Wells Fargo & Company

Net Stable Funding Ratio Disclosure

For the quarters ended June 30, 2023 and March 31, 2023

© 2023 Wells Fargo Bank, N.A. All rights reserved.

Table of contents

Any reference to "Wells Fargo," "the Company," "we," "our", or "us" in this disclosure, means Wells Fargo & Company and Subsidiaries (consolidated). When we refer to the "Parent," we mean Wells Fargo & Company. This disclosure contains forward-looking statements, which may include our current expectations and assumptions regarding our business, the economy, and other future conditions. Please see the "Forward-Looking Statements" section for additional information, including factors that could cause our actual results to differ materially from our forward-looking statements.

Introduction

Executive Summary

The Net Stable Funding Ratio (NSFR) disclosures included within this document are required by the NSFR public disclosure rule issued by the Board of Governors of the Federal Reserve System (FRB) to promote market discipline through the provision of comparable liquidity information. These disclosures should be read in conjunction with our Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 (second quarter 2023 Form 10-Q) and our Annual Report on Form 10-K for the year ended December 31, 2022 (2022 Form 10-K). The NSFR disclosures provide quantitative and qualitative information about the NSFR calculated in conformity with the final NSFR rule (the Rule) issued by the FRB, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation, which established a standardized minimum liquidity and stable funding requirement for large and internationally active banking organizations.

As shown in Table 1, the Company's average value for the daily-calculated NSFR was 126% for both quarters ended March 31, 2023 (first quarter 2023) and June 30, 2023 (second quarter 2023), which exceeded the regulatory minimum threshold of 100%. Pursuant to the NSFR rule and its requirements, the ratio is calculated as the quarterly average of the daily amount of available stable funding (ASF) divided by required stable funding (RSF) over a one-year time horizon. The excess of the average weighted amount of ASF over the average weighted amount of RSF for first quarter 2023 and second quarter 2023 was $257 billion and $259 billion, respectively.

The quarterly average NSFR was unchanged from first quarter 2023 to second quarter 2023.

Table 1: Net Stable Funding Ratio

	Average weighted amount for quarter ended	
(in millions, except ratio)	March 31, 2023	June 30, 2023
Available Stable Funding	$ 1,254,462	$ 1,257,039
Required Stable Funding	997,081	998,135
Net Stable Funding Ratio	126%	126%

Company Overview

Wells Fargo & Company is a leading financial services company that has approximately $1.9 trillion in assets, proudly serves one in three U.S. households and more than 10% of small businesses in the U.S., and is a leading middle market banking provider in the U.S. We provide a diversified set of banking, investment and mortgage products and services, as well as consumer and commercial finance, through our four reportable operating segments: Consumer Banking and Lending, Commercial Banking, Corporate and Investment Banking, and Wealth and Investment Management.

Wells Fargo manages a variety of risks that can significantly affect our financial performance and our ability to meet the expectations of our customers, shareholders, regulators and other stakeholders. Risk is the possibility of an event occurring that could adversely affect the Company's ability to achieve its strategic or business objectives. The Company routinely takes risks to achieve its business goals and to serve its customers. These risks include financial risks, such as interest rate, credit, liquidity, and market risks, and non-financial risks, such as operational risk, which includes compliance and model risks, and strategic and reputation risks. A discussion of the Company's risk management framework and culture is provided in the introduction to "Risk Management", "Risk Management – Risk Governance", and "Risk Management – Risk Operating Model – Roles and Responsibilities" sections in Management's Discussion and Analysis to our 2022 Form 10-K and is applicable to our management of liquidity risk as discussed in this disclosure.

NSFR Rule Overview

The NSFR is a standardized measure of a banking organization’s funding relative to its assets and commitments. The liquidity requirements under the Rule are consistent with the minimum standards for funding and liquidity issued by the Basel Committee on Banking Supervision (BCBS) as part of its liquidity framework. See the “Risk Management – Asset/Liability Management – Liquidity Risk and Funding” section in Management's Discussion and Analysis to our second quarter 2023 Form 10-Q and our 2022 Form 10-K for additional information concerning regulatory liquidity rules applicable to us.

The Rule requires covered companies to avoid excessively funding long-term and less-liquid assets with short-term or less-reliable funding and thus reduces the likelihood that disruptions in a banking organization’s regular funding sources would compromise its funding stability and liquidity position.

The Rule establishes a quantitative metric to measure the stability of the funding profile of certain large banking organizations and requires these banking organizations to maintain minimum amounts of stable funding to support their assets, commitments, and derivatives exposures. A covered company must calculate its NSFR based on the ratio of its available stable funding (ASF) amount to its required stable funding (RSF) amount, subject to detailed specifications around the calculation process which include the following:

- ASF and RSF amounts based on the carrying values of on-balance sheet assets and liabilities weighted by the application of prescribed standardized factors;
- Adjustments to account for certain off-balance sheet add-ons; and
- Netting of certain receivables and payables based on requirements specified in the Rule.

The Rule establishes factors assigned to ASF and RSF items on a scale from zero to 100 percent. For ASF factors, a zero percent weighting represents the lowest relative stability and a 100 percent weighting represents the highest relative stability. The Rule assigns an ASF factor to NSFR regulatory capital elements and NSFR liabilities based on three characteristics relating to the stability of the funding: (1) funding tenor, (2) funding type, and (3) counterparty type. The Rule assigns an RSF factor to assets, derivative exposures, and committed facilities based on the following liquidity characteristics: (1) tenor, (2) encumbrance, (3) type of counterparty, (4) credit quality, and (5) market characteristics.

Maturity requirements of a covered company’s NSFR assets and liabilities are outlined in the Rule. Per the Rule, a covered company is required to apply the earliest possible maturity date to an NSFR liability and the latest possible maturity date to an asset, taking into account any notice periods or options that may modify that maturity date.

The daily calculation of NSFR is evaluated against the minimum threshold of 100%, and in the event that a covered company’s daily calculation of NSFR falls below the threshold on any given business day, the covered company is required under the Rule to provide notification to the FRB within 10 business days. Regulatory guidance indicates that during certain periods of systemic or idiosyncratic stress, it would be acceptable to fall below the minimum NSFR requirement.

The Rule is applicable to the Company on a consolidated basis, Wells Fargo Bank, N.A. and Wells Fargo National Bank West. The basis of consolidation used for regulatory reporting is the same as that used under U.S. Generally Accepted Accounting Principles (U.S. GAAP). For additional information on our basis for consolidating entities for accounting purposes, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2022 Form 10-K.

Net Stable Funding Ratio Results

The following table sets forth the average values for our NSFR and related components calculated pursuant to the NSFR rule and its requirements for the period from January 1 to March 31, 2023.

Table 2: Net Stable Funding Ratio (1)

Quarter ended March 31, 2023 (in millions, except ratio)	Average unweighted amount					Average weighted amount
	Open Maturity	<6 Months	6 months < 1 year	>=1 year	Perpetual	
ASF Item						
Capital and Securities:	**$**	**5,426**	**6,598**	**133,193**	**199,030**	**335,522**
NSFR regulatory capital				19,769	199,030	218,798
Other capital elements and securities		5,426	6,598	113,424		116,723
Retail Funding:	**$ 922,734**	**15,123**	**22,307**	**12,439**		**872,576**
Stable deposits	564,975					536,726
Less stable deposits	271,709					244,538
Sweep deposits, brokered reciprocal deposits, and brokered deposits	82,946	15,073	22,307	12,439		89,735
Other retail funding	3,105	50				1,578
Wholesale Funding:	**$ 401,413**	**35,804**	**15,199**	**14,633**		**207,058**
Operational deposits	251,945					125,973
Other wholesale funding	149,468	35,804	15,199	14,633		81,085
Other liabilities:	**$ 4**	**35,655**	**916**	**3,951**		**4,409**
NSFR derivatives liability amount	4					
Total derivatives liability amount	28,213					
All other liabilities not included in the above categories		35,655	916	3,951		4,409
TOTAL ASF (2)						**$ 1,254,462**
RSF Item						
Total High Quality Liquid Assets	**$ 111,420**	**12,349**	**4,876**	**392,107**	**4,569**	**43,242**
Level 1 liquid assets	111,420	10,347	4,084	169,453		5,571
Level 2A liquid assets		866	740	221,762		34,329
Level 2B liquid assets		1,136	52	893	4,569	3,343
Zero percent RSF assets that are not Level 1 liquid assets or loans to financial sector entities or their consolidated subsidiaries	**$ 9,339**	**17,305**				**-**
Operational deposits placed at financial sector entities or their consolidated subsidiaries	**$ 2,876**	**5**				**1,440**
Loans and securities:	**$ 46,007**	**200,266**	**87,132**	**785,474**	**30,694**	**796,898**
Loans to financial sector entities secured by Level 1 liquid assets	8,279	25,230				500
Loans to financial sector entities secured by assets other than Level 1 liquid assets and unsecured loans to financial sector entities	15,624	29,523	18,846	32,067		48,667

Quarter ended March 31, 2023 (in millions, except ratio)	Average unweighted amount					Average weighted amount
	Open Maturity	<6 Months	6 months < 1 year	>=1 year	Perpetual	
Loans to wholesale customers or counterparties that are not financial sector entities and loans to retail customers or counterparties	22,103	125,017	48,748	301,697		356,274
Of which: With a risk weight no greater than 20 percent under Regulation Q (12 CFR part 217)		263	130	887		784
Retail mortgages		17,922	17,578	356,996		280,936
Of which: With a risk weight of no greater than 50 percent under Regulation Q (12 CFR part 217)		3,303	3,424	243,493		169,987
Securities that do not qualify as HQLA		2,575	1,961	94,715	30,694	110,521
Other assets:	**$ 50,701**	**65**	**9**	**84,171**	**29,478**	**130,811**
Commodities					1,675	1,423
Assets provided as initial margin for derivative transactions and contributions to CCPs' mutualized loss-sharing arrangements	11,804					10,033
NSFR derivatives asset amount	5,642					5,642
Total derivatives asset amount	24,572					
RSF for potential derivatives portfolio valuation changes	33,255					1,663
All other assets not included in the above categories, including nonperforming assets		65	9	84,171	27,804	112,049
Undrawn Commitments	**$ 493,776**					**24,689**
Total RSF prior to application of required stable funding adjustment percentage						**$ 997,081**
Required stable funding adjustment percentage						**100%**
TOTAL adjusted RSF						**$ 997,081**
NET STABLE FUNDING RATIO (%)						**126%**

(1) As required under 12 CFR Part 249, subpart N.
(2) Total ASF may not equal the sum of the ASF Items above due to the exclusion of excess ASF that is not transferable from subsidiaries.

The following table sets forth the average values for our NSFR and related components calculated pursuant to the NSFR rule and its requirements for the period from April 1 to June 30, 2023.

Table 3: Net Stable Funding Ratio (1)

Quarter ended June 30, 2023 (in millions, except ratio)		Average unweighted amount					Average weighted amount
		Open Maturity	<6 Months	6 months < 1 year	>=1 year	Perpetual	
ASF Item							
Capital and Securities:	**$**		**7,751**	**13,910**	**133,976**	**199,057**	**339,988**
NSFR regulatory capital					19,485	199,057	218,542
Other capital elements and securities			7,751	13,910	114,491		121,446
Retail Funding:	**$**	**893,091**	**23,712**	**25,838**	**14,899**		**849,829**
Stable deposits		563,656					535,474
Less stable deposits		251,581					226,423
Sweep deposits, brokered reciprocal deposits, and brokered deposits		74,902	23,509	25,838	14,899		86,355
Other retail funding		2,951	203				1,577
Wholesale Funding:	**$**	**397,209**	**66,118**	**12,426**	**9,837**		**200,179**
Operational deposits		250,613					125,306
Other wholesale funding		146,596	66,118	12,426	9,837		74,872
Other liabilities:	**$**		**36,951**	**928**	**4,632**	**458**	**5,554**
NSFR derivatives liability amount							
Total derivatives liability amount		26,744					
All other liabilities not included in the above categories			36,951	928	4,632	458	5,554
TOTAL ASF (2)							**$ 1,257,039**
RSF Item							
Total High Quality Liquid Assets	**$**	**123,935**	**12,398**	**7,583**	**391,883**	**4,663**	**42,998**
Level 1 liquid assets		123,935	10,163	7,256	169,936		5,279
Level 2A liquid assets			763	223	220,991		34,108
Level 2B liquid assets			1,472	104	955	4,663	3,611
Zero percent RSF assets that are not Level 1 liquid assets or loans to financial sector entities or their consolidated subsidiaries	**$**	**8,910**	**16,968**				**-**
Operational deposits placed at financial sector entities or their consolidated subsidiaries	**$**	**2,860**	**18**				**1,439**
Loans and securities:	**$**	**44,829**	**200,997**	**94,175**	**776,827**	**34,417**	**792,743**
Loans to financial sector entities secured by Level 1 liquid assets		8,776	26,471				385
Loans to financial sector entities secured by assets other than Level 1 liquid assets and unsecured loans to financial sector entities		14,636	27,185	21,261	21,344		38,676

Quarter ended June 30, 2023 (in millions, except ratio)	Average unweighted amount					Average weighted amount
	Open Maturity	<6 Months	6 months < 1 year	>=1 year	Perpetual	
Loans to wholesale customers or counterparties that are not financial sector entities and loans to retail customers or counterparties	21,416	127,549	52,557	307,502	3,801	367,511
Of which: With a risk weight no greater than 20 percent under Regulation Q (12 CFR part 217)		276	86	1,122		921
Retail mortgages		17,512	18,036	353,130		275,608
Of which: With a risk weight of no greater than 50 percent under Regulation Q (12 CFR part 217)		3,266	3,435	242,021		166,702
Securities that do not qualify as HQLA		2,280	2,322	94,851	30,616	110,563
Other assets:	**$ 50,203**	**199**	**6**	**88,150**	**29,909**	**136,329**
Commodities					2,053	1,745
Assets provided as initial margin for derivative transactions and contributions to CCPs' mutualized loss-sharing arrangements	12,745					10,834
NSFR derivatives asset amount	6,131					6,131
Total derivatives asset amount	21,813					
RSF for potential derivatives portfolio valuation changes	31,327					1,566
All other assets not included in the categories 16-33 of this table, including nonperforming assets		199	6	88,150	27,856	116,054
Undrawn Commitments	**$ 492,515**					**24,626**
Total RSF prior to application of required stable funding adjustment percentage						**$ 998,135**
Required stable funding adjustment percentage						**100%**
TOTAL adjusted RSF						**$ 998,135**
NET STABLE FUNDING RATIO (%)						**126%**

(1) As required under 12 CFR Part 249, subpart N.
(2) Total ASF may not equal the sum of the ASF Items above due to the exclusion of excess ASF that is not transferable from subsidiaries.

Net Stable Funding Ratio Components

ASF Components

As shown in Table 2 and Table 3, Total ASF weighted amount averaged $1,257 billion in second quarter 2023, which was stable compared with $1,254 billion in first quarter 2023.

The primary source of our ASF comes from retail funding which averaged $873 billion and $850 billion in first quarter 2023 and second quarter 2023, respectively. Retail funding is primarily composed of stable deposits which averaged $537 billion and $535 billion in first quarter 2023 and second quarter 2023, respectively. Stable deposits include fully insured deposits and receive a 95% ASF factor. Less stable deposits, which averaged $245 billion and $226 billion in first quarter 2023 and second quarter 2023, respectively, are a major portion of retail deposits and receive a 90% ASF factor.

Sweep deposits, brokered reciprocal deposits, and brokered deposits are primarily made up of less stable deposits swept from an affiliate and brokered certificates of deposits to retail counterparties, which averaged $90 billion for first quarter 2023 and $86 billion for second quarter 2023. Brokered certificates of deposits maturing in one year or more and less stable deposits swept from an affiliate both receive a 90% ASF factor. Brokered certificates of deposits maturing in six months to one year and deposits swept from external financial institutions receive a 50% ASF factor.

Wholesale funding was also a large portion of ASF averaging $207 billion and $200 billion for first quarter 2023 and second quarter 2023, respectively. As shown in Table 2 and Table 3, our average weighted ASF from wholesale funding primarily consists of wholesale operational deposits. Operational deposits, including escrow deposits, are assigned a 50% ASF factor. ASF from operational deposits was $126 billion and $125 billion for first quarter 2023 and second quarter 2023, respectively. We generally consider operational deposits to be a stable source of funding as these deposits are associated with key operational services provided to our wholesale customers.

Other wholesale funding of $81 billion and $75 billion in first quarter 2023 and second quarter 2023, respectively, is composed primarily of wholesale deposit accounts which do not satisfy the characteristics of operational deposits. Non-financial counterparties are included at a 50% ASF factor, while financial counterparties receive a 0% ASF factor. Secured funding also represents a large portion of other wholesale funding. As of first quarter 2023, ASF from secured funding transactions consists predominantly of advances from the Federal Home Loan Bank. This funding is primarily longer term in nature and advances maturing in more than one year receive a 100% ASF factor. Advances maturing in less than one year receive a 50% ASF factor. Secured financing transactions, such as repurchase and security lending agreements, represent large, unweighted balances. However, the weighted amounts are lower given that funding with financial counterparties maturing in less than six months receives a 0% ASF factor.

Capital and securities accounted for $336 billion and $340 billion of first quarter 2023 and second quarter 2023 average weighted ASF, respectively. NSFR regulatory capital is composed of any capital element included in a covered company's Common Equity Tier 1 capital, additional Tier 1 capital, and Tier 2 capital, as defined in FRB's risk-based capital rule, prior to the application of capital adjustments or deductions set forth in FRB's risk-based capital rule. Other capital elements and securities, which averaged $117 billion and $121 billion in first quarter 2023 and second quarter 2023, respectively, is predominantly made up of senior unsecured debt, but also includes other debt issuances in the wholesale sector, such as certificates of deposits issued to institutional customers. Debt maturing in greater than one year receives a 100% ASF factor, debt maturing in six months to one year receives a 50% ASF factor, and debt maturing in less than six months receives a 0% ASF factor.

As shown in Table 2 and Table 3, other liabilities accounted for the remaining sources of funding, which averaged $4 billion and $6 billion in first quarter 2023 and second quarter 2023, respectively.

RSF Components

As shown in Table 2 and Table 3, Total RSF weighted amount averaged $998 billion in second quarter 2023, which was stable compared with $997 billion in first quarter 2023.

The largest category of the Company's RSF was attributable to loans to wholesale customers or counterparties that are not financial sector entities and loans to retail customers or counterparties which averaged $356 billion and $368 billion for first quarter 2023 and second quarter 2023, respectively. The majority of these loans consist of wholesale secured loans. Most wholesale secured loans with maturities greater than one year receive an 85% RSF factor, while loans with maturities less than one year receive a 50% RSF factor.

Loans to financial sector entities secured by assets other than Level 1 liquid assets and unsecured loans to financial sector entities accounted for $49 billion and $39 billion of RSF for first quarter 2023 and second quarter 2023, respectively. These loans generally receive a RSF factor ranging from 15% to 50% if the loans mature or are encumbered for less than one year. Loans maturing in greater than one year receive a 100% RSF factor.

RSF from retail mortgages was $281 billion and $276 billion for first quarter 2023 and second quarter 2023, respectively. Retail mortgages are segmented between low and high risk weights as per the agencies' risk-based capital rule. Low risk weight retail mortgages greater than one year receive a 65% RSF factor and make up the majority of the total. High risk weight retail mortgages in this category receive an 85% RSF factor.

RSF from other assets was $131 billion and $136 billion for first quarter 2023 and second quarter 2023, respectively. Balances in this category are predominantly based on a 100% RSF factor. Other assets include nonmarketable equity securities, mortgage servicing rights and company owned life insurance, NSFR derivatives assets, assets deducted from regulatory capital, such as goodwill, and other miscellaneous assets.

RSF from securities that do not qualify as High Quality Liquid Assets was $111 billion for both first quarter 2023 and second quarter 2023. These non-HQLA securities, maturing in greater than or equal to one year, receive an 85% factor if unencumbered or encumbered for less than one year. Securities encumbered greater than one year receive a 100% RSF factor.

Total High Quality Liquid Assets represent large, unweighted balances, but the RSF weighted amounts are lower reflecting their lower risk. RSF from Level 2A assets was $34 billion for both first quarter 2023 and second quarter 2023 based on an RSF factor of 15% if unencumbered or encumbered for less than 6 months.

Undrawn commitments account for $25 billion of RSF for both first quarter 2023 and second quarter 2023. These off-balance sheet commitments include credit and liquidity facilities and are prescribed a 5% RSF factor by the Rule.

Required Stable Funding Adjustment Percentage

A covered Company's total adjusted RSF amount is multiplied by an adjustment percentage specified in the Rule. The adjustment percentage applicable to the Company is 100%.

Total Adjusted RSF Amount

The total adjusted RSF amount, which is the denominator of the NSFR, is derived by aggregating the weighted carrying values of a covered company's assets and the undrawn amounts of its committed credit and liquidity facilities with the company's derivatives RSF amount and then multiplying by the adjustment percentage.

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) 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 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. 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" section in Management's Discussion and Analysis in our second quarter 2023 Form 10-Q, as well as to our other reports filed with the Securities and Exchange Commission and available on its website at www.sec.gov[1], including the discussion under "Risk Factors" in our 2022 Form 10-K.

[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.