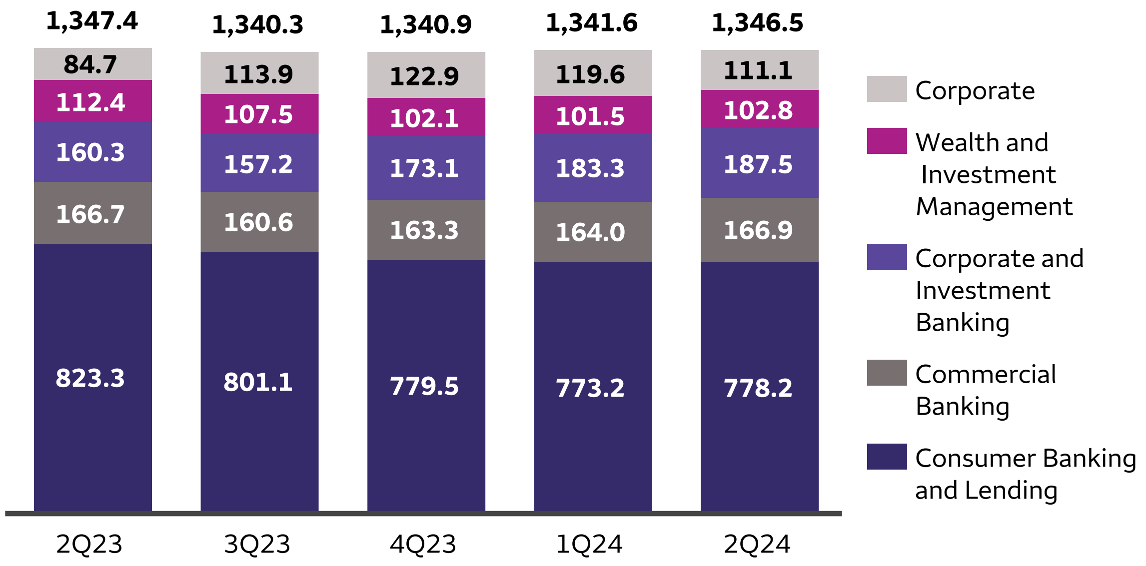



- Average loans down $28.9 billion, or 3%, year-over-year (YoY) driven by declines in most loan categories, partially offset by higher credit card loan balances
- Total average loan yield of 6.40%, up 41 bps YoY reflecting the impact of higher interest rates and up 2 bps from 1Q24
- Period-end loans of $917.9 billion, down $30.1 billion, or 3%, YoY, and down $4.9 billion, or 1%, from 1Q24

**Period-End Loans Outstanding** *($ in billions)*

| | | 2Q24 | vs 1Q24 | vs 2Q23 |
|---|---|---|---|---|
| Commercial | $ | 536.6 | — % | (3)% |
| Consumer | | 381.3 | (1) | (3) |
| **Total Loans** | **$** | **917.9** | **(1)%** | **(3)%** |

**Average Deposits** *($ in billions)*



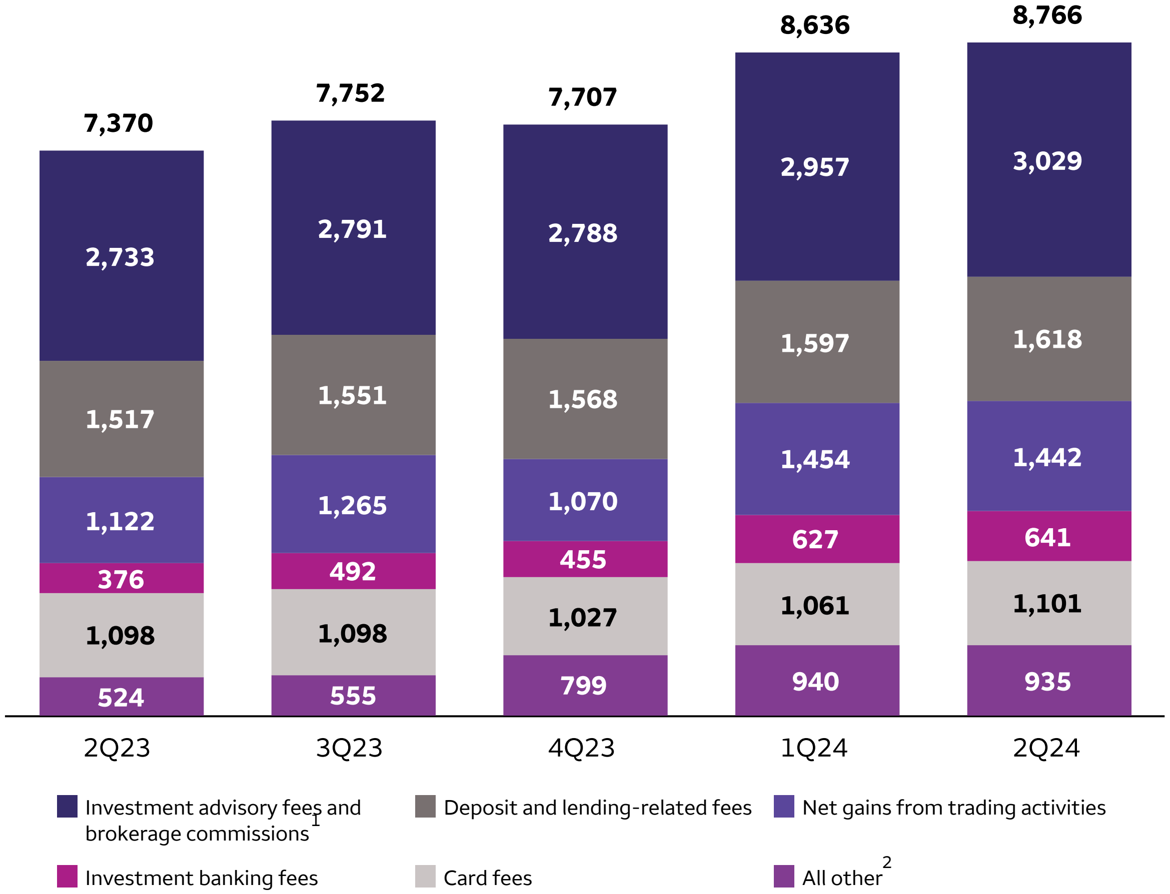

- Average deposits down $972 million YoY reflecting customer migration to higher yielding alternatives and continued consumer spending; up $4.9 billion from 1Q24 on growth in all customer-facing lines of business
- Period-end deposits up $21.3 billion, or 2%, YoY, and down $17.2 billion, or 1%, from 1Q24

**Period-End Deposits** *($ in billions)*

| | | 2Q24 | vs 1Q24 | vs 2Q23 |
|---|---|---|---|---|
| Consumer Banking and Lending | $ | 781.8 | (2)% | (5)% |
| Commercial Banking | | 169.0 | — | 3 |
| Corporate and Investment Banking | | 200.9 | 3 | 27 |
| Wealth and Investment Management | | 103.7 | 1 | (4) |
| Corporate | | 110.5 | (9) | 20 |
| **Total deposits** | **$** | **1,365.9** | **(1)%** | **2 %** |
| **Average deposit cost** | | **1.84 %** | **0.10** | **0.71** |

# Noninterest income

**Noninterest Income** *($ in millions)*




- Noninterest income increased \$1.4 billion, or 19%, from 2Q23
  - Investment advisory fees and brokerage commissions[1] up \$296 million, or 11%, predominantly driven by higher asset-based fees reflecting higher market valuations
  - Deposit and lending-related fees up \$101 million, or 7%, driven by higher deposit-related fees including higher treasury management fees
  - Net gains from trading activities up \$320 million, or 29%, reflecting market conditions, as well as investments in our Markets business
  - Investment banking fees up \$265 million, or 70%, on increased activity across all products
  - All other[2] up \$411 million and included the impact from the adoption of a new accounting standard for renewable energy tax credit investments[3], as well as improved results from our venture capital investments

- Noninterest income up \$130 million, or 2%, from 1Q24
  - Investment advisory fees and brokerage commissions[1] up \$72 million, or 2%, as higher market valuations drove higher asset-based fees
  - Card fees up \$40 million on higher credit card and debit card purchase volumes primarily reflecting seasonality

Endnotes are presented starting on page 18.

# Noninterest expense

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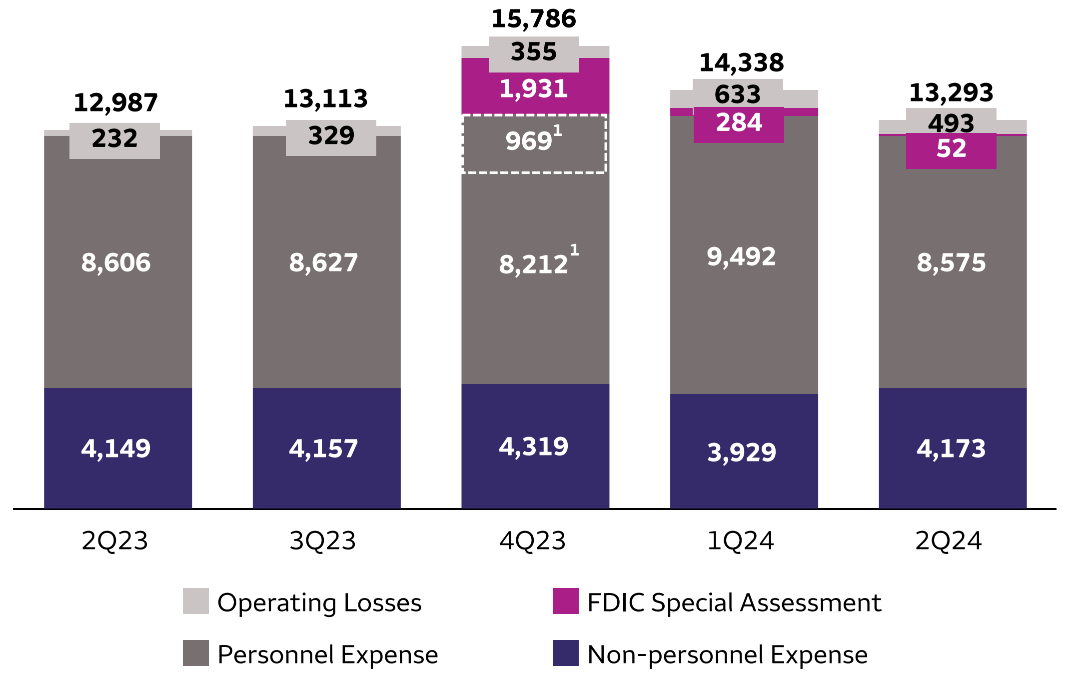
**Noninterest Expense** *($ in millions)*




**Headcount** *(Period-end, '000s)*

| 2Q23 | 3Q23 | 4Q23 | 1Q24 | 2Q24 |
|---|---|---|---|---|
| 234 | 227 | 226 | 225 | 223 |

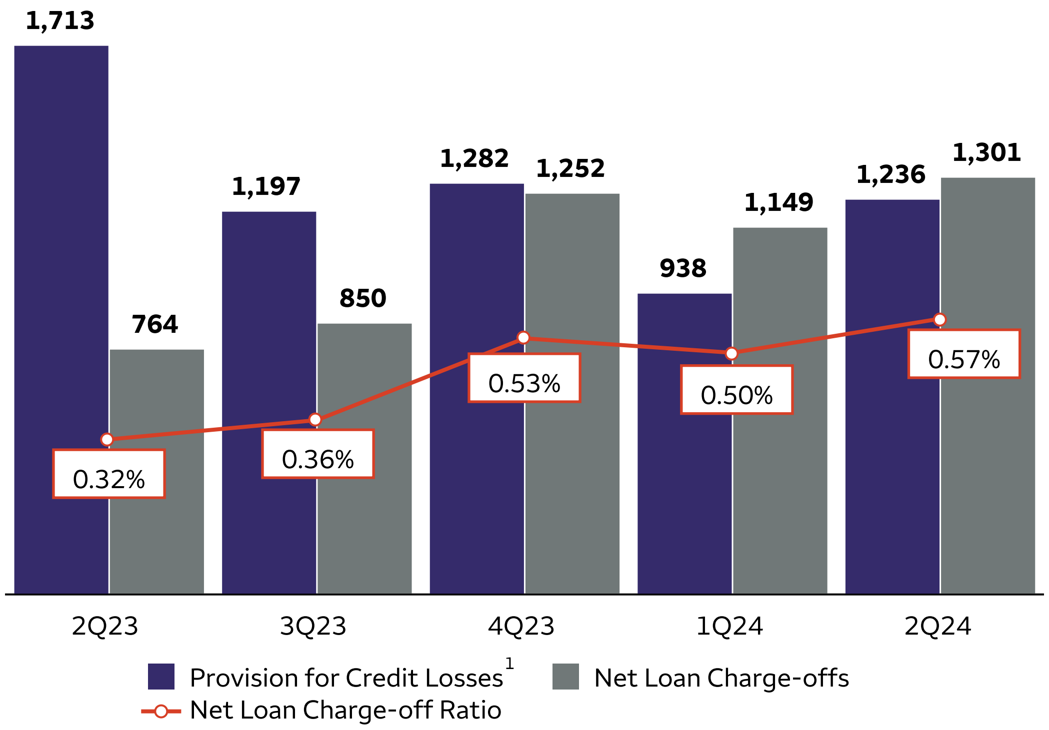
- Noninterest expense up $306 million, or 2%, from 2Q23
  - Operating losses up $261 million including higher customer remediation accruals for historical matters
  - Personnel expense down $31 million and reflected the impact of efficiency initiatives, largely offset by higher revenue-related compensation expense predominantly in Wealth and Investment Management
  - Non-personnel expense up $24 million, or 1%, driven by higher technology amortization, occupancy expense, and advertising and promotion expense, partially offset by lower professional and outside services expense

- Noninterest expense down $1.0 billion, or 7%, from 1Q24
  - Operating losses down $140 million driven by lower customer remediation accruals
  - FDIC special assessment[2] down $232 million
  - Personnel expense down $917 million from seasonally higher personnel expense in 1Q, as well as the impact of efficiency initiatives
  - Non-personnel expense up $244 million, or 6%, driven by higher charitable donations expense, occupancy expense, professional and outside services expense, and advertising and promotion expense

Endnotes are presented starting on page 18.

# Credit quality: net loan charge-offs

**Provision for Credit Losses[1] and Net Loan Charge-offs** *($ in millions)*




- Commercial net loan charge-offs up $127 million to 35 bps of average loans (annualized) reflecting an $84 million increase in commercial real estate (CRE) net loan charge-offs and $40 million of higher commercial & industrial net loan charge-offs
  - CRE net loan charge-offs of $271 million, or 74 bps of average loans (annualized) predominantly driven by CRE office net loan charge-offs
- Consumer net loan charge-offs up $25 million to 88 bps of average loans (annualized) reflecting a $72 million increase in credit card net loan charge-offs, partially offset by $33 million of lower auto net loan charge-offs
- Nonperforming assets of $8.7 billion, up $410 million, or 5%, predominantly driven by higher CRE nonaccruals
  - CRE nonaccrual loans of $4.3 billion, up $408 million driven by a $557 million increase in CRE office nonaccruals

Comparisons in the bullet points are for 2Q24 versus 1Q24. Endnotes are presented starting on page 18.

# Credit quality: allowance for credit losses for loans

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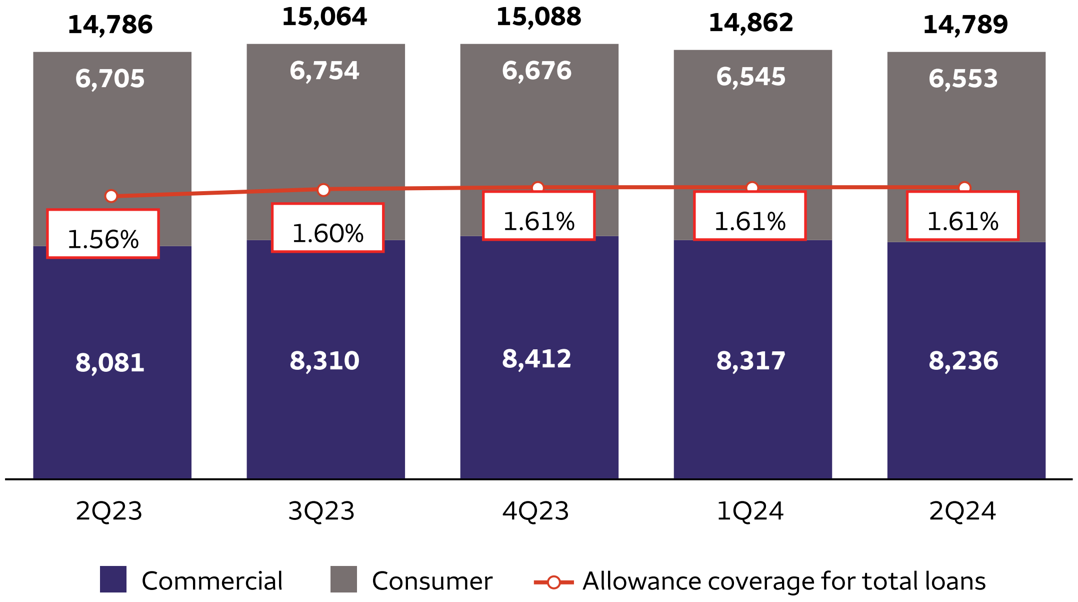
**Allowance for Credit Losses for Loans** *($ in millions)*




- Allowance for credit losses for loans (ACL) down $73 million on modest ACL declines across most asset classes, partially offset by a higher ACL for credit card loans
  - Allowance coverage for total loans was up 5 bps from 2Q23 and was stable compared with 1Q24
- CRE Office ACL of $2.4 billion, down $5 million
  - CRE Office ACL as a % of loans of 8.0%, up modestly from 7.9%
    - Corporate and Investment Banking (CIB) CRE Office ACL as a % of loans of 11.1%, up modestly from 11.0%

**CRE Allowance for Credit Losses (ACL) and Nonaccrual Loans, as of 6/30/24**

| *($ in millions)* | Allowance for Credit Losses | Loans Outstanding | ACL as a % of Loans | Nonaccrual Loans |
|---|---|---|---|---|
| CIB CRE Office | $ 2,171 | 19,561 | 11.1% | $ 3,589 |
| All other CRE Office | 232 | 10,453 | 2.2 | 104 |
| **Total CRE Office** | **2,403** | **30,014** | **8.0** | **3,693** |
| All other CRE | 1,351 | 115,304 | 1.2 | 628 |
| **Total CRE** | **$ 3,754** | **145,318** | **2.6%** | **$ 4,321** |

Comparisons in the bullet points are for 2Q24 versus 1Q24, unless otherwise noted.

# Capital and liquidity

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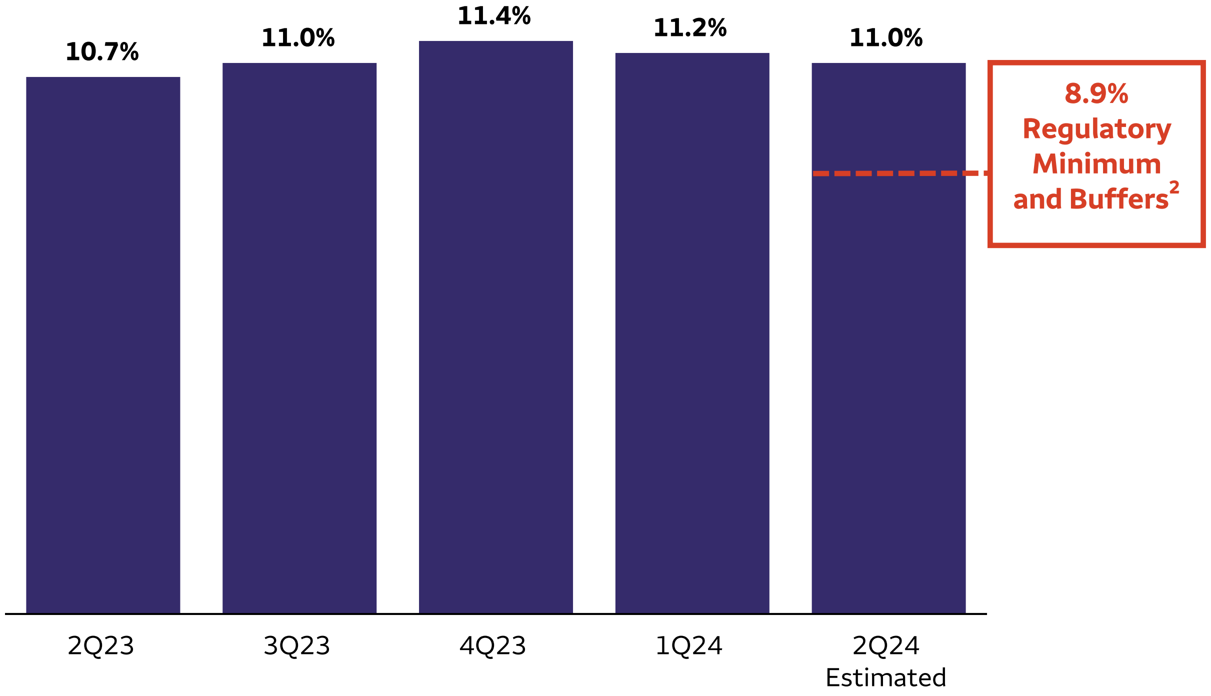
**Common Equity Tier 1 Ratio under the Standardized Approach[1]**




### Capital Position

- Common Equity Tier 1 (CET1) ratio[1] of 11.0% at June 30, 2024 remained above our regulatory minimum and buffers of 8.9%[2]
- The Company's stress capital buffer (SCB) for 10/1/24 through 9/30/25 is expected to increase to 3.8%, up 90 bps from current SCB of 2.9%

### Capital Return

- $6.1 billion in gross common stock repurchases, or 100.5 million shares, in 2Q24 with period-end common shares outstanding down 265.0 million, or 7%, from 2Q23
- $1.2 billion in common stock dividends paid in 2Q24 with a common stock dividend of $0.35 per share
- We expect to increase our 3Q24 common stock dividend to $0.40 per share, subject to approval by the Company's Board of Directors at its regularly scheduled meeting in July

### Total Loss Absorbing Capacity (TLAC)

- As of June 30, 2024, our TLAC as a percentage of total risk-weighted assets[3] was 24.8% compared with the required minimum of 21.5%

### Liquidity Position

- Strong liquidity position with a 2Q24 LCR[4] of 124% which remained above our regulatory minimum of 100%

Endnotes are presented starting on page 18.

# Consumer Banking and Lending

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**Summary Financials**

| $ in millions (mm) | 2Q24 | vs. 1Q24 | vs. 2Q23 |
|---|---|---|---|
| Revenue by line of business: | | | |
| Consumer, Small and Business Banking (CSBB) | $6,129 | $37 | (319) |
| Consumer Lending: | | | |
| Home Lending | 823 | (41) | (24) |
| Credit Card | 1,452 | (44) | 3 |
| Auto | 282 | (18) | (96) |
| Personal Lending | 320 | (19) | (13) |
| **Total revenue** | **9,006** | **(85)** | **(449)** |
| Provision for credit losses | 932 | 144 | 58 |
| Noninterest expense | 5,701 | (323) | (326) |
| Pre-tax income | 2,373 | 94 | (181) |
| **Net income** | **$1,777** | **$71** | **(137)** |

**Selected Metrics**

| | | 2Q24 | 1Q24 | 2Q23 |
|---|---|---|---|---|
| Return on allocated capital[1] | | 15.1 % | 14.5 | 16.9 |
| Efficiency ratio[2] | | 63 | 66 | 64 |
| Retail bank branches | # | 4,227 | 4,247 | 4,455 |
| Digital (online and mobile) active customers[3] (mm) | | 35.6 | 35.5 | 34.2 |
| Mobile active customers[3] (mm) | | 30.8 | 30.5 | 29.1 |

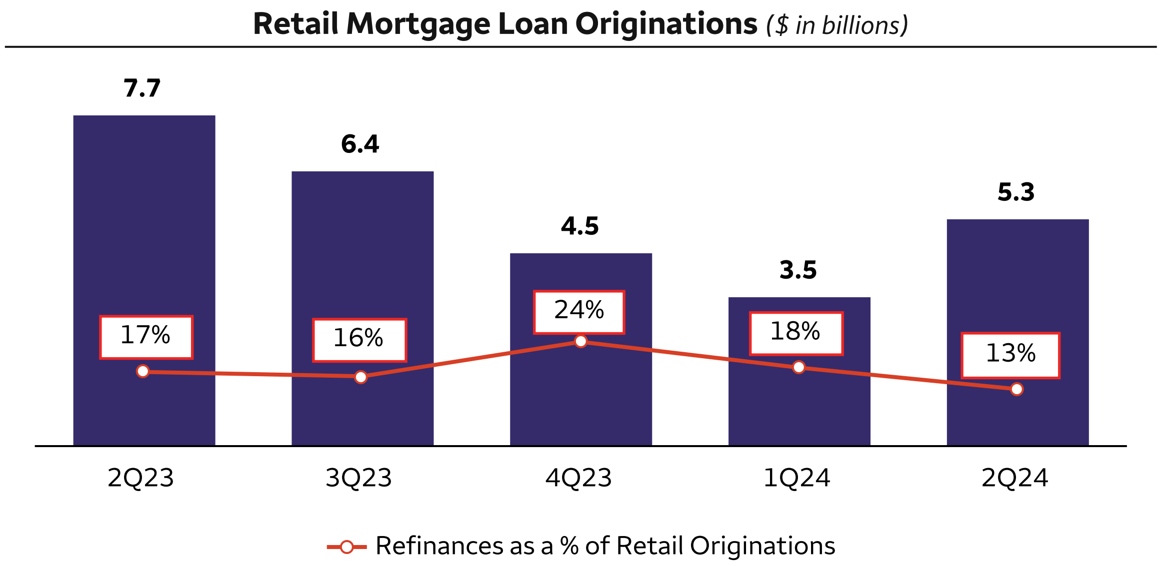
- Total revenue down 5% YoY and down 1% from 1Q24
  - CSBB down 5% YoY driven by lower deposit balances and the impact of customer migration to higher yielding deposit products including promotional savings and time deposit accounts
  - Home Lending down 3% YoY on lower net interest income on lower loan balances; down 5% from 1Q24 on lower mortgage banking income
  - Credit Card stable YoY; down 3% from 1Q24 driven by lower net interest income, partially offset by higher purchase volumes reflecting seasonality and new account growth
  - Auto down 25% YoY driven by lower loan balances and loan spread compression; down 6% from 1Q24 driven by lower loan balances
  - Personal Lending down 4% YoY driven by lower loan balances and loan spread compression
- Noninterest expense down 5% YoY and down 5% from 1Q24 reflecting lower operating costs and the impact of efficiency initiatives

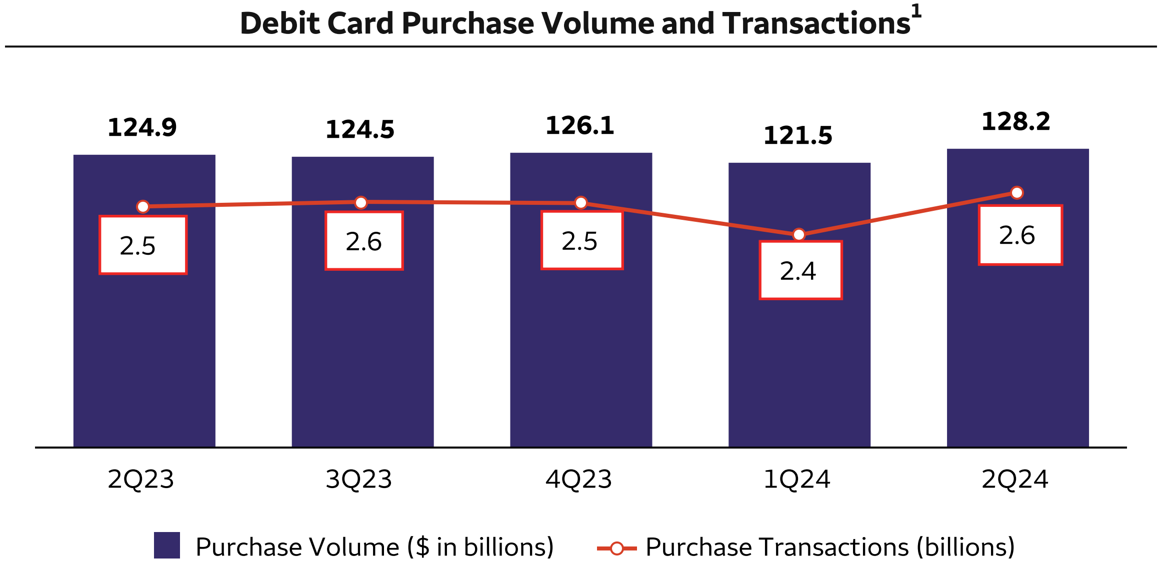
**Average Balances and Selected Credit Metrics**

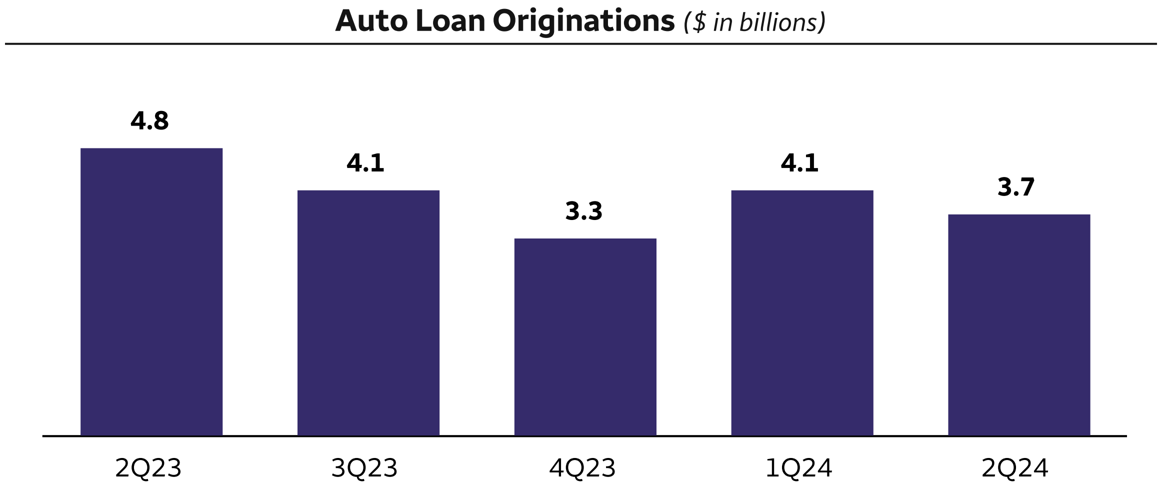
| $ in billions | 2Q24 | 1Q24 | 2Q23 |
|---|---|---|---|
| **Balances** | | | |
| Loans | $325.9 | 329.7 | 336.4 |
| Deposits | 778.2 | 773.2 | 823.3 |
| **Credit Performance** | | | |
| Net charge-offs as a % of average loans | 1.12 % | 1.07 | 0.74 |

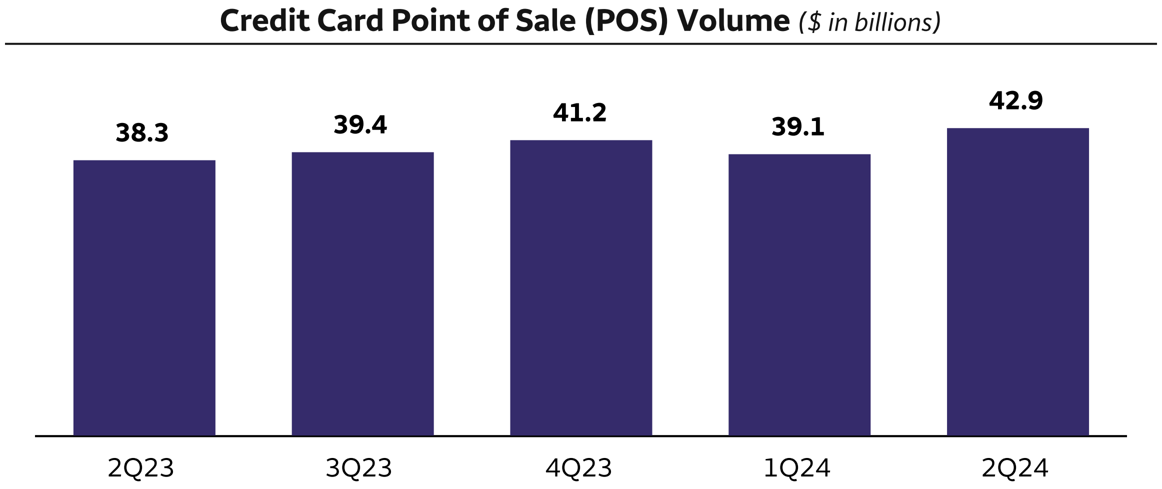
Endnotes are presented starting on page 18.

# Consumer Banking and Lending




Endnotes are presented starting on page 18.

# Commercial Banking

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**Summary Financials**

| *$ in millions* | 2Q24 | vs. 1Q24 | vs. 2Q23 |
|---|---|---|---|
| Revenue by line of business: | | | |
| Middle Market Banking[1] | $2,153 | $75 | (46) |
| Asset-Based Lending and Leasing[1] | 969 | (105) | (201) |
| **Total revenue** | **3,122** | **(30)** | **(247)** |
| Provision for credit losses | 29 | (114) | 3 |
| Noninterest expense | 1,506 | (173) | (124) |
| Pre-tax income | 1,587 | 257 | (126) |
| **Net income** | **$1,182** | **$196** | **(99)** |

**Selected Metrics**

| | 2Q24 | 1Q24 | 2Q23 |
|---|---|---|---|
| Return on allocated capital | 17.3 % | 14.3 | 19.3 |
| Efficiency ratio | 48 | 53 | 48 |
| **Average loans by line of business ($ in billions)** | | | |
| Middle Market Banking[1] | $128.2 | 119.3 | 122.2 |
| Asset-Based Lending and Leasing[1] | 96.2 | 104.6 | 103.6 |
| Total loans | $224.4 | 223.9 | 225.8 |
| Average deposits | 166.9 | 164.0 | 166.7 |

- Total revenue down 7% YoY and down 1% from 1Q24
  - Middle Market Banking revenue down 2% YoY driven by lower net interest income reflecting the impact of higher interest rates on deposit costs, partially offset by higher treasury management fees; up 4% from 1Q24 and included higher net interest income and higher treasury management fees
  - Asset-Based Lending and Leasing revenue down 17% YoY and included lower net interest income, lease income, and revenue from equity investments; down 10% from 1Q24 and included lower net interest income and lease income
- Noninterest expense down 8% YoY on lower personnel expense reflecting the impact of efficiency initiatives, and lower operating costs; down 10% from 1Q24 on lower personnel expense reflecting 1Q seasonality and the impact of efficiency initiatives, as well as lower operating costs

Endnotes are presented starting on page 18.

# Corporate and Investment Banking

**Summary Financials**

| *$ in millions* | 2Q24 | vs. 1Q24 | vs. 2Q23 |
|---|---|---|---|
| Revenue by line of business: | | | |
| Banking: | | | |
| Lending | $688 | $7 | 3 |
| Treasury Management and Payments | 687 | 1 | (75) |
| Investment Banking | 430 | (44) | 119 |
| Total Banking | 1,805 | (36) | 47 |
| Commercial Real Estate | 1,283 | 60 | (50) |
| Markets: | | | |
| Fixed Income, Currencies and Commodities (FICC) | 1,228 | (131) | 95 |
| Equities | 558 | 108 | 161 |
| Credit Adjustment (CVA/DVA) and Other | 7 | (12) | (7) |
| Total Markets | 1,793 | (35) | 249 |
| Other | (43) | (133) | (39) |
| **Total revenue** | **4,838** | **(144)** | **207** |
| Provision for credit losses | 285 | 280 | (648) |
| Noninterest expense | 2,170 | (160) | 83 |
| Pre-tax income | 2,383 | (264) | 772 |
| **Net income** | **$1,785** | **($196)** | **575** |

**Selected Metrics**

| | 2Q24 | 1Q24 | 2Q23 |
|---|---|---|---|
| Return on allocated capital | 15.4 % | 17.2 | 10.2 |
| Efficiency ratio | 45 | 47 | 45 |

- Total revenue up 4% YoY and down 3% from 1Q24
  - Banking revenue up 3% YoY driven by higher investment banking revenue on increased activity across all products, partially offset by lower treasury management results driven by the impact of higher interest rates on deposit costs; down 2% from 1Q24 on lower investment banking revenue
  - Commercial Real Estate revenue down 4% YoY and included the impact of lower loan balances, partially offset by higher commercial mortgage-backed securities volumes; up 5% from 1Q24 predominantly driven by higher commercial real estate capital markets revenue, partially offset by the impact of lower loan balances
  - Markets revenue up 16% YoY driven by higher revenue in equities, structured products, and credit products, partially offset by lower revenue in rates products; down 2% from 1Q24 driven by lower trading activity across most FICC asset classes, partially offset by higher equities revenue
- Noninterest expense up 4% YoY driven by higher operating costs, partially offset by the impact of efficiency initiatives; down 7% from 1Q24 on lower personnel expense due to 1Q seasonality

**Average Balances** *($ in billions)*

| **Loans by line of business** | 2Q24 | 1Q24 | 2Q23 |
|---|---|---|---|
| Banking | $86.1 | 90.9 | 95.4 |
| Commercial Real Estate | 128.1 | 131.7 | 136.5 |
| Markets | 61.6 | 60.6 | 59.6 |
| Total loans | $275.8 | 283.2 | 291.5 |
| Deposits | 187.5 | 183.3 | 160.3 |
| Trading-related assets | 219.5 | 201.2 | 196.1 |

# Wealth and Investment Management

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**Summary Financials**

| *$ in millions* | **2Q24** | **vs. 1Q24** | **vs. 2Q23** |
|---|---|---|---|
| Net interest income | $906 | $37 | (103) |
| Noninterest income | 2,952 | 79 | 313 |
| **Total revenue** | **3,858** | **116** | **210** |
| Provision for credit losses | (14) | (17) | (38) |
| Noninterest expense | 3,193 | (37) | 219 |
| Pre-tax income | 679 | 170 | 29 |
| **Net income** | **$484** | **$103** | **(3)** |

**Selected Metrics** *($ in billions)*

| | **2Q24** | **1Q24** | **2Q23** |
|---|---|---|---|
| Return on allocated capital | 29.0 % | 22.7 | 30.5 |
| Efficiency ratio | 83 | 86 | 82 |
| Average loans | $83.2 | 82.5 | 83.0 |
| Average deposits | 102.8 | 101.5 | 112.4 |
| Client assets | | | |
| Advisory assets | 945 | 939 | 850 |
| Other brokerage assets and deposits | 1,255 | 1,247 | 1,148 |
| Total client assets | $2,200 | 2,186 | 1,998 |

- Total revenue up 6% YoY and up 3% from 1Q24
  - Net interest income down 10% YoY driven by lower deposit balances and higher deposit costs as customers reallocated cash into higher yielding alternatives
  - Noninterest income up 12% YoY and up 3% from 1Q24 driven by higher asset-based fees reflecting an increase in market valuations
- Noninterest expense up 7% YoY on higher revenue-related compensation and higher operating losses, partially offset by lower operating costs and the impact of efficiency initiatives

# Corporate

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**Summary Financials**

| *$ in millions* | **2Q24** | **vs. 1Q24** | **vs. 2Q23** |
|---|---|---|---|
| Net interest income | ($144) | ($176) | (53) |
| Noninterest income | 392 | 101 | 271 |
| **Total revenue** | **248** | **(75)** | **218** |
| Provision for credit losses | 4 | 5 | 148 |
| Noninterest expense | 723 | (352) | 454 |
| Pre-tax loss | (479) | 272 | (384) |
| Income tax benefit | (157) | 160 | (54) |
| Less: Net loss from noncontrolling interests | (4) | (5) | 34 |
| **Net loss** | **($318)** | **$117** | **(364)** |

- Revenue increased YoY on higher net equity gains reflecting improved results from our venture capital investments; down from 1Q24 on higher crediting rates paid to the operating segments
- Noninterest expense up YoY and included higher operating losses and FDIC assessments; down from 1Q24 reflecting lower personnel expense from a seasonally higher 1Q, as well as lower FDIC assessments and operating losses

# 2024 Outlook

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| | |
|---|---|
| **Net Interest Income** | **Still expect 2024 net interest income to be in the range of down ~7-9% from 2023 level of $52.4 billion**<br>• Currently expect to be in the upper half of the range, or down ~8-9%, but we are only halfway through the year and many of the factors driving net interest income are uncertain |
| **Noninterest Expense** | **Expect 2024 noninterest expense to be ~$54.0 billion, up from prior guidance of ~$52.6 billion, and includes:**<br>• Higher revenue-related compensation expense as equity markets have outperformed our expectations (more than offset by higher noninterest income)<br>• Operating losses and other customer remediation-related expenses, which have been higher than expected in the first half of 2024<br>• FDIC special assessment[1] expense of $336 million in the first half of 2024<br><br>As previously disclosed, we have outstanding litigation, regulatory, and customer remediation matters that could impact operating losses |

Endnotes are presented starting on page 18.

# Endnotes

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**Page 2 – 2Q24 results**

1. Tangible common equity and return on average tangible common equity (ROTCE) are non-GAAP financial measures. For additional information, including a corresponding reconciliation to GAAP financial measures, see the “Tangible Common Equity” table on page 20.
2. The efficiency ratio is noninterest expense divided by total revenue.
3. 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.
4. In first quarter 2024, we adopted a new accounting standard to use the proportional amortization method for renewable energy tax credit investments. Under the proportional amortization method, the amortization of the investments and the related tax impacts are both 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.
5. Includes provision for credit losses for loans, debt securities, and other financial assets.
6. The Common Equity Tier 1 (CET1) ratio calculated under the Standardized Approach is our binding CET1 ratio. See page 21 for additional information regarding CET1 capital and ratios. CET1 is a preliminary estimate.
7. Liquidity coverage ratio (LCR) represents average high-quality liquid assets divided by average projected net cash outflows, as each is defined under the LCR rule. LCR is a preliminary estimate.
8. Represents total loss absorbing capacity (TLAC) divided by risk-weighted assets (RWAs), which is our binding TLAC ratio, determined by using the greater of RWAs under the Standardized and Advanced Approaches. TLAC is a preliminary estimate.

**Page 3 – 2Q24 earnings**

1. Includes provision for credit losses for loans, debt securities, and other financial assets.
2. In first quarter 2024, we adopted a new accounting standard to use the proportional amortization method for renewable energy tax credit investments. Under the proportional amortization method, the amortization of the investments and the related tax impacts are both 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.
3. Tangible common equity and return on average tangible common equity (ROTCE) are non-GAAP financial measures. For additional information, including a corresponding reconciliation to GAAP financial measures, see the “Tangible Common Equity” table on page 20.

**Page 4 – Net interest income**

1. Includes taxable-equivalent adjustments predominantly related to tax-exempt income on certain loans and securities.

**Page 6 – Noninterest income**

1. Investment advisory fees and brokerage commissions includes investment advisory and other asset-based fees and commissions and brokerage services fees.
2. All other includes mortgage banking, net gains (losses) from debt securities, net gains (losses) from equity securities, lease income, and other.
3. In first quarter 2024, we adopted a new accounting standard to use the proportional amortization method for renewable energy tax credit investments. Under the proportional amortization method, the amortization of the investments and the related tax impacts are both 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.

**Page 7 – Noninterest expense**

1. 4Q23 total personnel expense of $9.2 billion included $969 million of severance expense for planned actions.
2. Federal Deposit Insurance Corporation (FDIC) special assessment expense reflects updates provided by the FDIC on losses to the deposit insurance fund.

# Endnotes (continued)

**Page 8 – Credit quality: net loan charge-offs**

1. Includes provision for credit losses for loans, debt securities, and other financial assets.

**Page 10 – Capital and liquidity**

1. The Common Equity Tier 1 (CET1) ratio calculated under the Standardized Approach is our binding CET1 ratio. See page 21 for additional information regarding CET1 capital and ratios. 2Q24 CET1 is a preliminary estimate.
2. Includes a 4.50% minimum requirement, a stress capital buffer of 2.90%, and a G-SIB capital surcharge of 1.50%.
3. Represents total loss absorbing capacity (TLAC) divided by risk-weighted assets (RWAs), which is our binding TLAC ratio, determined by using the greater of RWAs under the Standardized and Advanced Approaches. TLAC is a preliminary estimate.
4. Liquidity coverage ratio (LCR) represents average high-quality liquid assets divided by average projected net cash outflows, as each is defined under the LCR rule. 2Q24 LCR is a preliminary estimate.

**Page 11 – Consumer Banking and Lending**

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.
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.

**Page 12 – Consumer Banking and Lending**

1. Debit card purchase volume and transactions reflect combined activity for both consumer and business debit card purchases.

**Page 13 – Commercial Banking**

1. In second quarter 2024, we prospectively transferred our commercial auto business from Asset-Based Lending and Leasing to Middle Market Banking.

**Page 17 – 2024 Outlook**

1. Federal Deposit Insurance Corporation (FDIC) special assessment expense reflects updates provided by the FDIC on losses to the deposit insurance fund.

# Tangible Common Equity

Wells Fargo & Company and Subsidiaries
**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 investments in consolidated portfolio companies, net of applicable deferred taxes. One of these ratios is 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 return on average tangible common equity, which utilizes tangible common equity, is a useful financial measure because it enables management, investors, and others to assess the Company's use of equity.

The table below provides a reconciliation of this non-GAAP financial measure to GAAP financial measures.

| | | | Quarter ended | | | | |
|---|---|---|---|---|---|---|---|
| ($ in millions) | | | **Jun 30, 2024** | Mar 31, 2024 | Dec 31, 2023 | Sep 30, 2023 | Jun 30, 2023 |
| Return on average tangible common equity: | | | | | | | |
| Net income applicable to common stock | (A) | $ | **4,640** | 4,313 | 3,160 | 5,450 | 4,659 |
| Average total equity | | | **181,552** | 186,669 | 185,853 | 184,828 | 184,443 |
| Adjustments: | | | | | | | |
| Preferred stock | | | **(18,300)** | (19,291) | (19,448) | (20,441) | (19,448) |
| Additional paid-in capital on preferred stock | | | **145** | 155 | 157 | 171 | 173 |
| Noncontrolling interests | | | **(1,743)** | (1,710) | (1,664) | (1,775) | (1,924) |
| Average common stockholders' equity | (B) | | **161,654** | 165,823 | 164,898 | 162,783 | 163,244 |
| Adjustments: | | | | | | | |
| Goodwill | | | **(25,172)** | (25,174) | (25,173) | (25,174) | (25,175) |
| Certain identifiable intangible assets (other than MSRs) | | | **(101)** | (112) | (124) | (137) | (140) |
| Goodwill and other intangibles on investments in consolidated portfolio companies (included in other assets)[1] | | | **(965)** | (879) | (878) | (2,539) | (2,487) |
| Applicable deferred taxes related to goodwill and other intangible assets[2] | | | **931** | 924 | 918 | 910 | 903 |
| **Average tangible common equity** | (C) | $ | **136,347** | 140,582 | 139,641 | 135,843 | 136,345 |
| Return on average common stockholders' equity (ROE) (annualized) | (A)/(B) | | **11.5 %** | 10.5 | 7.6 | 13.3 | 11.4 |
| Return on average tangible common equity (ROTCE) (annualized) | (A)/(C) | | **13.7** | 12.3 | 9.0 | 15.9 | 13.7 |

1. In third quarter 2023, we sold investments in certain private equity funds. As a result, we have removed the related goodwill and other intangible assets on investments in consolidated portfolio companies.
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.

# Common Equity Tier 1 under Basel III

WELLS FARGO

Wells Fargo & Company and Subsidiaries
**RISK-BASED CAPITAL RATIOS UNDER BASEL III**[1]

| ($ in billions) | | | **Estimated Jun 30, 2024** | Mar 31, 2024 | Dec 31, 2023 | Sep 30, 2023 | Jun 30, 2023 |
|---|---|---|---|---|---|---|---|
| Total equity | | $ | **178.1** | 182.7 | 187.4 | 182.4 | 182.0 |
| Adjustments: | | | | | | | |
| Preferred stock | | | **(16.6)** | (18.6) | (19.4) | (19.4) | (19.4) |
| Additional paid-in capital on preferred stock | | | **0.2** | 0.1 | 0.1 | 0.1 | 0.1 |
| Noncontrolling interests | | | **(1.7)** | (1.7) | (1.7) | (1.7) | (1.8) |
| Total common stockholders' equity | | | **160.0** | 162.5 | 166.4 | 161.4 | 160.9 |
| Adjustments: | | | | | | | |
| Goodwill | | | **(25.2)** | (25.2) | (25.2) | (25.2) | (25.2) |
| Certain identifiable intangible assets (other than MSRs) | | | **(0.1)** | (0.1) | (0.1) | (0.1) | (0.1) |
| Goodwill and other intangibles on investments in consolidated portfolio companies (included in other assets)[2] | | | **(1.0)** | (1.0) | (0.9) | (0.9) | (2.5) |
| Applicable deferred taxes related to goodwill and other intangible assets[3] | | | **0.9** | 0.9 | 0.9 | 0.9 | 0.9 |
| Other[4] | | | **(0.4)** | (0.4) | (0.3) | 0.1 | 0.2 |
| Common Equity Tier 1 | (A) | $ | **134.2** | 136.7 | 140.8 | 136.2 | 134.2 |
| Total risk-weighted assets (RWAs) under Standardized Approach | (B) | | **1,218.4** | 1,221.6 | 1,231.7 | 1,237.1 | 1,250.7 |
| Total RWAs under Advanced Approach | (C) | | **1,091.4** | 1,099.6 | 1,114.3 | 1,130.8 | 1,118.4 |
| Common Equity Tier 1 to total RWAs under Standardized Approach | (A)/(B) | | **11.0 %** | 11.2 | 11.4 | 11.0 | 10.7 |
| Common Equity Tier 1 to total RWAs under Advanced Approach | (A)/(C) | | **12.3** | 12.4 | 12.6 | 12.0 | 12.0 |

1. The Basel III capital rules provide for two capital frameworks (the Standardized Approach and the Advanced Approach applicable to certain institutions), and we must calculate our CET1, Tier 1 and total capital ratios under both approaches.
2. In third quarter 2023, we sold investments in certain private equity funds. As a result, we have removed the related goodwill and other intangible assets on investments in consolidated portfolio companies.
3. 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.
4. Includes a $60 million increase for each period in 2024 and a $120 million increase for each period in 2023 related to a current expected credit loss accounting standard (CECL) transition provision. In second quarter 2020, the Company elected to apply a modified transition provision issued by federal banking regulators related to the impact of CECL on regulatory capital. The rule permits certain banking organizations to exclude from regulatory capital the initial adoption impact of CECL, plus 25% of the cumulative changes in the allowance for credit losses (ACL) under CECL for each period until December 31, 2021, followed by a three-year phase-out period in which the benefit is reduced by 25% in year one, 50% in year two and 75% in year three.

# Disclaimer and forward-looking statements

WELLS FARGO

*Financial results reported in this document are preliminary. Final financial results and other disclosures will be reported in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, and may differ materially from the results and disclosures in this document due to, among other things, the completion of final review procedures, the occurrence of subsequent events, or the discovery of additional information.*

*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 expectations regarding noninterest expense and our 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) our expectations regarding our mortgage business and any related commitments or 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 actions; (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. Investors are urged to not unduly rely on forward-looking statements as actual results may differ materially from expectations. Forward-looking statements speak only as of the date made, and we do not undertake to update them to reflect changes or events that occur after that date. For additional information about factors that could cause actual results to differ materially from our expectations, refer to the "Forward-Looking Statements" discussion in Wells Fargo's press release announcing our second quarter 2024 results and in our most recent Quarterly Report on Form 10-Q, as well as to Wells Fargo's other 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, 2023.*